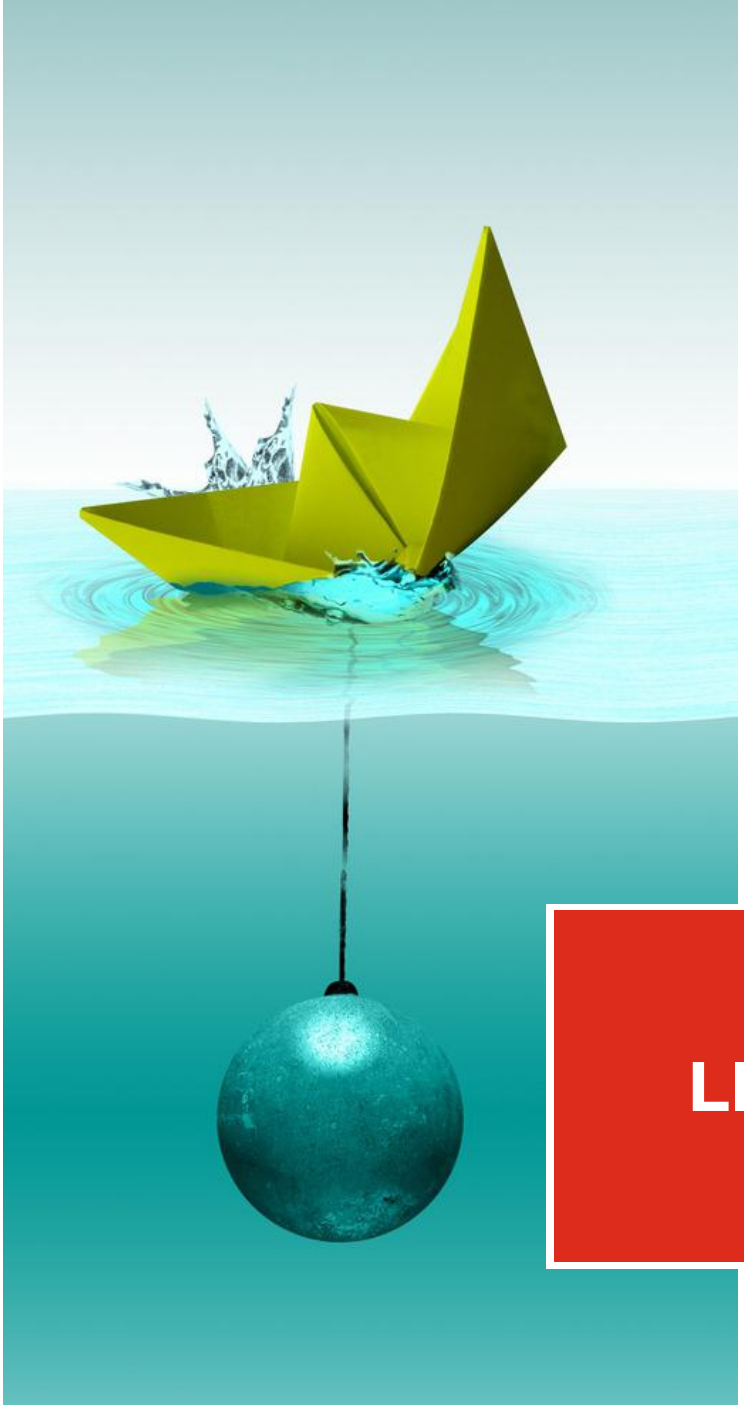

INSOL India

Twenty seven years of thought leadership in insolvency

AN ANALYSIS OF CONTINUATION BIAS UNDER THE IBC REGIME

RE-EVALUATING LIQUIDATION: A NEW PERSPECTIVE

Knowledge Partner

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APRIL 2024

A MESSAGE FROM THE INSOL India PRESIDENT

Dinkar Venkatasubramanian
President, INSOL India

Dear Friends,

The Insolvency & Bankruptcy Code, 2016 (IBC) was promulgated to find an efficient solution to corporates in stress. If found viable, such corporates are to be revived. If not, they should be liquidated. All of this was envisaged to happen in a time-bound manner.

