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COMPARATIVE STUDY OF POWERS AFFORDED TO THE COMMITTEE OF CREDITORS UNDER BANKRUPTCY LAWS IN INDIA AND THE UK

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INTRODUCTION

Corporate insolvency frameworks exist to deal with a tension core to it is to recover the maximum amount of creditors, and at the same time permit the prospect of salvaging distressed businesses. The insolvency law therefore carries out not merely a distributive role, but also expresses underlying policy considerations regarding the rights of creditors, the nature of the business rescue process and the relative position of courts and professional interveners. One of the key questions in these systems is who ends up ruling the decision-making process after one has defaulted.

The Insolvency and Bankruptcy Code, 2016 (IBC) of India follows a creditor-in-control model, according to which decisive power is granted to the Committee of Creditors (CoC) which is primarily comprised of financial creditors. In its turn, the Insolvency Act of 1986 of the United Kingdom, followed by further reforms, such as the Enterprise Act of 2002, adheres to a practitioner-dominated paradigm, in which the leading operational role goes to the insolvency practitioners, and creditor committees are placed in the oversight role, instead of governing role.

In this paper, comparative study of the powers of CoC in India, and creditor committees in the United Kingdom, will be discussed. It examines their legal underpinnings, judicial interpretations, realities of operation and the scholarly discussions enveloping them. The comparison shows that there are two guiding philosophies of these two jurisdictions, India trusts creditors directly, and the United Kingdom trusts professional intermediaries and judicial controls. Comparing these models, the current study has been able to come up with strengths, weaknesses and possible areas of reforms of these two legal systems.

Literature Review

Theoretical Rationales of Creditor Control.

The dispute on creditor control is lengthy. Advocates contend that creditors, especially financial institutions, are in the best position to evaluate the sustainability of troubled businesses because of their large share (Mokal, 2019). This viewpoint is rather consistent with the so-called paradigm of the creditor democracy when the ones who incur losses have a decisive power. Opponents, though, caution that a creditor control system can foster minority creditor oppression and marginalize vulnerable stakeholders like employees and small suppliers (Banerjee, 2021).

A compromise, between giving creditors the ultimate say and ensuring that the situation is not abused, is the use of international standards, such as the UNCITRAL Legislative Guide on Insolvency Law (2004), which recommends a balanced approach: creditors must have the final word, but courts or administrators must oversee matters independently. World Bank Principles (2021) also puts a strong emphasis on transparency,

fairness and equitable treatment in addition to efficiency.

Keywords:

Insolvency and Bankruptcy Code, 2016 (IBC), Committee of Creditors (CoC), Corporate Insolvency Resolution Process (CIRP), Insolvency Act 1986 (United Kingdom), Creditor Control vs Practitioner Control, Corporate Insolvency Law, Creditor Committees, Corporate Rescue and Restructuring, Insolvency Governance, Comparative Insolvency Law.

India

Researchers argue that Insolvency and Bankruptcy Code (IBC) is a drastic change over the previous debtor-centric systems in India, under the Sick Industrial Companies Act and winding-up provisions (Bairagi, 2018). India aimed to eliminate delays and inefficiencies of the past regimes, by changing the model to a creditor in control model.

Another strength that advocates point to is the expediency of the IBC and empowerment of creditors (Sahoo, 2019). On the other hand, the critical scholarship identifies the unequal power of financial creditors and operational creditors, in particular, banks (Ravi, 2020). Representatives of workers and trade unions have claimed that voting out operational creditors compromises the fairness of the Code (Shroff, 2021).[596]

The hegemony of the Committee of Creditors (CoC) is supported by judicial opinions. The Supreme Court has reiterated that the co commercial wisdom of the CoC is non justiciable and hence has restricted the judicial review to compliance with procedure or law. Essar Steel v. Indian Overseas Bank, 2019. Satish Kumar Gupta, 2019[597]. This position has raised scholarly controversy on how far the judiciary has neglected its role in favor of creditor majorities (Sibal, 2020).

