

Insolvency and Bankruptcy Board of India

12th August 2025

Subject: Discussion paper on Review of Limit on Number of Assignments being handled by IPs

This discussion paper seeks to examine and address the concerns relating to delays in insolvency and liquidation processes, and the concentration of assignments among a few Insolvency Professionals (IPs), as highlighted by IPs during stakeholder consultations at various forums. It proposes amendments to the applicable Regulations with the objective of ensuring a more equitable distribution of assignments, enhancing overall efficiency, and mitigating the risk of handling insolvency assignments by a limited number of insolvency professionals.

I. Introduction

1. The Insolvency and Bankruptcy Code, 2016 (the Code) was enacted to provide a time-bound mechanism for the resolution of financially distressed debtors, with the objective of maximizing the value of their assets. It marked a decisive shift from traditional recovery-oriented mechanisms to a comprehensive framework focused on the revival, resolution, and reorganization of distressed debtors. One of the defining features that sets the Code apart from its predecessors is its emphasis on time-bound processes ensuring greater predictability, efficiency, and value preservation.
2. The Code seeks to maximize the value of the assets of the corporate debtor (CD), recognising that value is time sensitive. Delays in the resolution process tend to erode value and may ultimately jeopardize the possibility of reorganizing the CD. This increases the likelihood of liquidation, which frequently results in significant value destruction for stakeholders. Even in cases where liquidation is inevitable, delays in the process often lead to lower-than-anticipated recoveries, undermining the objectives of the Code.
3. The role of an IP under the Insolvency and Bankruptcy Code, 2016 (the Code) is both extensive and critical, requiring substantial time, attention, and professional judgment. Given the time-bound nature of processes under the Code, the effective and timely discharge of responsibilities by IPs assumes paramount importance.

II. Existing Framework and Regulatory Requirements:

4. To ensure efficient conduct of the processes and safeguard the quality of insolvency resolution, clause 22 of Code of Conduct specified in First Schedule to IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) imposes restrictions of ten assignments as resolution professional (RP) in corporate insolvency resolution process (CIRP), of which not more than three shall have admitted claims exceeding one thousand crore rupees each. This

measure was introduced in July 2021, with the aim to ensure that IPs do not overstretch their capacity and are able to devote adequate time and attention to each assignment.

III. Need for Reviewing the Limit on Number of Assignments

5. The Code allows IPs to undertake assignments in multiple capacities such as IRP and RP in CIRP; Liquidator in Liquidation or Voluntary Liquidation processes; and RP in PG to CD; etc. Considering that time is the essence of the Code, the Clause 13 of Code of Conduct of IP Regulations provide that an IP must adhere to the time limits prescribed in the Code and the rules, regulations and guidelines thereunder for insolvency resolution, liquidation or bankruptcy process, as the case may be, and must carefully plan his actions, and promptly communicate with all the stakeholders involved for the timely discharge of his duties.

6. While the Code of Conduct for IPs, as stipulated under the IP Regulations, requires that an IP must refrain from accepting too many assignments if they are unlikely to be able to devote adequate time to each, there is currently no specific cap on the number of assignments an IP may undertake as an RP, Liquidator, or RP/Bankruptcy Trustee in proceedings against PG to CD. The only express cap applies to assignments as RP in CIRPs. However, the absence of similar restrictions on other critical roles has substantially diluted the effectiveness of this cap. Since many IPs continue to be involved in multiple assignments under other capacities simultaneously along with their regular professional practice.

7. As per the information available, as on 31st March 2025, there were 4,527 IPs registered with the Board, out of which 2,198 (about 49%) were holding AFA issued by their IPA. While the Code of Conduct advises IPs to avoid excessive caseloads, the absence of express limits on roles such as IRP and Liquidator has also led to significant disparity in assignment distribution. Feedback from stakeholders and analysis of assignment data show that a small group of IPs handles a disproportionately large number of assignments—up to 25 in some cases—raising concerns about the quality of resolution, inclusiveness, and equitable opportunities for new professionals. Such concentration is perceived as a constraining factor in wider participation of IPs, posing challenges to inclusiveness and transparency within the overall insolvency ecosystem of the country. Furthermore, it is also perceived as creating entry barriers for newly registered professionals, thereby impacting equitable access to assignments and overall market competitiveness.

8. Both CIRP and Liquidation processes demand considerable effort and time from IPs in managing both types of cases. Recognizing the distinct responsibilities associated with the role of resolution professional and liquidator and considering the issues flagged regarding concentration of assignments an Expert Committee formed in IBBI, in its report has recommended that the existing ceiling of 10 (ten) assignments in the capacity of RP may also be expanded to include assignments undertaken in the capacity of IRP and Liquidator. This inclusion will support a more balanced allocation of assignments, promote efficiency, and prevent excessive concentration of work among a few insolvency professionals.

9. In view of the foregoing, there is a need to revisit the scope of the existing framework to foster a level playing field and promote efficiency in the insolvency resolution process.

IV. Proposal: Rationalisation of Assignment Limits for Insolvency Professionals, encompassing Interim Resolution Professionals and Liquidators, through Deletion of Code of Conduct Clause 22 and Insertion of New Regulation.