The IBC has been a tremendous success and instrumental in bringing down the NPA levels in India from over 13% of gross banking advances a few years back to nearly 3% currently. The biggest contribution of the IBC, though, is the positive change in the mindset of the stakeholders in the ecosystem.

There is, however, a lingering discussion that in many instances unviable companies continue on life-support as a going concern – either in CIRP or in liquidation. It is contended that this results in a delayed liquidation and depletion in value.

Gausia Shaikh's paper "An analysis of continuation bias under the IBC regime" examines this continuation bias in the context of liquidation. The paper considers the 'public interest' argument often put forward in the context while also analysing other aspects of the conundrum.

This paper is the first such initiative by the Academic Committee of INSOL India to bring serious research and global best practices to examine practical aspects of the stressed assets ecosystem in India.

We do hope that this piques your interest. INSOL India looks forward to your thoughts and observations on the topic.

A MESSAGE FROM THE ACADEMIC COMMITTEE CHAIR

Research is the lifeblood of law reform. At Vidhi, I have been fortunate to have had a ringside view of the insolvency reform process in India since 2014 when the Bankruptcy Law Reforms Committee (BLRC) was set up. Scholarly work on India's pre-IBC insolvency law played a crucial role in helping the BLRC and policymakers understand the failings of the prior regime and design a sound law that addressed the bottlenecks head-on. The results are for everyone to see. The Insolvency Law Committee (ILC), constituted to monitor the law's implementation and recommend amendments to address implementation challenges, continues to embody this research-led approach to law reform, which has arguably helped in better implementation of the law.

Back in 2014, when the reform process was set in motion, there was very little academic or practitioner-led research on India's insolvency system. Ten years on, the landscape seems to have transformed dramatically. Today, there is no dearth of high-quality papers on the working of IBC and the research ecosystem appears to be thriving. While a lot of this work is cutting-edge and feeds into the reform process, there is a case for deeper collaborations between Indian universities, think-tanks, academics, practitioners, and other stakeholders in the IBC ecosystem for it to continue contributing to the reform process effectively. I believe that the Academic Committee of INSOL India is uniquely positioned to facilitate such collaborations and curate an impactful body of work.

We are kick-starting our work program with a short paper questioning what the author calls a "continuation bias" under the IBC. When a business is going under, broadly two outcomes are possible. It can be rescued or liquidated. Theory recommends that if a failing business is economically viable, it should be rescued. Otherwise, it should be liquidated as soon as possible to limit losses for everyone. Theory also suggests that for insolvency law to be efficient, it must be outcome neutral (in so far as these two choices are concerned). The IBC was designed around this logic. Unfortunately, laws do not operate in vacuum. Their implementation is heavily influenced by the context in which they operate. IBC is no different. Despite the law itself being outcome agnostic, some objectives seem to have been read into it because of the context that it operates in. This is not inexplicable. However, there might be some dangers to this approach which can undermine the Code's long-term efficacy, especially in relation to the suitability of the liquidation being seen as a viable option for limiting value erosion in failed businesses. Suffice it to say, this should not go unchallenged, at least in research. Hence this paper.

Research forms the bedrock of India's modern insolvency system. I hope that the work done by the Academic Committee of INSOL India will not only strengthen the edifice but also help in shaping the law's development for years to come.

Debanshu Mukherjee

Co-founder, Vidhi Centre for Legal Policy and

Chair, INSOL India Academic Committee (2023-25)

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BACKGROUND

"The operation was successful. The king is dead."