United Kingdom

The UK model portrays a historical culture of professional administration of insolvency. The insolvency practitioners (IPs) take the key position in the administration of estates with the assistance and supervision of creditor committees. This is described in academic literature as a model of practitioner-led or administrator-led, in which impartiality and expertise are valued (Finch, 2009; Fletcher, 2022).

The use of creditor committees has been criticised by scholars as limited because, in many cases, the lack of creditor engagement or economic reasons prevents their establishment[598].Their functions are restricted even in their case, to sanctioning remuneration, examining progress reports, and approving some actions. The administrator independence, which had already been entrenched by the Enterprise Act of 2002, is also an indication of a rescue culture in which the continuity of the business is more important than recovery of creditors.[599]

Comparative Studies

Comparative scholarship observes that India has achieved a very creditor-centric regime, but the UK has balanced the creditors and the professionals (Mokal, 2019). Critics point out that the model used in India is likely to be creditor opportunistic, whereas the creditor risks in the UK are creditor apathetic. According to the cross-jurisdictions research, it is possible that a hybrid model, which would encompass both creditor engagement and independent control, will be the most effective (UNCITRAL, 2004; World Bank, 2021).

The Indian Framework: The IBC Committee of Creditors.

Composition and Voting

[596] Insolvency and Bankruptcy Board of India (IBBI). (2022). *Annual Report 2021–22*. IBBI, New Delhi.
[597] Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta, (2019) 16 SCC 479.
[598] Walters, A., & Frisby, S. (2011). *Preliminary Findings: The Role of Creditors in the UK Insolvency Framework*. Insolvency Service Report, London.
[599] Walters, A., & Frisby, S. (2011). *Preliminary Findings: The Role of Creditors in the UK Insolvency Framework*. Insolvency Service Report, London.

Section 21 of the IBC provides the Committee of Creditors on all insolvency resolution processes (CIRP) in companies. It is comprised of financial creditors only, and they vote according to their debt exposure. Operation creditors (suppliers, employees, trade creditors) are allowed to attend meeting only when their claims are greater than set limit but they have no voting power.

The CoC needs a majority vote of 66 percent to implement decisions (down to 75 percent in 2018). This supermajority one aims to reconcile efficiency and consensus-building but in practice big banks tend to have their way.

Powers of the CoC

The statutory prerogatives of the CoC are:

• Selection or substitution of the resolution professional (RP) (Section 22).

• Odds or evils on resolution plans presented to potential investors (Section 30).

• Dismissal of the decision to liquidate the corporate debtor in case no offer of a viable plan has occurred (Section 33).

• Consent of timeline extension on statutory terms.

• Authorization over interim finance and important operation decisions over the debtor.

The Committee of Creditors (CoC) uses its statutory power to determine the ultimate course of a corporate debtor. The outcome of the debtor status, as it proceeds with its operations, is sold to another party, or is shut down, depending on the summation of the creditor votes.

Judicial Approval of the Priority of the Committee of Creditors.

In K. Sashidhar v. The Court in Indian Overseas Bank, (2019)[600] ruled that judicial review can examine the decision taken by CoC to refuse a resolution plan based on its merits but only to ascertain that all procedural and legal requirements were met. In Essar Steel India Ltd. v. Satish Kumar Gupta (2019)[601], the Court stated that CoC has discretionary rights over the proceeds distribution to the creditors, with no more than minimal statutory protection, and that courts should not interfere with business judgment. Swiss Ribbons v. Union of India[602] .The exclusion of operational creditors as voters was affirmed in Union of India outliers (2019) on the basis that financial creditors are in a better position to determine whether the venture is viable or not. The Court in Jaypee Infratech Ltd. v. Axis Bank (2020)[603] reiterated that CoC decisions on liquidation should be upheld unless they are marred by any illegality.

All of these decisions put in place a jurisprudential doctrine of judicial restraint in which the judiciary does not interfere in the determination of the creditors.

