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The Evolving Role of Insolvency Professionals under the Insolvency and Bankruptcy Code (IBC)

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ABSTRACT

The enactment of the Insolvency and Bankruptcy Code (IBC) in 2016 marked a revolutionary step in India's approach to insolvency resolution which significantly elevate the role of Insolvency Professionals (IPs). Initially designed to streamline insolvency procedures and protect creditors, the role of IPs has since evolved into a multi-dimensional responsibility encompassing administrative, regulatory as well as compliance functions. Insolvency professionals are at the heart of the IBC framework and responsible for managing the resolution process, conducting due diligence on creditor claims and ensuring compliance with the IBC's legal provisions. The duties of IPs have expanded since the code's inception, with multiple amendments aimed at enhancing their operational efficiency. They are crucial in ensuring that Corporate Insolvency Resolution Processes (CIRP) progress smoothly by presenting and reviewing resolution plans, managing creditor claims and ensuring compliance with Section 30 of the IBC.

One of the significant challenges faced by IPs is the increasing complexity of insolvency cases. Given the diverse nature of companies and the growing economic uncertainties, IPs need to balance creditor rights, facilitate consensus within the Committee of Creditors (CoC) and oversee asset valuations. The continued evolution of IP roles is further supported by the regulatory framework established by the Insolvency and Bankruptcy Board of India (IBBI), which introduces new guidelines and amendments to enhance the professional capabilities of IPs. These amendments also address issues like transparency and ensures that IPs work efficiently in resolving distressed assets while minimizing delays. Additionally, the shift towards increasing professional accountability, such as through stricter codes of conduct and continuing professional training ensures that the profession adapts to emerging challenges.

The research will explore several key areas like the impact of judicial rulings on the role of IPs, how amendments to the IBC have introduced new responsibilities such as the verification of claims and restructuring distressed assets and the growing need for IPs to maintain professional conduct while facing complex negotiations. Furthermore, the research will assess how increased regulatory oversight and continued professional

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training are reshaping the future of IPs. The aim of this study is to provide a comprehensive overview of how the role of Insolvency Professionals has adapted to meet the dynamic needs of India's insolvency ecosystem. By tracing the evolution of IPs from compliance officers to strategic decision-makers, the research will highlight the challenges they face in ensuring procedural fairness, transparency and the efficient resolution of corporate insolvency cases.

Moreover, the study will examine how IPs contribute to the economic stability of India by enabling distressed firms to either revive or undergo liquidation and thereby ensures a balance between growth, sustainability and financial resilience.

Keywords: *Insolvency and Bankruptcy Code (IBC), 2016, Insolvency Professionals. Corporate Insolvency Resolution Process, Debt Recovery Mechanisms*

I. INTRODUCTION

"Insolvency is the inability to pay one's debts; bankruptcy is the legal declaration of that inability."

This quote highlights the critical distinction between insolvency as a financial state and bankruptcy as a formal legal process. It perfectly aligns with the Insolvency and Bankruptcy Code (IBC), 2016, which revolutionized the way India deals with distressed assets and failing businesses. Before the IBC's enactment, insolvency and bankruptcy processes in India were governed by multiple laws, which caused inefficiency, confusion and undue delays. The lack of a unified legal framework not only eroded the value of assets but also hindered timely resolutions but leaves the creditors without adequate recourse. The IBC brought much-needed reform which offers a structured, time-bound mechanism for insolvency resolution while elevating the role of **Insolvency Professionals (IPs)** as central players in this process[2].

Prior to 2016, India's insolvency system was based on fragmented legislation such as the Sick Industrial Companies Act (SICA) of 1985[3], the Recovery of Debts Due to Banks and Financial Institutions Act (RDDBFI) of 1993[4] and the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act of 2002[5]. Each statute addressed certain issues of debt collection but did not offer a comprehensive answer

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[2] Dr. Saurabh Chandra & Ms. Adv. Radhika Mahajan, *Navigating Insolvency and Bankruptcy Regime: Understanding the Insolvency and Bankruptcy Code, 2016* 169 (1st ed. 2024).

[3] The Sick Industrial Companies (Special Provisions) Act, 1985 Act 1 of 1986

[4] THE RECOVERY OF DEBTS AND BANKRUPTCY ACT, 1993 ACT NO. 51 OF 1993

[5] THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 ACT NO. 54 OF 2002

for struggling businesses. Additionally, provisions under the Companies Act, 2013[6], dealt with liquidation but were criticized for their lack of efficiency and prolonged timelines. ***Consequently, cases often took years to resolve and leads to value erosion of assets. India ranked poorly on the World Bank's "Ease of Doing Business" index in terms of resolving insolvency, with an average resolution time of over 4 years***.[7] The delays frustrated creditors and left struggling businesses without viable pathways for revival. Recognizing these challenges, the IBC was introduced to simplify and unify the insolvency framework while promoting swift resolutions[8].

The IBC, enacted in 2016, marked a turning point for India's insolvency regime. It consolidated all previous laws under a single legal framework and aims to achieve three key objectives: ***(i) ensuring the timely resolution of insolvency, (ii) maximizing the value of distressed assets and (iii) promoting creditor-driven processes***. Unlike earlier laws, the IBC introduced strict timelines for the completion of insolvency proceedings which significantly reduces delays. At the heart of this framework are ***Insolvency Professionals (IPs)***, who act as the backbone of the resolution process. IPs are appointed to take charge of distressed companies, oversee their operations, verify creditor claims and facilitate decision-making through the Committee of Creditors (CoC). Their responsibilities are not limited to administrative tasks rather IPs are also expected to maintain fairness, transparency and accountability throughout the insolvency process[9].

The introduction of Insolvency Professionals under the IBC was a groundbreaking change. Earlier laws lacked dedicated experts to manage insolvency proceedings which often leads to inefficient resolutions. The IBC, however, recognized the need for skilled professionals to streamline the process. IPs are tasked with managing the Corporate Insolvency Resolution Process (CIRP) and ensures that companies continue as a "***going concern***" while the resolution process is underway. They play a critical role in assessing and verifying claims submitted by creditors, managing the CoC and presenting viable resolution plans that balance the interests of all stakeholders. This requires a deep understanding of finance, law and negotiation and makes IPs indispensable to the success of the IBC. The evolving role of IPs reflects the dynamic nature of insolvency proceedings under the IBC. Initially viewed as

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[6] THE COMPANIES ACT, 2013 ACT NO. 18 OF 2013

[7] The PRS Blog, The Insolvency and Bankruptcy Code: All You Need to Know, PRS INDIA (Dec. 18, 2024), https://prsindia.org/theprsblog/the-insolvency-and-bankruptcy-code-all-you-need-to-know?page=2&per-page=1.

[8] Dr. Saurabh Chandra & Ms. Adv. Radhika Mahajan, *Navigating Insolvency and Bankruptcy Regime: Understanding the Insolvency and Bankruptcy Code, 2016* 169 (1st ed. 2024).

[9] D.K. Prahlada Rao, *Role & Responsibility of Insolvency Professionals Under The CODE—An Analysis*, ICSIIIP (Sept. 2016), https://icsiip.in/panel/assets/images/research_articles/16331692499424Articles%20(Sep,%202016).pdf.

facilitators, IPs have now become strategic decision-makers responsible for overseeing complex insolvency cases. Their role has expanded with successive amendments to the IBC and regulatory guidelines introduced by the Insolvency and Bankruptcy Board of India (IBBI)[10].

A. Research Methodology

The primary strategy used in this study on "*The Evolving Role of Insolvency Professionals under the Insolvency and Bankruptcy Code (IBC)*" is secondary research. This strategy focuses on acquiring and analyzing information from current and reputable sources in order to create a complete understanding of the subject. The secondary research technique was chosen because of its capacity to provide varied viewpoints and reliable findings, making it ideal for investigating the changing roles and contributions of insolvency professionals under the IBC framework.