— The Tiger King by Kalki

These lines from a short story taught in my school days comes to mind when thinking of some perceptions relating to India's Insolvency and Bankruptcy Code, 2016 (IBC). The primary perception in this context being the negative outlook towards liquidations under the IBC, which are often looked at from a tainted negative lens. In an attempt to continue the corporate insolvency resolution process (CIRP) to reach some form of restructuring or reorganisation of an insolvent company and avoid a liquidation, the company might lose so much value while spending each day in distress that not much of it remains. Ergo, the operation ends in "success" since a liquidation is avoided as intended, but the company remains but a shell of itself.

This phenomenon of looking at liquidation as an adverse outcome of insolvency proceedings is referred to as 'continuation bias'. Such continuation bias has earlier been studied in the context of Chapter 11 proceedings in the United States of America (US), where traditional accounts of the proceedings have argued that the bankruptcy process is biased in favour of preserving businesses that are economically distressed and should be liquidated immediately.[1] Research has also been conducted on the effect of continuation bias on the labour market based on a study of cases across courts in the State of Sao Paolo in Brazil.[2] This study found that employees of firms assigned to courts that display continuation bias are more likely to stay with their employer, but earn, on average, lower wages three to five years after the bankruptcy. The latter research displays an example of commonly held assumptions regarding the social impact or public interest implication of permitting a distressed company to continue even in an unviable state. Later research in the US has involved a limited study of empirical evidence focused on the Northern District of Illinois to show that the practice in bankruptcy courts exhibits no systemic bias in favour of saving non-viable businesses.[3] A similar study has not yet been conducted to analyse whether continuation bias exists under the IBC. This paper attempts to fill this gap in the narrative around the IBC.

The IBC regime is no stranger to allegations of a continuation bias, with the law being critiqued for the relatively high liquidations since its operationalisation in 2016. This begs some jogging of the market's memory to remind it that the primary aim of the IBC is the resolution of financial distress of a company. The IBC is agnostic to whether this resolution of financial stress comes from a restructuring of the company or from its liquidation. In this paper, an analysis of such continuation bias is conducted, while also re-emphasising the importance of liquidation proceedings in an insolvency law framework.

Section I of the paper provides a policy perspective towards the aim of insolvency laws, and the role of liquidation in an insolvency regime. Section II then provides an overview of the IBC experience when dealing with liquidations, and provides some examples of continuation bias. Section III deals with the public interest element associated with insolvency laws and company liquidations. Section IV then attempts to answer the question of whether continuation bias does, in fact, exist in the IBC regime. Section V concludes, with recommendations on tackling continuation bias under the IBC.

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[1] LoPucki, Lynn M., The Debtor in Full Control—Systems Failure under Chapter 11 of the Bankruptcy Code?, American Bankruptcy Law Journal (1983)

[2] Araujo et al, The Labor Effects of Judicial Bias in Bankruptcy, Working Paper 28640 (2021)
Available at: http://www.nber.org/papers/w28640

[3] Edward R. Morrison, Bankruptcy Decision Making: An Empirical Study of Continuation, 50 J. L. & ECON. 381 (2007).
Available at: https://scholarship.law.columbia.edu/faculty_scholarship/2265

I. LIQUIDATION
— THE POLICY PERSPECTIVE

As was acknowledged by the Bankruptcy Law Reforms Committee (BLRC) in its report, from the viewpoint of the economy, some companies undoubtably need to be closed down.[4] Such companies are companies which are determined to be unviable through the CIRP.

This principle forwarded by the BLRC aligns with global principles which call for a similar look at liquidation as an important process in any insolvency regime —an outcome as essential as the revival of a company. For instance, the World Bank's Principles for Effective Insolvency and Creditor/Debtor Regimes also clarify that when an enterprise is not viable, the main thrust of the law should be swift and efficient liquidation to maximise recoveries for the benefit of creditors.[5] One of the key principles mentioned by the World Bank as guidance for a legal framework for insolvency also calls for the need to strike a careful balance between reorganisation and liquidation, with easy conversion of proceedings from one procedure to the other. The UNCITRAL Guide on Insolvency Law also calls for such balance between reorganisation and liquidation, giving both equal importance.[6] The guide also notes that enterprises that are beyond rescue should be liquidated as quickly and efficiently as possible. Additionally, on conversion of proceedings, the guide observes that as a general procedure, liquidation and reorganisation proceedings are normally carried out sequentially such that liquidation proceedings will only run their course if reorganisation is unlikely to be successful or if reorganisation efforts fail.