Of Indian Model there are criticisms.[604]

It has been criticized on the exclusion of operational creditors, including employees, suppliers, and small enterprises, because their ability to survive may depend on how the debtor survives, but they are not allowed to have any say in the process (Ravi, 2020). This preponderance of the state sector banks, often a victim of political and regulatory pressures, has an unequal impact on deliberations of the Committee of Creditors, generating heterogeneity in results (Banerjee, 2021). There is also a problem of transparency concerns as CoC meetings and deliberations are opaque and only have a minimal disclosure to the non-voting creditors. The threat of collusion increases once the majority creditors collude with resolution applicants to approve a plan that will benefit the majority to the disadvantage of others. The judicial abdication, where too much power to the so-called commercial wisdom limits the judicial correction of unfair results, is an additional

[600] K. Sashidhar v. Indian Overseas Bank, (2019) 12 SCC 150

[601] Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta, (2019) 16 SCC 479.

[602] Swiss Ribbons v. Union of India, (2019) 4 SCC 17

[603] Jaypee Infratech Ltd. v. Axis Bank Ltd., (2020) 8 SCC 401

[604] Sibal, A. (2020). *Judicial Deference to Commercial Wisdom: Lessons from Essar Steel.* NUJS Law Journal, 12(3), 57–89.

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source of injustice. The delays and real-life operation continue: even on the limited deadlines provided by Insolvency and Bankruptcy Code (IBC), their initial stipulated 180 days deadline is subject to extension to 330 days, many insolvency cases experience prolonged periods, which can be credited to the litigation process, continuous extension, and lack of direction of the Committee of Creditors (IBBI, 2022). Empirical studies prove that despite the increased recovery rates as compared to the antecedent regimes, the mean period to resolve is often longer than the statutory limit. The CoC has been criticized many times over because of its slow and unpredictable decision-making process in cases where big government-sector banks are engaging in protracted negotiations, which undermines the overall mission of the IBC to deliver timely solutions.

Creditor committees under the insolvency act of the UK Framework.

The insolvency regime used in the United Kingdom is largely regulated by the Insolvency Act of 1986 (IA 1986) and the Enterprise Act of 2002 and is based on a practitioner-oriented model. Upon the insolvency of a firm, the firm is left in the hands of an insolvency practitioner; an administrator or liquidator whose instruction is vested to the creditors.

The organization ought to establish a creditor committee that would oversee and manage all creditors within the company.

Creation of a Creditor Committee: The organization should have its own creditor committee that oversees and controls all creditors in the company.

Creditors can ask an administrator to call a Committee of Creditors under ScheduleB1 of the Insolvency Act. It is usually made up of three to five members and is usually formed to represent the unsecured creditors. The secured creditors, exercising their separate rights, typically take over through their security enforcement system and not through participation in committee.

The committees are not mandatory but voluntary constructions that only come up in response to certain signs of interest shown by the creditors. Practically, the cases of insolvency are conducted in many cases without a committee due to the poor participation.

Powers and Functions of Committee of UK Creditors.

The roles of the creditor committees are much more limited compared to CoC in India:

Checking of administrator; The committee oversees the behavior of the administrator and holds him/her accountable.

Remuneration approval: Committee or court approval on the same is needed on administrators fees on the part of creditors, thus enabling creditors to impact on the cost regime.

Access to information: The committees can request reports and explanations of administrators.

Consultation: Administrators should consult the committee on some of the decisions though the committee is not coercive.

Consent to do certain things: The administrators may require the consent of the committee in some cases like when they want to extend the administration periods or when they are taking some odd measures.

Therefore, the role of creditor committees in the UK is largely advisory and supervisory as opposed to being a decisive entity. They remain transparent yet do not dictate what happens in the end to the debtor.[605]

Administrator's Powers

The administrator has a statutory purpose that is three-fold (IA 1986, Sch B1, para 3):

Rescue the company as a going concern, where reasonably possible.