10. Clause 22 of the Code of Conduct specified in First Schedule Under Regulation 7(2)(h) of IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) currently states that an insolvency professional must refrain from accepting too many assignments if they are unlikely to be able to devote adequate time to each. It also has a clarification limiting IPs to not more than ten assignments as resolution professional in corporate insolvency resolution processes, with not more than three having admitted claims exceeding one thousand crore rupees each.

11. As discussed in preceding paras, the Board acknowledges the fact that, in practice, liquidator roles often require sustained engagement over extended periods, comparable in complexity and intensity to those of an IRP and RP. Therefore, the exclusion of IRP and Liquidator assignments from the regulatory ceiling has not only resulted in an uneven distribution of work and overburdening of certain IPs but has also undermined the fundamental objective of time-bound processes under the Code. **To address this, it is proposed that the existing assignment ceiling of 10 (ten) assignments in the capacity of RP shall also be extended to include assignments undertaken in the capacity of IRP and Liquidator of which no more than 03 (three) shall involve admitted claims exceeding ₹1000 crore.**

12. Furthermore, IPs who are already handling ten or more such assignments—whether in the capacity of RP, IRP, or Liquidator at the time of implementation of the revised framework shall not be eligible to accept any new assignment until the number of their ongoing assignments falls below the revised threshold. Only those IPs who are handling fewer than ten such assignments—whether as RP, IRP, or Liquidator—will be eligible to take up new assignments, subject to compliance with the revised limit.

13. Given that the framework for insolvency and bankruptcy of PG to CD is still at an evolving stage, the inclusion of such assignments may be considered at a later stage, based on experience and process maturity. Additionally, the proposed framework does not, at this stage, prescribe any cap on the number of assignments undertaken through an Insolvency Professional Entity (IPE).

14. Hence, with the aim of enhance accountability in the management of assignments and strengthening the overall compliance framework for insolvency professionals, it is proposed to delete Clause 22 from the Code of Conduct for Insolvency Professionals and insert a new regulation under the IP Regulations. This proposed insertion of a specific regulation would obligate insolvency professionals to undertake assignments commensurate with the time-bound objectives enshrined in the Code, thereby promoting judicious caseload management, upholding professional standards, and safeguarding stakeholder interests.

V. Proposed Draft Regulation –

15. In the IBBI (Insolvency Professionals) Regulations, 2016,

(a) after regulation 7A, the following regulation shall be inserted, namely: -

“7B. Number of Assignments.

An insolvency professional who is not an insolvency professional entity, shall at any point of time, have not more than ten (10) assignments in aggregate as interim resolution professional, resolution professional in a corporate insolvency resolution process and as a liquidator in a liquidation process, of which not more than three assignments shall have admitted claims exceeding one thousand crore rupees each. ”

Explanation: An insolvency professional who, on the date of commencement of Insolvency and Bankruptcy Board of India (Insolvency Professionals) (.....Amendment) Regulations, 2025, is handling ten (10) or more such assignments shall not be eligible to accept any new such assignment until the number of his ongoing assignments falls below the limit specified in this regulation.”

(b) in Code of Conduct, Clause 22 and its Clarification shall be omitted.

VI. Public comments

16. The Board accordingly solicits comments on the proposals discussed above and to the draft amendments to Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

17. This is issued in pursuance to regulation 4 of the Insolvency and Bankruptcy Board of India (Mechanism for Issuing Regulations) Regulations, 2018. After considering the comments, the Board proposes to make regulations under clause (aa), (d) and (g) of sub-section (1) of section 196 of the Code.

Submission of comments

18. Comments may be submitted electronically by 1st September 2025, for providing comments, please follow the process as under:

- i. Visit IBBI website, www.ibbi.gov.in;
- ii. Select ‘Public Comments’.
- iii. Select ‘**Discussion paper - Review of Limit on Number of Assignments by IPs**’.
- iv. Provide your Name, and Email ID;
- v. Select the stakeholder category, namely, -
 - a) Corporate Debtor;
 - b) Personal Guarantor to a Corporate Debtor;
 - c) Proprietorship firms;

- d) Partnership firms;
- e) Creditor to a Corporate Debtor;
- f) Insolvency Professional;
- g) Insolvency Professional Agency;
- h) Insolvency Professional Entity;
- i) Academics;
- j) Investor; or
- k) Others.

vi. Select the kind of comments you wish to make, namely,

- a) General Comments; or
- b) Specific Comments.

vii. If you have selected 'General Comments', please select one of the following options:

- a) Inconsistency, if any, between the provisions within the regulations (intra regulations);
- b) Inconsistency, if any, between the provisions in different regulations (inter regulations);
- c) Inconsistency, if any, between the provisions in the regulations with those in the rules;
- d) Inconsistency, if any, between the provisions in the regulations with those in the Code;
- e) Inconsistency, if any, between the provisions in the regulations with those in any other law;
- f) Any difficulty in implementation of any of the provisions in the regulations;
- g) Any provision that should have been provided in the regulations, but has not been provided; or
- h) Any provision that has been provided in the regulations but should not have been provided.

And then write comments under the selected option.

viii. If you have selected 'Specific Comments', please select Para number and write comments under the selected para number.

ix. Click 'Submit' if you have no more comments to make.