The UNCITRAL guide also describes legal and economic justifications for liquidation. It observes that a commercial business that is unable to compete in a market economy should be removed from the marketplace. It emphasises that as a general principle, the aim of liquidation is to realise the assets of the company such that creditors' claims can be satisfied as quickly as possible, because maximising value is an overriding objective of insolvency law frameworks.

II. THE IBC EXPERIENCE

If you look at the IBC in light of the above-mentioned principles governing insolvency laws and the need to recognise liquidation as an important insolvency procedure, the IBC ticks all the boxes. That said, below is an overview of some unique examples of a continuation bias seen through some procedural variations found in practice under the IBC regime.

Procedural variations and continuation bias

The way the policy makers envisioned it, if found unviable, the outcome of creditor-debtor negotiations determining unviability of companies and deciding to liquidate an insolvent company should be protected even from judicial appeals.[7] The way the IBC is drafted, the completion of the CIRP without a feasible resolution plan being accepted by the insolvency tribunals is a trigger for starting liquidation proceedings.

However, in practice, there have been instances of restarting CIRP after seeking resolution plans and failing to find valid and appropriate plans to revive a company. According to the latest data released by the Insolvency and Bankruptcy Board of India (IBBI) — the Indian insolvency law regulator — CIRPs were restarted in 23 cases as on 31 December 2023.[8] A restart of the CIRP was neither contemplated by the policy makers in the BLRC Report nor in the text of the law. It is pertinent to note that there is a cost to restarting CIRP, not just in terms of running the process again, but also in reference to the additional value lost by the distressed

[4] Banruptcy Law Reforms Committee, The report of the Bankruptcy Law Reforms Committee Volume I: Rationale and Design (2015) Available at: https://ibbi.gov.in/BLRCReportVol1_04112015.pdf

[5] The World Bank Group, Principles for Effective Insolvency and Creditor/Debtor Regimes (2016)

[6] United Nations Commission on International Trade Law, Legislative Guide on Insolvency Law (2005)

[7] Supra at 4

[8] Insolvency and Bankruptcy Board of India, The Quarterly Newsletter of the Insolvency and Bankruptcy Board of India (October - December 2023)

company each day during a second round of CIRP.

One of the first cases where CIRP was restarted was in respect of the CIRP of Jaypee Infratech Limited, when such a restart of the CIRP was directed by the Supreme Court of India. The Supreme Court had used its special powers as the apex court to restart the Jaypee CIRP because the classification and rights of a key set of creditors in the case — being home buyers — had changed while the CIRP of the company could not yield a resolution plan.[9] The Supreme Court noted as follows:

"Having regard to the material change which has been brought about by the amendment of the IBC by the Ordinance and the fact that this Court has been in seisin of the proceedings to ensure that the home buyers are protected, we are of the view that it is but appropriate and to do complete justice to secure the interests of all concerned that the CIRP should be revived and CoC reconstituted as per the amended provisions to include the home buyers.

...the power under Article 142 should be utilised at the present stage for the limited purpose of recommencing the resolution process afresh from the stage of appointment of IRP by the order dated 9 August 2017 and resultantly renew the period which has been prescribed for the completion of the resolution process. We have furnished above, the reasons for doing so. Chief amongst them is the fact that in the present case the period of 270 days expired before the Ordinance conferring a statutory status on home buyers as financial creditors came into existence."

Evidently, special circumstances prompted the highest court of the country to take this step. It is imperative that the reasoning behind the restart of CIRP in the 23 cases mentioned above is found, to understand what kind of unique circumstances prompted this move in so many cases. This will not just facilitate future cases, but will also ensure that there is an understanding of the extreme circumstances required for such move.