[605] Shroff, Z. (2021). *Workers and the Insolvency Code: A Missing Voice*. Economic and Political Weekly, 56(15), 20–25.

Provided that rescue is not possible, achieve a superior result to liquidation to creditors.

In case it is not possible to secure or achieve a better outcome in creditor order, make distributions to secured and preferential creditors by realizing assets.

The rescue culture is focused on the salvaging of businesses rather than liquidation and the administrators are taken as self-governing professionals who are subject to fiduciary liability and regulatory supervision.[606]

Judicial Oversight

As opposed to India, where the judiciary role is confined, UK courts play a more proactive role in terms of supervision. The administrators can request guidance of the court and the creditors can appeal their rulings using applications. As an example, the creditors may seek relief under the Insolvency Act 1986, paragraph 74, when they claim that the administrator is behaving unfairly. This judicial intervention strikes the right balance between the independence and the rights of the administrator, on one hand, and creditor rights, on the other hand.

In practical terms, empirical studies have shown that there are very few cases where creditor committees are established[607]. Once instated, committees will be focused on remuneration instead of making significant decisions. Various creditors, especially trade creditors, do not have the resources or incentives to be proactive. This is what is referred to as creditor apathy whereby creditors lose interest since the cost of engaging in it is more than recovery can be. However, the UK model guarantees professional skills and restricts the risks of colluding with creditors. Administrators frequently bargain with large creditors, in particular, secured lenders, though the final decision is in the hands of professionals who are liable to statutory law and regulation.[608]

India vs UK Comparative Analysis.

Nature of Control

India: Creditors, especially the financial creditors have a direct influence on the process via the Committee of Creditors (CoC).

UK: It is administered by insolvency practitioners with creditors committees taking an oversight role.

This is an indication of a philosophical contrast: India values creditor democracy, whereas the UK values professional independence.

Role of Courts

India: Courts take a hands-off approach and leave the commercial judgment of CoC.

UK: UK Courts assume oversight functions, providing redress against misconduct of the administrators.

This means that India is more inclined towards efficiency by compromising on oversight unlike UK which balances both.

Different Creditors Treatment.

India: CoC only the financial creditors vote; the operational creditors do not.

UK: The unsecured creditors form committees whereas the secured creditors pursue rights out-of-process.

These two systems do not include some stakeholders but what is more controversial is that India does not include the operational creditors because they are economically vulnerable.[609]

Openness and Involvement.

India: CoC decisions are non-transparent and do not disclose the non-voting stakeholders.

UK: Committees offer official ways of control, yet attendance is usually poor.

[606] Banerjee, S. (2021). *Power Dynamics in the Committee of Creditors: A Critique of the Indian Model.* NUJS Law Review, 14(1), 35–62

[607] Walters, A., & Frisby, S. (2011). *Preliminary Findings: The Role of Creditors in the UK Insolvency Framework.* Insolvency Service Report, London.

[608] Sahoo, M. S. (2019). *The Design of the Insolvency and Bankruptcy Code, 2016.* Indian Law Review, 3(2), 99–123.

[609] Ravi, M. (2020). *Operational Creditors under the IBC: Marginalised Stakeholders?.* Indian Journal of Law and Policy, 6(2), 211–240.

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Therefore, in India, there is power concentration, but in the UK, there is apathy to the creditor.

Speed and Efficiency

India: There are rigid legislative deadlines, but they are still delayed because of legal and CoC paralysis.

UK: Administrators are more flexible, though the complicated negotiations and court control may lead to procrastination.[610]

The two systems have their problems though of different nature.

Risk of Abuse

India: There are the threats of majority oppression, collusion, and exclusion of small creditors. [611]

UK: There are risks of disengagement and occasionally, the administrators will act to favour the powerful secured creditors.

Neither system is immune to criticism, though the nature of risks differs.