The analysis is based on data from a variety of authoritative sources, including statutes, judicial decisions, reports and scholarly literature. This research is based on the Insolvency and Bankruptcy Code of 2016, as well as later revisions and provides a complete overview of the legal framework governing insolvency practitioners. The study also makes full use of the Insolvency and Bankruptcy Board of India's (IBBI) rules, regulations and guidelines to determine the operational standards and expectations set for insolvency practitioners. The research also incorporates insights from academic articles, books and industry publications which provide theoretical perspectives and practical case studies related to the subject. Legal journals and research papers written by experts offer an academic analysis of the challenges and opportunities faced by insolvency professionals, while industry reports provide an on-the-ground view of their evolving role in corporate insolvency.

B. Review of Literature

The evolution and functioning of insolvency professionals (IPs) under the Insolvency and Bankruptcy Code (IBC), 2016, have been extensively analyzed in scholarly works, statutes and practical commentaries. The literature presents a comprehensive understanding of the legislative, administrative and practical aspects that define the role and responsibilities of insolvency professionals, highlighting the progressive amendments and their implications on stakeholders.

Dr. Saurabh Chandra and Adv. Radhika Mahajan's book *Navigating bankruptcy and*

[10] Rakesh Kumar Chauhan & Dr. Anju Pandey, *Examining The Role of Insolvency Professionals: A Comparative Study Between India, USA, and UK*, MIGRATION LETTERS (Dec. 1, 2024), https://migrationletters.com/index.php/ml/article/download/7675/4971/20165.

Bankruptcy Regime: Understanding the Insolvency and Bankruptcy Code (2016) provides an in-depth review of the IBC and its considerable impact on India's bankruptcy regime. The authors underline IPs critical role in bridging the gap between creditors and debtors while protecting the interests of all parties. This book offers light on the practical issues and opportunities that intellectual property professionals encounter in an ever-changing legal framework. Several statutes prior to the enactment of IBC, such as the *Sick Industrial Companies (Special Provisions) Act, 1985*, *the Recovery of Debts and Bankruptcy Act, 1993*, and *the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002*, attempted to address insolvency issues. However, these fragmented laws lacked coherence, which led to the introduction of the IBC as a comprehensive framework. Literature analyzing these laws highlights how IBC consolidated and streamlined the process, providing a unified platform for insolvency resolution.

D.K. Prahlada Rao's article in *ICSIIIP* discusses the roles and responsibilities of insolvency professionals, offering a detailed perspective on their statutory duties under the IBC. The author explores the challenges associated with implementing resolution plans and managing distressed assets while stressing the importance of ethical practices and professional diligence. Similarly, Kush Kalra's *Law of Insolvency and Bankruptcy* critically examines the procedural and ethical dimensions of an IP's role, aligning it with global best practices. The contributions of notable case laws, such as *Swiss Ribbons Pvt. Ltd. v. Union of India* and *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, have been important in shaping the interpretation and application of the IBC. These cases underscore the judiciary's role in reinforcing the IP's duties and ensuring the resolution process adheres to principles of fairness and transparency. These judgments are frequently cited in the literature for their landmark rulings on creditor-debtor relationships and the procedural responsibilities of IPs.

Online resources such as the PRS Blog and SCC OnLine have offered information about certain sections of the IBC, including Sections 7, 9, 10, and 12A. These articles investigate the procedural complexities of the corporate insolvency resolution process (CIRP) as well as the options open to businesses seeking to reclaim control. The IBC reforms, particularly the suspension of start processes under Section 10A, have been thoroughly explored, which demonstrates the changing nature of insolvency law in India.

II. Theoretical framework of the Insolvency and Bankruptcy Code, 2016 and Insolvency Professionals

The Insolvency and Bankruptcy Code (IBC), 2016[11], completely changed India's approach to insolvency resolution. Insolvency Professionals (IPs) are essential to this system since they manage corporate entity's insolvency procedures. Insolvency Professionals (IPs) play an important part in this process, as they are responsible for administering bankruptcy procedures, maintaining creditor-debtor balance and guaranteeing procedural compliance. IPs operate within the framework of particular IBC regulations that define their roles and authority at various phases of the Corporate Insolvency Resolution Process (CIRP). Sections 7, 9, 10, and 12A of the IBC help to define the structure and flow of bankruptcy procedures, while the bankruptcy and Bankruptcy Board of India (IBBI) regulates IPs to ensure that they perform their tasks properly[12].

Section 7[13] allows financial creditors to start CIRP against a corporate debtor in the event of a default. Financial creditors include banks, financial institutions and individuals who have extended credit to the debtor. To commence the process, the creditor must file an application with the National Company Law Tribunal (NCLT) and provide evidence of the default. Financial statements, loan agreements and other pertinent documentation that supports the assertion are common examples of this evidence. Once the NCLT admits the application, an **Insolvency Professional** is appointed as the **Interim Resolution Professional (IRP)**. The IRP takes control of the corporate debtor's management and operations to prevent further mismanagement or erosion of value. Their duties include verifying creditor claims and constitute the **Committee of Creditors (CoC)** and ensuring that the debtor remains a "going concern." Section 7 showcases the important role of IPs in streamlining the insolvency process for financial creditors, ensuring creditor rights are upheld and managing debtor operations with transparency and efficiency[14].

Similarly, **Section 9**[15] of the IBC empowers operational creditors to initiate CIRP against a defaulting corporate debtor. Operational creditors, such as suppliers, vendors or service providers, play a significant role in the economic ecosystem. Before filing an application with

[11] The Insolvency and Bankruptcy Code (IBC), 2016 Act No. 31 of 2016
[12] Akaant Kumar Mittal, *Insolvency and Bankruptcy Code: Law and Practice* (2d ed. 2023), vol. 1-2, Eastern Book Co.
[13] Insolvency and Bankruptcy Code, 2016, § 7 (India).
[14] Ankit Parhar & Rashi Srivastava, *Decoding Section 7 of IB Code for Admitting an Application for Corporate Insolvency Resolution Process*, 2023 SCC OnLine Blog Exp 55 (June 23, 2023), https://www.scconline.com/blog/post/2023/06/23/decoding-section-7-of-ib-code-for-admitting-an-application-for-corporate-insolvency-resolution-process/.
[15] Insolvency and Bankruptcy Code, 2016, § 9 (India).

the NCLT, an operational creditor must serve a demand notice or an invoice under Section 8 while informing the debtor of their dues. The debtor is given a 10-day period to either repay the outstanding amount or dispute the claim. If no resolution is achieved, the operational creditor can file an application under Section 9 for seeking initiation of CIRP. After accepting the application, the NCLT appoints an Insolvency Professional as the IRP to oversee the debtor's management. The IRP is responsible for evaluating claims made by operational creditors, managing debtor assets and coordinating stakeholder engagements to achieve fair and efficient resolution. Section 9 emphasizes the crucial role of IPs in maintaining impartiality while balancing the rights of operational creditors and ensuring procedural compliance[16].

Section 10[17] of the IBC takes a different approach by enabling the corporate debtor itself to initiate CIRP. This provision acknowledges the debtor's financial distress and allows them to proactively seek resolution. The corporate debtor can file an application before the NCLT, accompanied by evidence of default and a proposal for appointing an Insolvency Professional. The admission of the application marks the appointment of the proposed IP as the IRP. At this stage, the IRP assumes control of the corporate debtor's management, taking charge of its operations, finances and assets. The IRP also ensures that all claims from creditors are verified and facilitates discussions within the **Committee of Creditors (CoC)** to explore viable resolution plans. This section emphasizes the role of IPs as independent and impartial professionals who oversee the debtor's revival efforts, facilitate negotiations and ensure strict compliance with the legal provisions of the IBC. The ability of corporate debtors to initiate CIRP underscores the IBC's balanced approach in addressing insolvency, promoting business revival while protecting creditor interests[18].