Additionally, it has also been seen that after passing an order to liquidate a company, such liquidation has been stopped by the appellate tribunal, to permit a look at revised bids since "it is well settled that objective of the IBC is to revive the corporate debtor and liquidation is the last resort".[10] This again, is an example of a procedural step neither contemplated by the IBC nor by the BLRC, but taken on the basis of a continuation bias. The decision of the committee of creditors is paramount[11] and once a resolution for liquidation has been passed and the liquidation procedure has commenced, going back to assessing bids adds to the uncertainty and unpredictability of outcomes under the IBC processes.

The positives

On the flip side of the above mentioned variations showing a continuation bias, there is data to show that such bias is not systemic and that once adjudged unviable, such companies do go into liquidation. For instance, around 77% of the CIRPs ending in liquidation as on 31 December 2023 were earlier with the Board for Industrial and Financial Reconstruction (BIFR) — the erstwhile institution established with the objective of reviving sick companies — and/or defunct.[12] This effectively denotes that these companies had been under financial distress for a long period of time and had become unviable even before the IBC entered the picture. This leaves liquidation as the only appropriate outcome of their CIRPs, which was the outcome that their CIRPs led to. In fact, the IBBI newsletter containing this data specifically mentions that the economic value in most of these companies had almost completely eroded even before they had been admitted into CIRP — with the companies' assets being valued at an average of 7% of the outstanding debt amount.[13] This implies that the IBC has proven itself as a system of judging the viability of firms and resolving them accordingly. This is in line with research on Chapter 11 proceedings of the US which also notes that a basic task of an insolvency process is to distinguish and filter viable businesses worth reorganising, from non-viable businesses that should be shut down.[14]

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[9] Supreme Court of India, Chitra Sharma and Ors. v Union of India and Ors. (9 August 2018)
Available at: https://main.sci.gov.in/supremecourt/2017/25878/25878_2017_Judgement_09-Aug-2018.pdf

[10] National Company Law Appellate Tribunal, Gayatri Polyrub Pvt. Ltd. v Anil Kohli & Anr. (3 October 2023)

[11] Supreme Court of India, K. Sashidhar v Indian Overseas Bank & Ors. (5 February 2019)

[12] Supra at 8

[13] Supra at 8

Industry experts have described this role of the IBC in detail.[15] They identify the role of the IBC to enable the market, through CIRP, to determine the viability of a company, and on that basis, to rescue or close it down. They recognise that both the acceptance of a resolution plan to restructure a company and liquidation serve the same economic purpose — resolve stress by putting resources to optimal use.[16]

The continued treatment of liquidation as an unfavourable outcome, especially when critiquing the IBC is most likely a hand-me-down of the company law winding-up era, where a liquidation and dissolution of the company is viewed as the "death" of a company. The flip side to this perspective would be to focus on the reallocation of assets and resources which emanates from the liquidation of an unviable company — a reallocation leading to 'optimal use'[17] of resources. Be it the fixed assets of the company or its other resources, including human resources such as employees, liquidation of an unviable firm makes these assets and resources available to the market at large to be gainfully employed/utilised.

Arguably, there has been some judicial opinion which has noted that liquidation must be looked at as the last resort when dealing with IBC cases. However, the devil is in the detail. For instance, in the judgment upholding the constitutionality of the IBC, the Supreme Court referred to the preamble of the IBC to state as follows:

"the Preamble does not, in any manner, refer to liquidation, which is only availed of as a last resort if there is either no resolution plan or the resolution plans submitted are not up to the mark. Even in liquidation, the liquidator can sell the business of the corporate debtor as a going concern."[18]

This statement of the court does not denote a continuation bias on the part of the court. On the contrary, it summarises the process under CIRP which mentions specific triggers for initiating liquidation proceedings and also talks about liquidation of companies as a going concern which ensures the continuation of the business of the company. However, the layman's perception when looking at the IBC can focus on the specific words used — being 'last resort' — and develop continuation bias. In the same judgment, the court moves on to observe that:

"...the primary focus of the legislation is to ensure revival and continuation of the corporate debtor by protecting the corporate debtor from its own management and from a corporate death by liquidation. The Code is thus a beneficial legislation which puts the corporate debtor back on its feet, not being a mere recovery legislation for creditors."