Reform Proposals

For India

Increased involvement of operational creditors: It is advisable to give operations creditors limited voting power or representation so as to increase fairness.[612]

Reforms on transparency: The transparency measures will be encouraged by requiring the publication of CoC minutes and decisions (under the protection of confidentiality).

Strengthened judicial checks and balances: It is anticipated that allowing the judiciary a restricted substantive examination of CoC determined outcomes would avert the power abuse by the majority.

Professionalization of CoC: It has been estimated that the quality of decisions can be improved by using training programs among the creditors representatives in insolvency law and finance.

Promote pre-pack insolvency: The possibility of CoC delays can be minimized using pre-packs, which were recently introduced in India but should be done with strictness.[613]

For the UK

Enhance creditor participation: The incentive of using simplified steps to encourage the creditors to participate in the effort by covering costs is likely to influence increased participation.

Increasing committee authority: Committee members should have a wider say on important strategic matters other than remuneration, and this is a reform that is needed.

Balance rescue and recovery: Administrators must be mandated to maintain a balance concerning culture of rescue and equal distribution of monies to unsecured creditors.[614]

Online engagement: The engagement of technology to help more creditors participate in meetings and supervision is encouraged.

Review secured creditor dominance: It is justified that a systematic study is conducted on the existence of disproportionate power on the part of secured lenders through informal means.[615]

For Both Jurisdictions

Hybrid approaches: A blend of creditor control and independent controls is a middle ground producing an optimal balance of efficiency and equity.

Inclusion of stakeholders: Within the insolvency outcomes, the interests of the employees, suppliers, and communities should be systematically taken into account.

[610] Finch, V. (2009). *Corporate Insolvency Law: Perspectives and Principles* (2nd ed.). Cambridge University Press

[611] Bairagi, A. (2018). *The Insolvency and Bankruptcy Code: A Paradigm Shift in Indian Corporate Law*. NLSIU Journal of Corporate Law, 3(2), 145–170.

[612] Ravi, M. (2020). *Operational Creditors under the IBC: Marginalised Stakeholders?*. Indian Journal of Law and Policy, 6(2), 211–240.

[613] Mokal, R. J. (2019). *Corporate Insolvency Law and the Creditors' Bargain*. Oxford Journal of Legal Studies, 39(4), 679–703.

[614] Fletcher, I. (2022). *The Law of Insolvency* (6th ed.). Sweet & Maxwell.

[615] UNCITRAL. (2004). *Legislative Guide on Insolvency Law*. United Nations, New York.

Reform based on data: Detailed insolvency data must be gathered and published in order to evaluate systemic performance.

Global harmonization: The laws in the country should be made in line with the UNCITRAL and World Bank principles to maximize cross-border recognition.[616]

Practical Functioning of Creditor Control in Insolvency Proceedings

While statutory provisions define the formal powers of creditor bodies, the real effectiveness of insolvency regimes often depends on how these powers operate in practice. The functioning of the Committee of Creditors in India and creditor committees in the United Kingdom demonstrates that institutional design alone does not determine outcomes. Instead, factors such as creditor coordination, professional expertise, judicial behaviour, and market structures significantly influence the decision-making process.

In the Indian context, the Committee of Creditors occupies a central position in corporate insolvency resolution. Financial creditors, particularly banks and financial institutions, dominate the committee because voting power is proportionate to the financial exposure of each creditor. As a result, large institutional lenders—especially public sector banks—often exercise substantial influence over the resolution process. This concentration of decision-making authority can lead to efficient negotiations with potential resolution applicants, but it may also create structural imbalances in favour of institutional lenders.

Empirical studies indicate that the participation of financial creditors in the CoC is shaped by institutional incentives. Public sector banks, which constitute a major portion of financial creditors in India, frequently approach insolvency proceedings with caution due to regulatory scrutiny and the risk of post-facto investigations into financial decisions. This has occasionally resulted in conservative voting patterns and prolonged negotiations over resolution plans. Such behaviour may undermine the objective of timely resolution envisioned under the Insolvency and Bankruptcy Code, 2016 (IBC). Nevertheless, the creditor-centric structure ensures that those who bear the economic risk of default retain control over the outcome of the restructuring process.