Another significant provision is **Section 12A**[19], which allows for the withdrawal of CIRP applications after they have been admitted. This provision provides flexibility in cases where creditors and the debtor reach a settlement or resolution outside the formal insolvency process. Withdrawal under Section 12A can only occur if **90% of the Committee of Creditors (CoC)** members approve the decision. The Insolvency Professional plays a central role in facilitating the withdrawal process. They ensure that the settlement terms are fair,

[16] *Section 9: Application for Initiation of Corporate Insolvency Resolution Process by Operational Creditor*, CA2013 (Dec. 38, 2024), https://ca2013.com/section-9-application-initiation-corporate-insolvency-resolution-process-operational-creditor/#:~:text=(1)%20After%20the%20expiry%20of,8%2C%20the%20operational%20creditor%20may.
[17] Insolvency and Bankruptcy Code, 2016, § 10 (India).
[18] *Section 10A of IBC – Suspension of Initiation of Corporate Insolvency Resolution Process*, IBC Law (Dec. 6, 2024), https://ibclaw.in/section-10a-suspension-of-initiation-of-corporate-insolvency-resolution-process/.
[19] Insolvency and Bankruptcy Code, 2016, § 12A (India).

transparent and compliant with IBC provisions. The IP also files the necessary withdrawal application before the NCLT and coordinates with all stakeholders to implement the agreed-upon resolution. Section 12A highlights the adaptability of the IBC framework and the essential role of IPs in enabling out-of-court settlements while upholding procedural integrity[20].

➢ Other Key Provisions of the IBC Related to Insolvency Professionals

The IBC outlines specific provisions that define the role and responsibilities of IPs:

- ***Section 206[21]:*** *Mandates that no individual can function as an IP without registration with the IBBI.*
- ***Section 207[22]:*** *Requires IPs to enroll with an Insolvency Professional Agency (IPA) and adhere to its code of conduct.*
- ***Section 208[23]:*** *Details the functions and obligations of IPs, including acting as Interim Resolution Professionals (IRPs), Resolution Professionals (RPs), or liquidators, and mandates compliance with the IBC and associated regulations.*
- ***Section 219[24]:*** *Empowers the IBBI to initiate investigations into the conduct of IPs to ensure adherence to the Code.*

ROLE OF THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI) IN REGULATING IPS

The IBBI, established under the IBC, is the apex regulatory agency in charge of insolvency procedures and the entities involved. Its primary functions related to IPs include:

- *Registration and Regulation: The IBBI registers IPs and IPAs, establishes eligibility requirements and ensures Code compliance. It has the authority to renew, suspend or cancel registrations based on performance and compliance with regulations.*
- *Standard Setting: It specifies standards for the functioning of IPs and IPAs, including codes of conduct, to promote transparency and efficiency in insolvency processes.*
- *Monitoring and Inspection: The Board monitors the performance of IPs and conducts inspections to ensure compliance, taking disciplinary actions when necessary.*

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[20] *Section 12A of IBC: A Pathway for Regaining Business Control*, METALEGAL (Dec. 4, 2024), https://www.metalegal.in/post/section-12a-of-ibc-a-pathway-for-regaining-business-control.
[21] Insolvency and Bankruptcy Code, 2016, § 206 (India).
[22] Insolvency and Bankruptcy Code, 2016, § 207 (India).
[23] Insolvency and Bankruptcy Code, 2016, § 208 (India).
[24] Insolvency and Bankruptcy Code, 2016, § 219 (India).

- *Development and Regulation: The IBBI promotes the development of, and regulates, the working and practices of IPs, IPAs, and Information Utilities (IUs) to further the purposes of the Code*[25].

III. EVOLUTION OF THE ROLE OF INSOLVENCY PROFESSIONALS IN INDIA

The evolution of Insolvency Professionals (IPs) under India's Insolvency and Bankruptcy Code (IBC) has been transformative which reflect a shift from administrative roles to strategic decision-makers. This progression has been instrumental in enhancing the efficiency and effectiveness of insolvency resolutions in the country. Before the enactment of the IBC in 2016, India's insolvency framework was fragmented and compromises multiple laws with varying procedures. This fragmentation often led to prolonged legal battles and suboptimal recovery rates for creditors. In this environment, the role of Insolvency Professionals was limited to administrative tasks, such as managing creditor claims and overseeing the Corporate Insolvency Resolution Process (CIRP). Their responsibilities were primarily focused on ensuring compliance with existing laws and maintaining records, with limited involvement in strategic decision-making[26].

The enactment of the IBC in 2016 marked a significant overhaul of India's insolvency framework. The Code introduced a unified, time-bound process for insolvency resolution and aims to maximize asset value and balance the interests of all stakeholders. Central to this process was the role of Insolvency Professionals, who were now required to manage the entire resolution process, from initiating proceedings to formulating resolution plans. This shift necessitated a broader skill set, including legal knowledge, financial expertise and negotiation skills[27].

As the IBC evolved, insolvency professionals moved from administrative tasks to strategic decision-making. They were essential in balancing creditor’s interests and establishing consensus among the Committee of Creditors (CoC). This requires a thorough understanding of financial restructuring, strong negotiation skills and the capacity to traverse complex legal systems. IPs were tasked with managing asset valuations which ensures that the resolution plans presented were both feasible and beneficial to all stakeholders involved. Their expertise was crucial in formulating plans that not only addressed the immediate financial distress but

[25] *Roles & Responsibilities of IBBI*, Forum of Indian Regulators (June 22, 2017), https://www.foir-india.org/upload/Introducing-IBBI-June-2217v2.pptx.
[26] KUSH KALRA, *LAW OF INSOLVENCY AND BANKRUPTCY* (Satyam Law Int’l 2021).
[27] *Ibid*

also set the stage for the long-term sustainability of the corporate debtor[28]. Insolvency Professionals played an important role in both restructuring and liquidation processes under the IBC. In restructuring, they facilitated the revival of distressed companies by formulating and implementing resolution plans that addressed the root causes of financial distress. This involved negotiating with creditors, assessing the viability of the business and restructuring debts to ensure the company's survival and growth. In cases where restructuring was not feasible, IPs managed the liquidation process and ensures that the assets of the company were sold in a manner that maximized returns to creditors. Their role in liquidation was crucial in ensuring that the process was conducted in a fair and transparent manner, adhering to the legal framework established by the IBC[29].

The evolution of the role of Insolvency Professionals in India under the IBC reflects a shift from a compliance-focused function to a strategic, decision-making role. Initially, their responsibilities were centered around administrative tasks which ensures that the insolvency process was conducted in accordance with the legal framework. Over time, with the introduction of key amendments and a growing emphasis on stakeholder interests, IPs became central figures in the restructuring and resolution of distressed entities. Their role expanded to include strategic decision-making, negotiation, and the formulation of resolution plans that balanced the interests of all stakeholders involved. This evolution underscores the increasing complexity and importance of the insolvency profession in India's economic landscape[30]. This evolution can be delineated into three distinct phases:

(i) *the initial role post-IBC implementation*

(ii) *the expansion of duties following subsequent amendments*

(iii) *And their current position as strategic decision-makers.*

- **Initial Role Post-IBC Implementation (2016)**

In the immediate aftermath of the IBC's implementation, Insolvency Professionals were primarily tasked with ensuring compliance and managing administrative functions within the insolvency resolution process. Their key responsibilities included:

- *Managing Creditor Claims and Overseeing CIRP: IPs were in charge of validating and collating creditors' claims, as well as ensuring that the Corporate Insolvency*

[28] https://www.mondaq.com/india/insolvencybankruptcy/1505536/the-evolution-and-effectiveness-of-the-insolvency-and-bankruptcy-code-2016-an-analytical-perspective?utm_source=chatgpt.com
[29] D.K. JAIN, *GUIDE TO INSOLVENCY & BANKRUPTCY CODE* (Bharat Law House, 4th ed. 2024).
[30] Hritika Sharma, *Evolution of the Insolvency and Bankruptcy Laws in India*, (IBCLaw.in, May 2021), https://ibclaw.in/wp-content/uploads/2021/05/EVOLUTION-OF-INSOLVENCY-AND-BANKRUPTCY.pdf.