This latter part of the judgment can be viewed as bringing the 'corporate death' metaphor into the picture, which could be looked at as adding to the negative perception of liquidation. However, context is important when it comes to understanding the true intention of the court. As is evident from the last line of the paragraph, when making the "death" metaphor, the court is focused on establishing that the IBC is not a recovery legislation but a tool to attempt to revive a distressed company. Consequently, when the two quoted paragraphs are read holistically, the court has stated that if, after the efforts made in CIRP, a revival fails, liquidation is the appropriate option to deal with the distress of such company.

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[14] White, Michelle J., Corporate Bankruptcy as a Filtering Device: Chapter 11 Reorganizations and Out-of-Court Debt Restructurings, Journal of Law, Economics, and Organization (1994)

[15] Sahoo, M.S. and Nair C.K.G., The soul of the IBC: Critics must see that IBC is meant to enable the market to determine viability of a company

[16] *Ibid*

[17] *Ibid*

[18] Supreme Court of India, Swiss Ribbons Pvt. Ltd. & Anr. v Union of India & Ors. (25 January 2019)

III. THE PUBLIC INTEREST CONUNDRUM

An argument which usually trails not far behind continuation bias is that of 'public interest' which is affected by a liquidation decision. This interest is usually centred around employees losing jobs[19] and the impact of a liquidation on businesses connected with the company being liquidated. Even the Report of the Insolvency Law Review Committee, commonly referred to as the 'Cork Report' on the English insolvency law, recognises a community interest in insolvency law, and observes that the law is not considered an exclusively private matter.[20]

On the contrary, Professor Jackson — who comes from the economics and law school of thought in the US — is understood to have taken the stance that social effects of an insolvency are not issues that relate to insolvency law.[21] He is said to have taken the view that bankruptcy is only concerned with the systematic satisfaction of creditor claims.[22]

That said, as noted by Keay, there are economic and social issues emanating from insolvencies, such as, workers losing their jobs, traders losing customers, communities losing employers, creditors losing money, and the consequent community disruption.[23]

While the larger impact of liquidations in leading to the above mentioned economic and social issues cannot be ignored, the continuation of an unviable company which is unable to repay its debts also forms a burden on the economy and society at large. During the state of financial distress, the company is unable to pay employees so their jobs come with uncertain monetary returns; it is unable to pay its suppliers; creditors continue to lose money; and consequently, the community sees a disruption in such case as well. Additionally, every additional day spent in a state of distress takes away from the value of the company and its assets, thereby aggravating each of the above mentioned issues. In such a situation, it might be preferable, even from a public interest perspective, to let the company exit the market, let the erstwhile promoters explore other business opportunities, let workers seek gainful employment elsewhere, let suppliers and creditors mitigate their losses, and consequently lead to lesser community disruption in the long run.

Therefore, the entire conversation around public interest in insolvency laws, especially when dealing with liquidations, is one which requires defining the parameters of what constitutes public interest, without forsaking the importance of considering the public interest emanating from established economic policies which have led to globally accepted principles governing insolvency law. The primary principle in question being that an unviable company must be allowed to exit the market. This is how a market economy functions, where efficient firms drive out inefficient firms as a part of creative destruction in the economy.[24]

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[19] See for example Mishra H., Rs 6.5 lakh crore haircut, 1.1 million job losses; is IBC really a success?, Business Today (2020) Available at: https://www.businesstoday.in/opinion/columns/story/ibc-process-companies-job-losses-due-to-liquidation-insolvency-and-bankruptcy-code-250846-2020-02-26