In contrast, the United Kingdom's insolvency framework relies primarily on the expertise and independence of insolvency practitioners. Administrators appointed under the Insolvency Act 1986 assume responsibility for managing the distressed company and determining the most appropriate course of action. The practitioner's professional obligations and regulatory oversight are intended to ensure impartial decision-making that balances the interests of different creditor groups.

The limited role of creditor committees in the UK system reflects a deliberate policy choice favouring professional administration over creditor democracy. While creditor committees possess certain supervisory functions, they rarely dictate the strategic direction of insolvency proceedings. Instead, administrators exercise substantial autonomy in negotiating asset sales, restructuring arrangements, or liquidation processes. This approach emphasises technical expertise and professional accountability as safeguards against mismanagement.

However, the practitioner-led model is not without criticism. Scholars have observed that the relatively passive role assigned to creditors may reduce incentives for active participation in insolvency proceedings. Many unsecured creditors, particularly trade creditors and small suppliers, lack the financial resources or organisational capacity to monitor administrators effectively. Consequently, creditor committees are not always formed, and even when they exist, their engagement

[616] World Bank. (2021). *Principles for Effective Insolvency and Creditor/Debtor Regimes*. World Bank, Washington DC.

may be limited to approving remuneration and reviewing progress reports.

The phenomenon of creditor disengagement has led some commentators to describe the UK system as characterised by "creditor apathy." In many cases, creditors may prefer to rely on the professional expertise of administrators rather than invest time and resources in monitoring the process. While this reliance can enhance efficiency, it may also reduce transparency and accountability if administrators operate with minimal oversight from stakeholders.

Economic Incentives and Decision-Making Dynamics

The differing roles of creditors and professionals in India and the United Kingdom are closely linked to the economic incentives embedded within each insolvency regime. In India, financial creditors possess strong incentives to maximise recovery because they directly bear the financial losses resulting from corporate default. Their active participation in the Committee of Creditors encourages negotiations with resolution applicants and facilitates competitive bidding processes.

The structure of voting rights within the CoC also influences strategic behaviour among creditors. Since decisions require a supermajority vote, creditors must coordinate their positions to approve resolution plans. This requirement encourages collective decision-making but may also create bargaining dynamics in which influential creditors negotiate preferential treatment. The challenge for regulators is to ensure that such negotiations remain consistent with principles of fairness and equitable treatment among stakeholders.

In the United Kingdom, the incentives faced by insolvency practitioners differ from those of creditors. Administrators are typically remunerated through professional fees approved by creditors or the court. Their reputation within the insolvency profession and the regulatory oversight of professional bodies serve as important mechanisms for ensuring responsible conduct. These professional incentives are designed to align administrators' decisions with the broader objectives of insolvency law, including efficient asset realisation and fair treatment of creditors.

Nevertheless, concerns occasionally arise regarding potential conflicts of interest within practitioner-led systems. Administrators may develop close relationships with secured creditors or financial institutions that frequently appoint them. Such relationships could influence decision-making in ways that favour certain creditor groups. Although regulatory frameworks attempt to mitigate these risks through disclosure requirements and professional ethics rules, the possibility of subtle influence cannot be entirely eliminated.

Transparency and Information Asymmetry

Another important aspect of insolvency governance concerns the availability of information to stakeholders. Effective decision-making requires access to accurate financial data, valuation reports, and restructuring proposals. Differences in transparency mechanisms between the Indian and UK systems can significantly influence stakeholder participation.

Under the Indian insolvency regime, the resolution professional provides information memoranda and periodic reports to the Committee of Creditors. However, the deliberations of the CoC are generally confidential, and non-voting stakeholders may have limited access to the reasoning behind key decisions. Critics argue that this opacity can undermine confidence in the insolvency process, particularly among operational creditors who lack voting rights.