Resolution Process (CIRP) followed the timetables and legal criteria. This entailed keeping thorough records and encouraging communication among parties in order to enhance transparency and efficiency.

- *Compliance and Administrative Tasks: The primary goal was to ensure that the IBC's procedural provisions were followed. IPs were required to manage the debtor's assets, monitor day-to-day operations and safeguard the company's viability throughout the insolvency process. This compliance-focused function was critical in establishing the legitimacy and efficacy of the recently implemented insolvency system*[31].

➢ **Expansion of Duties Post Amendments**

As the insolvency regime matured, several amendments to the IBC expanded the scope of responsibilities for Insolvency Professionals. Notable legislative changes that impacted IP roles include:

- ***Section 25A****: Introduced to outline the rights and duties of authorized representatives of financial creditors, particularly in cases involving a large number of creditors. This section indirectly influenced IPs by necessitating coordination with authorized representatives to ensure that the interests of diverse creditor groups were adequately represented and addressed during the resolution process*[32].
- ***Section 30****: This section details the submission and approval process of resolution plans. IPs are required to examine each resolution plan to ensure compliance with the IBC, confirm that they are feasible and viable and present them to the Committee of Creditors (CoC) for approval. This evaluative role demands a deep understanding of financial restructuring and strategic business planning.*
- ***Section 32A****: Inserted through an amendment in 2020, this section provides immunity to the corporate debtor and its assets from prosecution for offenses committed prior to the commencement of the CIRP, upon approval of the resolution plan. IPs must ensure that resolution applicants are aware of these provisions and that the terms of the resolution plan comply with the legal safeguards intended to encourage successful corporate insolvency resolutions*[33].

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[31] Sachi Ashok Bhiwgade, *Role and Duties of Resolution Professional under the Insolvency and Bankruptcy Code, 2016*, iPleaders (Sept. 9, 2020), https://blog.ipleaders.in/role-and-duties-of-resolution-professional-under-the-insolvency-and-bankruptcy-code-2016/.

[32] ithya Sri S, *Significant IBC Amendments: Streamlining the Balance Between the Ground Realities and Mandate of the IBC*, 12 IJCRT 79 (2024), https://www.ijcrt.org/papers/IJCRT2401079.pdf.

[33] Sri S., Insolvency Code Protection: Section 32A Rules Even the PMLA, *Law Asia* (July 3, 2024), https://law.asia/insolvency-code-protection/.

- **Role as Strategic Decision-Makers**

In the current insolvency landscape, Insolvency Professionals have transitioned into roles that require strategic decision-making and leadership. Their responsibilities now include:

- *Balancing Creditor Rights and Facilitating Consensus in the CoC: IPs act as intermediaries among various stakeholders, striving to balance differing interests and facilitate consensus within the Committee of Creditors. This role is critical in ensuring that resolution plans are acceptable to all parties and are implemented smoothly.*
- *Managing Asset Valuations and Resolution Plans: IPs oversee the valuation of the debtor's assets to ensure accurate and fair assessments, which are essential for formulating viable resolution plans. They also play an important role in negotiating terms with potential resolution applicants and aims to maximize value for creditors while ensuring the sustainability of the debtor's business operations.*
- *Contribution to Restructuring and Liquidation Processes: In addition to resolution, intellectual property professionals play an important role in helping troubled enterprises through restructuring and advise on operational and financial reorganization to restore solvency. When liquidation becomes required, they oversee the orderly winding up of the company's affairs, guaranteeing legal compliance and equitable asset distribution*[34].

IV. JUDICIAL IMPACT ON THE ROLE OF INSOLVENCY PROFESSIONALS

- **Swiss Ribbons Pvt. Ltd. v. Union of India**[35]

The Insolvency and Bankruptcy Code's (IBC) constitutionality was the challenged in the Swiss Ribbons Pvt. Ltd. v. Union of India case. Swiss Ribbons, the petitioners, were operational creditors contesting the terms of the Code, namely its preference for financial creditors in the Corporate Insolvency Resolution Process (CIRP). They argued that the IBC violated the principles of fairness, especially since operational creditors were often given less priority in the distribution of the debtor’s assets. The petitioners also questioned whether the role of Insolvency Professionals (IPs) was adequate in ensuring that the interests of operational creditors were properly represented.

The Supreme Court upheld the constitutional validity of the IBC, affirming that the Code was a necessary mechanism to address India’s insolvency crisis. The Court noted that the Code’s

[34] Dr. Saurabh Chandra & Ms. Adv. Radhika Mahajan, *Navigating Insolvency and Bankruptcy Regime: Understanding the Insolvency and Bankruptcy Code, 2016* 169 (1st ed. 2024).
[35] Swiss Ribbons Pvt. Ltd. v. Union of India AIR 2019 SUPREME COURT 739

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objective was to provide a time-bound resolution process, and it emphasized that financial creditors, due to the nature of their claims, necessarily had a larger say in the process. The Court also emphasized that while operational creditors were given the chance to take part in the settlement process, the Code did not infringe upon their rights. The Court underlined the need of insolvency professionals in maintaining the process's impartiality and fairness. IPs were charged with overseeing the debtor's assets and direct the Committee of Creditors (CoC) and making sure that all parties involved in the process were treated fairly.

This case was important in clarifying that the role of Insolvency Professionals is central to the successful implementation of the IBC. The judgment reinforced the notion that IPs must balance the interests of creditors while ensuring that the entire process is carried out in accordance with the law, fairness and transparency. The Court's ruling, thus, solidified the IP's role as facilitators of an equitable and efficient resolution process.

- **Essar Steel India Ltd. v. ArcelorMittal India Pvt. Ltd.[36]**

The Essar Steel India Ltd. v. ArcelorMittal India Pvt. Ltd. case revolved around the eligibility of ArcelorMittal to participate in the resolution process of Essar Steel under the IBC. ArcelorMittal, a major global steel manufacturer, had been disqualified initially from bidding for Essar Steel due to its defaulting subsidiaries. The National Company Law Tribunal (NCLT) rejected the resolution plan submitted by ArcelorMittal, as it was linked to defaulting companies, and thus, it could not be considered a suitable resolution applicant. However, ArcelorMittal cleared the dues of its subsidiaries and re-applied for participation in the resolution process.

The Supreme Court ruled in favor of ArcelorMittal, holding that once it had cleared the dues of its subsidiaries, it could indeed participate in the resolution process. The Court emphasized that the Code's intention was to promote a resolution framework, which should not be stymied by rigid interpretations of eligibility rules. The judgment brought into focus the essential role of Insolvency Professionals in verifying the eligibility of resolution applicants. The Court noted that IPs must ensure that the applicants meet the conditions stipulated in the IBC, which includes confirming that no conflicts of interest exist and that applicants are financially capable of resolving the insolvency. This case highlighted the evolving role of Insolvency Professionals, particularly in the area of due diligence. IPs were now tasked with verifying not only the claims of creditors but also ensuring the eligibility of resolution applicants. This expanded their role from merely facilitating the process to ensuring that the resolution

[36] Essar Steel India Ltd. v. ArcelorMittal India Pvt. Ltd. CIVIL APPEAL NO. OF 2022 (Arising out of SLP (C) No. 3187 of 2021)

framework was being followed in its entirety. IPs needed to take a proactive approach to verify all aspects of the resolution plan, including scrutinizing the background and financial health of the resolution applicant, to avoid any potential conflicts or defaults.