[20] See Department of Trade: Insolvency Law Review Committee, Report of the Insolvency Law Review Committee — Insolvency Law and Practice and Keay A., Insolvency Law: A Matter of Public Interest?, 51 N. Ir. Legal Q. 509 (2000)

[21] Keay A., Insolvency Law: A Matter of Public Interest?, 51 N. Ir. Legal Q. 509 (2000)

[22] See Ibid and Jackson, T., The Fresh Start Policy in Bankruptcy Law, 98 Harvard L.R. 1393 (1985)

[23] *Supra* at 21

[24] Sahoo M.S., Economic Freedom through Economic Reforms, Lecture delivered at S. V. University under the auspices of the Indian Economic Association (2017). Available at: https://ibbi.gov.in/uploads/resources/RHPatilMemorialLecture.pdf

IV. DOES CONTINUATION BIAS EXIST IN THE IBC REGIME?

In view of the above analysis, it is important to answer the question on whether continuation bias actually does exist in the IBC regime. The answer to this question is yes, and no. While there are some procedural variations seen in practice when applying the law, and a biased perception towards the IBC does exist based on a minute view of a few terms mentioned in judicial orders, the data does not depict significant continuation bias in the way the law has been functioning.

The data shows that liquidations have far exceeded restructurings under the IBC. As on 31 December 2023, 2376 liquidation orders have been passed by insolvency tribunals, while 891 resolution plans have been approved.[25] 44% CIRPs since the operationalisation of the IBC have resulted in the commencement of liquidation proceedings, while 56% have been a mix of CIRPs ending in company revivals, or those which have been appealed, are under review or have been withdrawn. This leads to the inference that stakeholders involved in CIRPs, as well as the judiciary, largely seem to be choosing liquidation when a company is deemed unviable.

[25] *Supra* at 8

[26] Sahoo M.S. at the Second Annual Conference of the Insolvency Law Academy (2024)

V. CONCLUSION AND RECOMMENDATIONS

The analysis in this paper has pointed to a few instances aimed at avoiding liquidations under the IBC, displaying an element of continuation bias. These examples include restarting CIRPs and going back to bids after the liquidation process has begun. To ensure that such variations are the exception and not the rule, it is advisable that substantial reasoning is provided by the stakeholders involved in the CIRP to justify the deviation. Further, it is advisable that the loss of value of the company and the cost associated with such procedures is estimated to be able to conduct a cost-benefit analysis of taking such a divergent step.

In respect of public perception, first, it is essential that court judgments and orders be read, interpreted and presented in their entirety. Accurate advocacy focused on promoting the importance of liquidations is essential. Additionally, an effort must be made, as is being attempted through this paper, to encourage conversations around the importance of liquidation in any insolvency law framework, and especially under the IBC ecosystem as a key reform concerning distressed companies. After all, it is not just important to reform markets, but also to market reforms.[26] It is commendable that the IBBI routinely releases significant data, as quoted in this paper, which accurately represents trends under the IBC, such as the information on sick companies which entered liquidation under the law. It is essential that such data is brought into focus to show the utility of CIRP under the IBC as a filtering tool to ensure that only viable companies remain in the market.

Additionally, there is also scope for further research on considering whether there are other issues affecting public perception of liquidations. For instance, it is possible that the absence of a developed market for assets of a company in liquidation clouds the judgment of those looking at liquidations. Considering the long duration of most CIRPs, a lot of the assets become unattractive to potential buyers — especially fixed assets such as machinery which are subject to depreciation on a daily basis, and assets such as land, which are surrounded by complexities when

considered for sale. There is a possibility that the public and the market has an adverse view on these issues and would therefore prefer that a company is reorganised and changes hands retaining its low valued assets, than be liquidated. Consequently, it is important that a study be conducted to analyse the true status of the development of a market for assets of a company under liquidation. After all, the argument in favour of reallocation of assets emanating from liquidations succeeds only if there is a market to absorb such assets post sale/reallocation.