The United Kingdom's system provides somewhat broader disclosure mechanisms through statutory reporting requirements. Administrators must prepare proposals outlining the intended strategy for achieving the objectives of administration and must submit

periodic progress reports to creditors. These reporting obligations enhance transparency and allow creditors to evaluate the performance of the administrator.

Despite these safeguards, information asymmetry remains a challenge in both jurisdictions. Insolvency professionals and major creditors often possess superior knowledge about the financial condition of the debtor company compared to smaller stakeholders. This imbalance may affect the ability of weaker creditors to protect their interests effectively.

Impact on Corporate Rescue and Economic Stability

The design of creditor governance structures has important implications for the broader objectives of insolvency law, particularly corporate rescue and economic stability. A well-functioning insolvency system should facilitate the restructuring of viable businesses while ensuring the orderly liquidation of non-viable firms.

India's creditor-controlled model emphasises rapid decision-making and market-driven restructuring. By allowing financial creditors to determine the fate of distressed companies, the IBC seeks to encourage timely resolution and reduce the accumulation of non-performing assets within the banking system. This objective is particularly significant in the Indian context, where large corporate defaults have historically contributed to financial sector instability.

The UK model, on the other hand, prioritises the preservation of businesses as going concerns whenever feasible. The statutory objectives of administration explicitly emphasise corporate rescue before liquidation. Administrators are expected to explore restructuring options that may preserve employment and economic value, even if immediate creditor recovery is not maximised.

Both approaches contribute to economic stability in different ways. The Indian system strengthens creditor confidence and promotes financial discipline among borrowers, while the UK system emphasises business continuity and economic resilience. Comparative analysis suggests that effective insolvency regimes must balance these objectives rather than prioritise one at the expense of the other.

Role of Regulatory Institutions

Regulatory institutions play a crucial role in ensuring that insolvency frameworks operate effectively. In India, the Insolvency and Bankruptcy Board of India (IBBI) performs a central regulatory function by overseeing insolvency professionals, insolvency professional agencies, and information utilities. The Board issues regulations governing insolvency processes and monitors compliance with statutory requirements.

The development of a professional insolvency ecosystem under the supervision of the IBBI represents one of the most significant institutional innovations of the IBC. By establishing licensing requirements, disciplinary mechanisms, and professional standards, the regulator seeks to ensure that insolvency professionals perform their duties with competence and integrity.

In the United Kingdom, regulatory oversight is distributed among several professional bodies authorised by the government to license insolvency practitioners. These bodies enforce ethical standards, conduct disciplinary proceedings, and monitor the conduct of practitioners. This model reflects the long-standing tradition of professional self-regulation within the UK legal and financial sectors.

Although the regulatory structures differ, both jurisdictions recognise the importance of maintaining professional accountability within insolvency processes. Effective regulation not only protects the interests of creditors but also enhances the credibility of the insolvency system as a whole.

Conclusion

An analysis of the bankruptcy system in India and the United Kingdom shows that there are

two opposite approaches to creditor participation. The creditor in control regime that applies in India gives the power to financial creditors but with precaution of alienation and unfairness. The practitioner-led system in the United Kingdom focuses on rescue and professional autonomy, but is faced with issue concerning creditor apathy. Neither system is flawless. The biggest challenge to India is the prevalence of majoritarianism and the absence of strong control, whereas the United Kingdom is faced with the issue of disengagement and non-direct impact of creditors. Both models may be improved with hybrid reforms, that is, introducing some creditor involvement, professional neutrality, and judicial protection.

Finally, the question of creditor versus professional management balance is a manifestation of underlying policy decisions with regard to risk distribution, fairness, and economics. The experience in India can help to see the power of the creditor empowerment in speeding up the process of resolution, and the experience of the United Kingdom can help to see the importance of the expert intervention and the rescue orientation. Collectively the cases