- **Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta[37]**

In the Essar Steel India Ltd. v. Satish Kumar Gupta case, the Supreme Court addressed the Committee of Creditor's (CoC) decision-making authority during the CIRP process. The lawsuit hinged on the adoption of ArcelorMittal's Essar Steel resolution plan, despite minority creditor's objections. Satish Kumar Gupta, a shareholder, contested the CoC's judgment, arguing whether it had the ability to overrule the objections of opposing creditors and adopt the resolution plan.

The Supreme Court ruled in favor of the CoC, affirming that the decision of the CoC is binding on all creditors, including dissenting ones, as long as it adheres to the provisions of the IBC. The Court emphasized that the IBC aimed at maximization of the debtor's value, and the CoC, as a collective body, was best suited to make the final decision on the resolution plan. The judgment underscored the autonomy of the CoC in the CIRP process, while also noting that IPs play a vital role in ensuring that the CoC's decisions are made in accordance with the legal framework. This judgment had significant implications for the role of Insolvency Professionals, particularly in terms of their duties in assisting the CoC with its decision-making process. The IPs were required to ensure that all decisions made by the CoC were compliant with the IBC's provisions and that the process was conducted fairly and transparently. IPs were no longer just facilitators but also key players in ensuring that CoC decisions were legally sound and respected the interests of all creditors. This case further solidified the IP's role as a critical figure in the corporate insolvency resolution process, tasked with ensuring legal compliance and fairness throughout.

The judicial rulings mentioned above have had a significant impact on the role of Insolvency Professionals (IPs) under the Insolvency and Bankruptcy Code. These cases have refined their duties, broadened their responsibilities and defined their role in ensuring transparency, justice and compliance throughout the Corporate Insolvency Resolution Process (CIRP).

From ensuring that resolution applicants meet eligibility criteria, facilitating decision-making by the CoC, to navigating the complexities of interim measures, IPs have been given a more strategic role in insolvency proceedings. Their duties are no longer limited to administrative compliance but they now have a more active role in shaping the resolution process and

[37] Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta AIRONLINE 2019 SC 1494

protecting the interests of creditors. Moreover, these judicial decisions have ensured that IPs are at the forefront of corporate restructuring in India, contributing to the IBC’s goal of enhancing the ease of doing business and providing a quicker and more efficient resolution process. By upholding the integrity of the process, these rulings have reinforced the importance of IPs in managing insolvency cases and promoting economic stability in India.

V. Regulatory framework for professional accountability

The Insolvency and Bankruptcy Board of India (IBBI) is responsible for regulating and improving the capabilities of India's Insolvency Professionals (IPs) in accordance with the Insolvency and Bankruptcy Code. The IBBI has built a thorough regulatory framework to ensure that intellectual property professionals carry out their responsibilities with professionalism, competence and honesty. This is critical for maintaining the confidence and effectiveness of the insolvency process, which is required for resolving insolvent enterprises and maximising recoveries for creditors. The role of the IBBI in monitoring and enhancing IP capabilities is multi-faceted. As the apex regulatory body, the IBBI is responsible for overseeing the functioning of IPs by setting clear guidelines and regulations, monitoring compliance as well as ensuring that IPs are equipped to handle insolvency proceedings effectively. Through regular inspections, investigations and enforcement of regulations, the IBBI ensures that IPs adhere to the legal framework outlined in the IBC and associated regulations. This oversight ensures that IPs perform their roles impartially, efficiently and transparently, thereby preserving the integrity of the insolvency process[38].

The IBBI's regulatory framework includes the implementation of several standards and rules of behavior for IPs. The Code of Conduct for Insolvency Professionals, for example, sets the professional and ethical standards that IPs are expected to meet. It highlights the importance of IPs to demonstrate honesty, objectivity and transparency in all of their operations. According to the code, IPs must preserve independence, prevent conflicts of interest and make judgments based on sound professional judgment. Furthermore, the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 provide extensive provisions on IP qualifications, registration, and disqualification and ensures that only qualified professionals carry out IP obligations. These regulations also establish the process for registering and regulating IPs, which involves maintaining high levels of professionalism and competency[39].

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[38] Anirudh Burman & Rajeswari Sengupta, Regulating IPs under the IBC, *IFROGS* (Aug. 4, 2018), https://ifrogs.org/EVENTS/IBC_Confference/PRESENTATIONS/sl_201808_IP_RajeswariAniruth.pdf.
[39] *Ibid*

The IBBI has also worked to ensure that IPs are up to date on the latest advances in insolvency law and practice. ***The Insolvency and Bankruptcy Board of India's (Continuing Professional Education for Insolvency Professionals) Guidelines, 2019*** [40]require IPs to participate in ongoing professional education programs. These programs aim to improve IPs knowledge and skills and ensures that they are prepared to deal with the rising difficulties of insolvency and bankruptcy processes. The rules outline the minimum amount of **Continuing Professional Education (CPE)** hours that IPs must complete each year to stay up to date on changes in laws, financial practices, and ethical standards. To further enhance the capabilities of IPs, the IBBI has launched various training programs. These programs are designed to equip IPs with the tools they need to effectively manage insolvency proceedings. The IBBI's training initiatives include specialized courses on legal aspects, financial management and ethical decision-making. These programs are often conducted in collaboration with professional organizations and institutions such as the ***Indian Institute of Corporate Affairs (IICA)*** and other industry bodies. In addition to formal education, the IBBI encourages IPs to engage in professional development activities to build their practical skills and expertise[41].

The IBBI also collaborates closely with Insolvency Professional Agencies (IPAs), which are in charge of registering and overseeing IPs. These agencies play an important role in maintaining IPs' professional standards and ensuring that they follow the IBBI laws. The IPAs are responsible for providing IPs with support and resources, as well as advising on best practices and ensuring that they follow the Code of Conduct. The IBBI's oversight of IPAs guarantees that the quality of insolvency services stays high, and it also conducts inspections and audits to assess IP performance[42].

To promote transparency and accountability, the Insolvency and Bankruptcy Board of India (IBBI) has implemented several mechanisms that ensure Insolvency Professionals (IPs) adhere to the highest standards of professional conduct. These mechanisms are designed to make the insolvency resolution process more efficient and credible.

- ***Disclosure Requirements:*** *One of the critical mechanisms introduced by the IBBI is the mandatory disclosure of information by IPs. As part of the transparency*

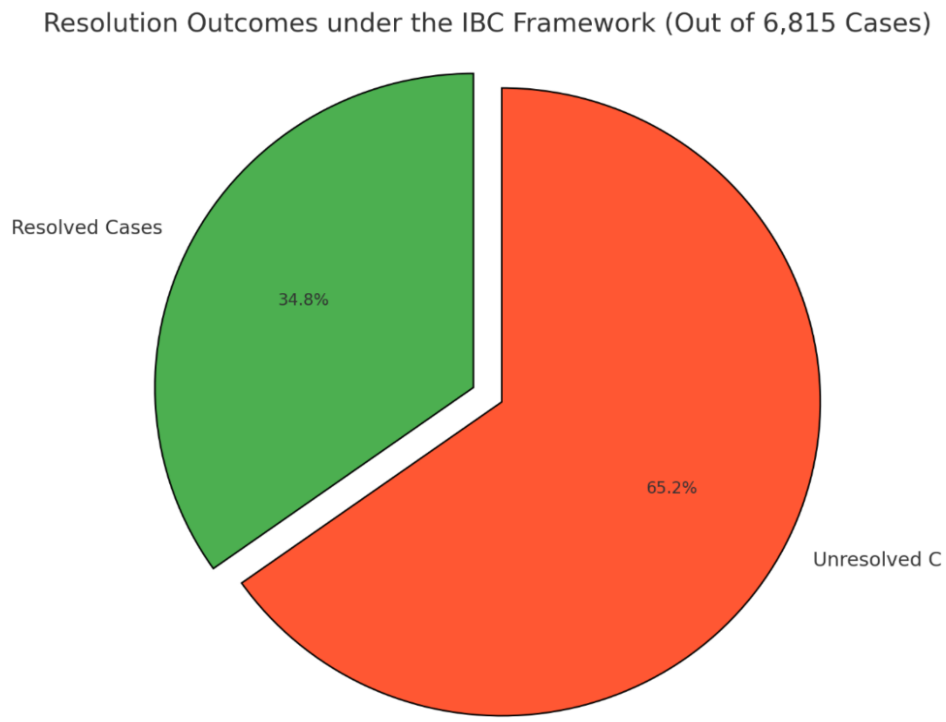
[40] Insolvency and Bankruptcy Board of India, *Continuing Professional Education for Insolvency Professionals Guidelines, 2019* (2019), https://www.ibbi.gov.in/legal-framework/continuing-professional-education-for-insolvency-professionals.
[41] Anirudh Burman & Rajeswari Sengupta, Regulating IPs under the IBC, *IFROGS* (Aug. 4, 2018), https://ifrogs.org/EVENTS/IBC_Confference/PRESENTATIONS/sl_201808_IP_RajeswariAniruth.pdf.
[42] Anirudh Burman & Rajeswari Sengupta, *Regulating IPs under the IBC: Tracing Pathways to Regulation Based on a Study of Professional Development*, IFROGS (Apr. 26, 2018), https://ifrogs.org/EVENTS/PRESENTATIONS/WORKSHOP_INSOLVENCYANDBANKRUPTCY_2018/sl_201804_BurmanSengupta.pdf.