In addition to the above, dealing with public perception on the impact of liquidations on the labour market is also essential. A study like the one conducted in Brazil may prove useful to see whether there is truth to the typical worry for workmen and employees' livelihoods post the liquidation of a company. It could help dispel any misconceptions on this subject. An analysis of the employment of workmen and employees from liquidated companies, and their wages and income before and after liquidation might bring some level of clarity on this widely discussed issue of public interest associated with liquidations.

Lastly, as with any reform of the scale of the IBC, it is essential to conduct training programmes for stakeholders, as well as the judiciary, to refresh the key principles underlying the IBC and the importance of procedures and timelines under it. Revisiting such principles and emphasising their importance will also ensure that continuation bias is reduced to a minimum, and eventually becomes non-existent in the IBC regime.

[27] *Supra* at 2

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ABOUT INSOL INDIA

Established in 1997, INSOL India is a pioneering organization that has emerged as a leading authority in the field of restructuring, insolvency, turnaround, and related areas in India. Born at a time when insolvency laws were virtually non-existent, INSOL India has grown into an independent leadership body, spearheading positive change in the industry for over than two decades now. With a rich legacy spanning twenty-six years, its mission is to continue playing a pivotal role in the evolution of the insolvency and stressed assets ecosystem in India, while also leading the development of professionals working in this critical space.

The Indian insolvency and stressed assets sector stands at a crucial inflection point, marked by ongoing discussions and initiatives aimed at fortifying the ecosystem, a crucial facet of India's economic growth aspirations. INSOL India is at the forefront of this transformation, with a particular focus on insolvency practice and ongoing professional education within the country. The organization is instrumental in shaping a robust insolvency regime in India, catalysed by the recent sweeping insolvency reforms. Its presence is deeply felt in both national and international forums where insolvency takes centre stage, making it an influential voice in the global conversation.

INSOL India's overarching mission encompasses the following:

- **Policy Advocacy:** Collaborating with policymakers and regulators to develop modern insolvency policies, legislation, and regulations.
- **Research and Best Practices:** Undertaking research and fostering best practices to set industry standards and drive continuous improvement.
- **Knowledge Exchange:** Facilitating the exchange of knowledge among diverse stakeholders, creating a unified platform for all those involved in the insolvency and stressed assets sector.
- **Capacity Building:** Building the capacity of professionals in the field through education, training, and skill development.
- **Professional Development:** Leading the charge in developing insolvency, turnaround, and restructuring professionals.
- **Economic Value Restoration:** Supporting efforts to restore the economic value of underperforming businesses, ultimately benefiting the Indian economy.
- **World-Class Insolvency & pre-Insolvency regime:** Dedicated to developing a world-class insolvency & pre-insolvency regime within the country, aligning it with global standards.

INSOL India has played a pivotal role in assisting, and continues to be instrumental in shaping, future reforms and amendments in insolvency law and practice, including cross-border insolvency and personal insolvencies. Its members, who are well-established practitioners, have actively contributed to evolving interpretations of insolvency laws, laying the foundation for 'insolvency jurisprudence' and influencing policy changes.

As part of its mission, INSOL India is committed to educating students and young professionals in insolvency and bankruptcy laws through various channels, including seminars, workshops, webinars, and an annual insolvency moot court competition in association with the National Law University, Delhi.

INSOL India is positioned to continue its significant role in the development of insolvency and bankruptcy laws and practices, supported by both academic rigor and practical expertise.

The Industry Best Practices Committee within INSOL India is unwavering in its dedication to setting and promoting industry standards, ensuring that insolvency practices in India are on par with global benchmarks. With its collaborative approach and an unwavering commitment to progress, INSOL India remains a key driving force behind the evolution of India's insolvency landscape, working diligently to establish a robust regime that reflects the best practices and standards both nationally and internationally.

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