framework, IPs are required to file progress reports, disclose financial statements of the corporate debtor, and submit details about claims and resolutions on the IBBI's designated platform. These disclosures allow stakeholders, such as creditors and the Committee of Creditors (CoC), to monitor the insolvency proceedings and hold the IP accountable for their actions. The ***Public Announcement Regulation*** *ensures that key information, such as the initiation of the Corporate Insolvency Resolution Process (CIRP) and timelines for claims submission, is made publicly available.*

- ***E-filing of Insolvency Proceedings:*** *The IBBI has introduced a system of e-filing for insolvency-related proceedings to ensure transparency and traceability. The electronic platform provides a centralized repository for all documents and communications related to the case. This enables stakeholders to access critical information in real time and ensures that all actions taken by the IP are documented and auditable.*
- ***Regular Audits and Monitoring:*** *The IBBI conducts regular audits of the performance of IPs and their adherence to the Code of Conduct. These audits evaluate whether IPs are following prescribed regulations and timelines under the IBC. Any deviation from the standard procedures is flagged and action is taken against the erring professional. Monitoring mechanisms include the scrutiny of records submitted by the IPs, inspections of their work, and assessment of their compliance with the timelines and processes outlined under the CIRP.*
- ***Mechanisms for Timely Resolution:*** *The IBBI has implemented specific guidelines to minimize delays in the insolvency process. IPs are required to strictly adhere to the 180-day timeline for completing the CIRP, with a permissible extension of up to 90 days. To ensure compliance, the IBBI monitors timelines for every stage of the insolvency process, including the filing of claims, submission of resolution plans and liquidation proceedings. IPs are held accountable if they fail to meet these deadlines without valid reasons.*
- ***Performance Benchmarking:*** *The IBBI has also introduced performance benchmarking for IPs, which evaluates their efficiency in handling cases based on metrics such as the time taken for resolution, recovery rates and adherence to regulations. These benchmarks provide an objective measure of the IP's capabilities and encourage them to maintain high professional standards.*
- ***Capacity Building Initiatives:*** *The IBBI mandates continuous professional education for IPs to ensure they are updated with the latest laws, judicial interpretations and*

financial management practices. By requiring IPs to attend workshops, training sessions and seminars, the IBBI enhances their capabilities to handle complex insolvency cases effectively[43].

VI. Data on evolving role of insolvency professionals under the Insolvency and Bankruptcy Code (IBC)



The pie chart created above clearly reflects the distribution between successful resolutions and unresolved cases. The chart is divided into two parts: one representing the successful resolution of 2,622 cases (marked in green), and the other representing 4,915 unresolved cases (marked in red). The green slice of the pie represents 38.5% of the total cases, while the red slice accounts for 61.5%. This visual representation highlights the challenges that still exist in the insolvency resolution process under the IBC[44].

The Insolvency and Bankruptcy Code (IBC) has dramatically altered how insolvency cases are handled in India, with Insolvency Professionals (IPs) playing an important part in the resolution process. Data on the results of cases admitted under the IBC framework show a great success rate, with 55% of cases successfully rescued. This indicates that 2,622 of 6,815

[43] Fox Mandal, *Framework for Professional Entities: Breakdown of IBBI's Measures*, Fox Mandal (July 15, 2023), https://www.foxmandal.in/framework-for-professional-entities-breakdown-of-ibbis-measures/.

[44] India and the Evolution of an Insolvency Code, LAW ASIA (July 16, 2024), https://law.asia/india-insolvency-law-evolution/.

cases have been handled, which is a tremendous milestone for India's insolvency resolution ecosystem. These figures are critical for understanding the changing role of Insolvency Professionals, as they indicate IPs' efficacy and expanding responsibility in attaining resolution results. The fact that over 55% of the cases admitted to the IBC have been successfully resolved is a strong indicator of the growing efficiency and effectiveness of the insolvency process. The success of these cases is largely attributed to the diligent work of Insolvency Professionals who manage the entire resolution process. From conducting due diligence on creditor claims to formulating resolution plans, IPs are instrumental in ensuring that distressed assets are restructured in a way that maximizes creditor recovery and restores the health of the company, if possible. The role of IPs has evolved significantly since the inception of the IBC, from being mere compliance officers to becoming strategic decision-makers who navigate complex negotiations and balance the interests of creditors and stakeholders[45].

Moreover, the average recovery rate for creditors under the IBC framework has been impressive which range between ***32 to 43 cents per US dollar for ongoing concerns***. This means that creditors, who may have initially feared that they would not recover their dues, are seeing a relatively higher return on their investments through the resolution process. The ***168% recovery of liquidation value*** further reinforces the positive impact of the IBC. This recovery rate is significantly higher than the liquidation value which indicates that the resolution process, although complex and challenging, often results in better outcomes for creditors than liquidation. However, it is essential to acknowledge that not all cases end with a successful resolution. The unresolved cases represent a critical area where further reforms and improvements are needed. While 38.5% of the cases have been successfully resolved, the remaining 61.5% have either failed to reach a resolution or are still under progress. This indicates that there are still several challenges in the process, such as delays in the approval of resolution plans, conflicts within the Committee of Creditors (CoC) and difficulties in finding buyers for distressed assets. The unresolved cases also raise concerns about the need for better professional conduct and accountability among IPs, as well as the potential need for legislative reforms to address these issues more effectively[46].

Despite these challenges, the role of Insolvency Professionals continues to grow in importance. The data suggests that the efforts of IPs are not only enhancing the resolution rate but are also improving the financial outcomes for creditors. The increasing complexity of

[45] *Ibid*
[46] *Ibid*

cases, such as those involving large corporate entities or cross-border insolvencies, requires IPs to have a deep understanding of both the legal and financial aspects of insolvency. Their ability to balance creditor rights, manage asset valuations and negotiate complex resolution plans is central to the success of the IBC process. In addition to these responsibilities, the Insolvency and Bankruptcy Board of India (IBBI) has continuously worked on strengthening the regulatory framework to ensure that IPs are equipped with the necessary skills and professional ethics to carry out their duties effectively. Through ongoing professional development programs, IBBI has ensured that IPs are updated with the latest legal and financial developments, thus increasing their capacity to manage complex insolvency cases. This growing professionalism among IPs is vital for the future success of the IBC and the continued improvement in the resolution outcomes.

VII. Economic contribution of insolvency professionals

The role of Insolvency Professionals (IPs) under the Insolvency and Bankruptcy Code (IBC), 2016, goes beyond mere compliance and procedural adherence rather it extends to significant economic contributions. IPs act as the linchpin of the IBC framework and ensures that distressed assets are effectively managed and value is maximized for stakeholders. This not only contributes to the financial health of companies but also promotes economic stability by reducing non-performing assets (NPAs) in the banking sector and ensuring optimal allocation of resources in the economy[47].

IPs play a crucial role in stabilizing the economy by addressing the issue of distressed assets. Before the implementation of the IBC, resolving financial stress was a lengthy and inefficient process which often leads to asset erosion and suboptimal recoveries. With the introduction of a structured framework under the IBC, IPs ensure that distressed companies are either revived through resolution plans or liquidated efficiently.

One of the key responsibilities of IPs is to strike a balance between reviving distressed firms and liquidating those beyond repair. Revival efforts focus on enabling corporate debtors to regain financial health through innovative resolution plans, operational restructuring, or strategic investments. Revival is often preferred because it preserves jobs, sustains supply chains and contributes to economic growth. However, in cases where revival is not feasible, IPs manage the liquidation process to ensure that creditors recover as much value as possible. The liquidation process under the IBC ensures transparency, fairness and adherence to the

[47] Amol Baxi, *India's Experience in Insolvency Laws: Learnings for the Global South*, RIS-DP # 294 (Oct. 2024), https://www.ris.org.in/sites/default/files/Publication/DP%20294_Amol%20Baxi.pdf.

waterfall mechanism laid down in the Code. By facilitating both revival and liquidation efficiently, IPs contribute to reducing financial losses and ensuring optimal utilization of economic resources[48].

For creditors, IPs act as mediators who ensure that their claims are processed fairly and transparently. They manage the claims verification process, assess resolution plans and oversee the distribution of recoveries. The improved recovery rates under the IBC framework are a testament to the effectiveness of IPs. For debtors, the involvement of IPs ensures a fair and efficient resolution process. IPs oversee the corporate debtor's operations during the insolvency resolution process and ensures that the business continues to function as a going concern. This provides the corporate debtor an opportunity to restructure its operations and financial obligations which offers a chance to revive the business. On a macroeconomic level, the role of IPs in resolving distressed assets reduces systemic risks associated with high NPAs. By improving credit recovery, IPs contribute to the stability of financial institutions & freeing up capital for new investments and economic growth. Furthermore, efficient resolutions also foster a culture of financial discipline which encourage companies to manage their finances responsibly[49].

The IBC's Role in Strengthening Creditor Recoveries and Boosting Economic Growth

A revolutionary framework for dealing with corporate insolvencies and promoting economic stability is the Insolvency and Bankruptcy Code (IBC), 2016. The importance of the IBC in the financial ecosystem is demonstrated by the ₹3.5 lakh crore that creditors have recovered over the last eight years. In addition to strengthening bank and financial institution balance sheets, this recovery has allowed them to direct capital into profitable ventures, which has significantly boosted GDP growth.

During the Insolvency and Bankruptcy Board of India's (IBBI) ninth annual day festivities, Ravi Mital, the IBBI's chairperson, highlighted the incredible advancements made under the IBC. He emphasized that since the IBC's founding, the National Company Law Tribunal (NCLT) has approved more than 1,000 resolution plans, yielding an average of 125 resolutions annually. Nonetheless, 450 resolutions (45% of the total) have been adopted in the last two years alone which indicates a significant rise in approvals[50].

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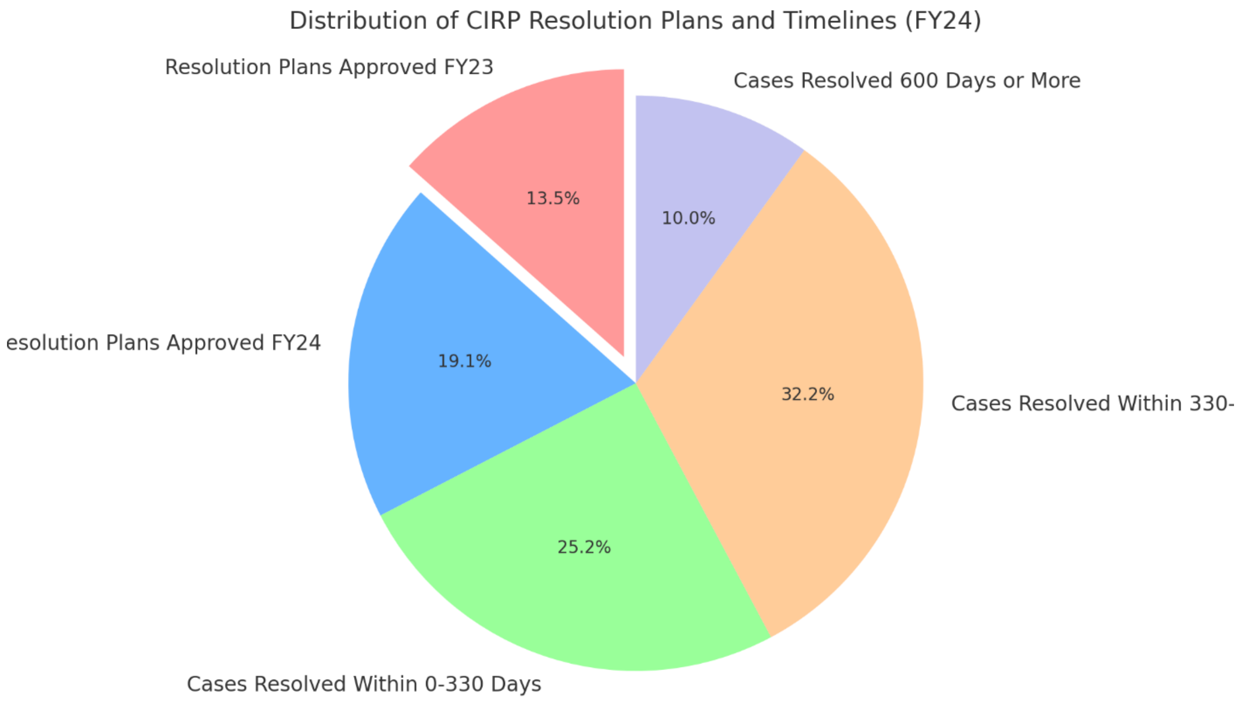
[48] Justice L. Nageswara Rao & Avinash Krishnan Ravi, *Corporate Insolvency Resolution Process and Liquidation under the Insolvency and Bankruptcy Code, 2016* (1st ed. 2023).

[49] *Ibid*

[50] Fortune India, *35 Lakh Cr Bad Loans Recovered Under IBC; 1,000 Cases Resolved in 8 Years: IBBI*, *Fortune India* (December 11, 2024), https://www.fortuneindia.com/macro/35-lakh-cr-bad-loans-recovered-under-ibc-1000-cases-resolved-in-8-years-ibbi/118605.

This rapid acceleration in resolving insolvency cases is indicative of a maturing framework, where stakeholders, including creditors, insolvency professionals and adjudicating authorities, have become more adept at navigating the resolution process. The increased efficiency not only aligns with the IBC's objective of time-bound resolutions but also reflects its critical role in maintaining the viability of distressed businesses. The recovery of ₹3.5 lakh crore over the last eight years highlights the effectiveness of the IBC in maximizing the value of distressed assets. These recoveries have empowered financial institutions to redirect resources toward economic growth and make increased lending capacity and revitalizing the corporate sector. This direct correlation between insolvency resolutions and economic revitalization demonstrates how the IBC is driving financial discipline among corporate borrowers and encouraging early intervention in distress situations[51].

VIII. PROGRESS OF RESOLUTION PLANS UNDER IBC



The Insolvency and Bankruptcy Code (IBC) has undergone tremendous evolution since its establishment and demonstrated its vital role in resolving financial crisis and restoring economic stability. A closer examination at the approval and resolution dates for cases under the IBC framework indicates the Code's revolutionary influence as well as places for improvement.

[51] *Ibid*

One of the most notable achievements under the IBC has been the surge in resolution plans approved by the National Company Law Tribunal (NCLT). During the financial year 2022–2023 (FY23), the NCLT approved 189 resolution plans. However, in the following financial year 2023–2024 (FY24), the number of approved plans rose dramatically to 269, marking a 42% increase. This improvement underscores the growing efficiency of the insolvency resolution process[52].The increasing number of resolution plans reflects the effectiveness of the IBC framework in rescuing distressed assets and preserving their economic value. It also highlights the pivotal role played by insolvency professionals (IPs) in crafting and implementing these plans. By facilitating agreements between creditors and debtors and ensuring compliance with the law, IPs have become central to the successful revival of distressed firms.

The timetables for resolving insolvency cases show both the progress made and the obstacles that remain. The IBC sets a standard timetable of 330 days for resolving Corporate Insolvency Resolution Processes. However, data from FY24 shows various timelines for case resolutions:

(i) ***Cases Resolved Within 0–330 Days:*** *A total of 354 cases were resolved within the prescribed timeline. This figure reflects a significant improvement in adhering to the statutory deadline and emphasizes the efforts of IPs and other stakeholders in expediting the resolution process. Timely resolution ensures the preservation of value for both creditors and debtors prevents further financial deterioration.*

(ii) ***Cases Resolved in 330–599 Days:*** *Approximately 453 cases exceeded the standard 330-day timeline but were resolved within 599 days. This category indicates the influence of delays arising from legal disputes, competing interests among stakeholders and procedural inefficiencies.*

(iii) ***Cases Resolved in Over 600 Days****: Despite the IBC's intention of swift resolutions, 140 cases took over 600 days to conclude. These delays often stem from complex litigations involving multiple stakeholders or challenges in achieving consensus on resolution plans. Such extended timelines reduce recovery rates for creditors and diminish the economic value of distressed assets*[53].

The data on resolution timelines underscores the critical role of IPs in ensuring the efficient implementation of CIRPs. IPs are instrumental in maintaining transparency, coordinating with stakeholders as well as resolving disputes to avoid unnecessary delays. Their expertise in

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[52] Insolvency and Bankruptcy Board of India, *Annual Report 2023-24*, Insolvency and Bankruptcy Board of India (2024), https://www.ibbi.gov.in/uploads/resources/ae17460f98b2f326b16380f4a917c8a1.pdf.
[53] *Ibid*

managing distressed assets and balancing the interests of creditors and debtors is vital for the success of the resolution process. The surge in resolution plans and improvements in meeting timelines also demonstrate the increasing trust in the IBC framework and the capabilities of IPs. However, the delays in certain cases highlight the need for enhanced training and capacity-building initiatives for IPs to handle complex cases more effectively. Additionally, continuous monitoring and stricter enforcement of deadlines by regulatory bodies like the Insolvency and Bankruptcy Board of India (IBBI) are crucial for achieving timely resolutions.

IX. Key challenges faced by insolvency professionals

1. **Increasing Complexity of Insolvency Cases**: The landscape of insolvency cases has evolved, with a notable rise in real estate companies facing financial unviability. This trend has introduced intricate issues related to project delays and cost overruns, adding layers of complexity to the resolution process.
2. **Balancing Diverse Interests within the Committee of Creditors (CoC)**: IPs are tasked with harmonizing the often conflicting interests of various stakeholders including financial creditors, operational creditors and shareholders. Achieving consensus while ensuring fair treatment for all parties is a formidable challenge that demands exceptional negotiation and mediation skills.
3. **Ensuring Procedural Fairness and Transparency**: Maintaining transparency throughout the insolvency process is crucial for upholding stakeholder confidence. IPs must ensure that all procedures are conducted impartially, with open communication and adherence to established protocols, to prevent any perception of bias or misconduct.
4. **Economic Uncertainties and Their Impact on Distressed Assets**: Fluctuations in the economic environment can significantly affect the valuation and attractiveness of distressed assets. IPs must navigate these uncertainties for making strategic decisions that optimize asset value despite volatile market conditions.
5. **Ethical and Professional Dilemmas**: IPs often encounter situations that test their ethical boundaries, such as pressures from influential stakeholders or conflicts of interest. Upholding professional integrity while managing these dilemmas is critical to maintaining the credibility of the insolvency process[54].

[54] *Insolvency 2024: India - Trends and Developments*, Chambers Practice Guides (2024), https://practiceguides.chambers.com/practice-guides/insolvency-2024/india/trends-and-developments.

X. Future of Insolvency Professionals

1. **Emerging Trends in Insolvency Resolution**: The insolvency landscape is witnessing innovations aimed at enhancing the efficiency of corporate restructuring. These developments strive to create a more effective framework for resolving financial distress and adapting to the evolving needs of the economy[55].
2. **Role of Technology and Digital Platforms**: The integration of technology into insolvency processes is set to revolutionize the field. Digital platforms can streamline case management, facilitate better communication among stakeholders and enhance data analysis capabilities, thereby easing the responsibilities of IPs.
3. **Need for Continuous Reforms and Professional Capacity Enhancement**: Ongoing reforms are essential to address the dynamic challenges in insolvency resolution. IPs must engage in continuous professional development to stay abreast of legal changes, emerging trends and best practices and ensure that they are well-equipped to manage complex cases effectively.
4. **Addressing Future Challenges**: The future will present IPs with challenges such as complex negotiations, economic uncertainties and evolving market dynamics. Developing robust strategies to manage these issues will be crucial. This includes enhancing negotiation skills, staying informed about economic trends and adapting to market changes to effectively resolve insolvency cases.

XI. Conclusion

The evolving role of insolvency professionals (IPs) under the Insolvency and Bankruptcy Code (IBC) is a matter of great importance in the context of India’s economic framework. Since the enactment of the IBC in 2016, the role of IPs has expanded significantly which makes them key players in ensuring the efficiency and success of insolvency resolution processes. They are not merely facilitators but important agents who influence the outcome of resolution plans, balancing the rights of creditors, the obligations of debtors as well as the broader goal of economic revival. A comprehensive analysis of their evolving responsibilities and challenges is crucial to understanding how they can contribute effectively to the insolvency ecosystem. Insolvency professionals act as intermediaries, bridging the gap between distressed entities and their creditors. Their responsibilities include taking control of

[55] Rocky Ravinder Gupta, *Investigating Insolvency Trends in India*, Journal of Corporate Renewal, International Section (July-Aug. 2024), https://www.tmajcr.org/journalofcorporaterenewal/july_aug_2024/MobilePagedArticle.action?articleId=1998293&utm#articleId1998293.

the debtor's assets, managing day-to-day business operations and preparing resolution plans. These duties require not only technical expertise but also a strong understanding of business management, finance, and law. As per the IBC, insolvency professionals also play a vital role in convening meetings of the Committee of Creditors (CoC) and facilitating informed decision-making. This responsibility places them in a position of trust and demands the highest level of integrity and transparency.

One of the significant changes in the role of IPs is the shift from merely administrative functions to acting as strategists and decision-makers. The IBC has introduced a time-bound resolution process, typically 330 days, including litigation, which puts enormous pressure on IPs to manage complex cases efficiently. They must analyze the financial health of the distressed company, identify potential bidders and assess their resolution plans while ensuring compliance with the law. This makes their role dynamic, requiring adaptability to the unique challenges posed by each case.

The regulatory framework governing insolvency professionals has also become more complex over time. The Insolvency and Bankruptcy Board of India (IBBI) has introduced stringent norms for the registration, qualification and performance evaluation of IPs. These measures aim to ensure that only competent and ethical professionals are allowed to handle insolvency cases. Additionally, the IBBI's emphasis on continuous professional development through mandatory training programs reflects the need for IPs to stay updated with legal and market trends.

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