
A CRITICAL ANALYSIS OF THE FAST TRACK CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

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ABSTRACT

An important advancement in India's bankruptcy system was the establishment of the Fast-Track Corporate Insolvency Resolution Process (Fast Track CIRP) under the Bankruptcy and Bankruptcy Code of 2016. This approach originated from the suggestions of the Bankruptcy Law Reforms Committee, which sought to address the special needs of certain categories of corporate debtors for whom the standard 180-day Corporate Insolvency Resolution Process (CIRP) would be unreasonably drawn out. The Committee acknowledged that a speedier and more efficient resolution timetable might benefit startups, smaller businesses, and simpler organisations by lowering costs, preserving value, and improving the overall effectiveness of the bankruptcy system. To meet this requirement, the Act established the Fast Track CIRP, which requires the resolution process to be completed within 90 days with a single extension of up to 45 days in unusual situations. This accelerated procedure is available to start-ups (apart from partnerships), unlisted companies with assets under ₹1 crore, and small enterprises as defined by the Companies Act of 2013. This approach provides a practical and quick alternative for organisations that don't need the in-depth examination often connected with bankruptcy processes. This research study critically examines the core principles, legislative objective, procedural structure, and practical outcomes of India's Fast Track CIRP. It assesses if the mechanism's goal of accelerating company recovery while upholding transparency and protecting stakeholders has been met. By evaluating its operational effectiveness and highlighting existing challenges, the research provides insights into the developing area of insolvency resolution and the possibility of further transformation.

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1.0 INTRODUCTION

The Insolvency and Bankruptcy Code, 2016 (IBC), which was developed to simplify and speed up the resolution of bankruptcy and insolvency proceedings, is a significant piece of legislation in India's legal system. For managing corporate, partnership, and individual insolvency processes, it provides a single legal framework. The code, which was approved by both chambers of Parliament and the President in May 2016, replaces the previously disjointed laws that addressed the country's bankruptcy issues. On December 1st, 2016, the code became operative.

One of the primary reasons for establishing the IBC was to raise India's position in the global "Ease of Doing Business" ranking. The former insolvency system was characterised by inconsistencies, protracted procedures, and a lack of coordination, which often deterred investment and hindered business operations. To address these concerns, the IBC was developed as a time-sensitive framework for insolvency resolution. There may be an exceptional 90-day extension, but the treatment must be completed within 180 days after it begins.

The main goal of the IBC is to assist financial institutions and promote entrepreneurship by offering a solid, dependable, and efficient framework for managing bankruptcy. It aims to optimise asset value, safeguard creditors' interests, ensure prompt resolutions, and, if feasible, revitalise corporate debtors. Compared to the previous system, the IBC provides a more organised and effective method, including procedures for managing cross-border insolvency. Its implementation was a major step towards modernising India's corporate rescue and debt recovery procedures, which had previously been plagued by inefficiencies and legal defects (Gattani et al., 2016).

The corporate debtor's financial status, which includes factors like assets, income, the composition of creditors, and the total amount of debt, must meet specific standards before a Fast Track Insolvency Resolution Process (FTIRP) may begin. These qualifying parameters are detailed in the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017. From filing an application until

the National Company Law Tribunal's (NCLT) ultimate approval of the resolution plan, these regulations control every stage of the procedure. Although this process should be completed in 90 days, the NCLT may grant an extension of up to 45 days if there is a valid cause. The Ministry of Corporate Affairs enacted Sections 55 to 58 of the Insolvency and Bankruptcy Code, which regulate the Fast Track Process. According to these rules, the process is applicable to certain corporate debtors. These include small businesses as defined in clause (85) of Section 2 of the Companies Act, 2013; unlisted companies whose total asset values, based on the financial statements from the most recent fiscal year, do not exceed ₹1 crore; and startups, excluding partnership firms, as defined in the Ministry of Commerce and Industry's notification dated May 23, 2017.³

Prior to the implementation of the Insolvency and Bankruptcy Code (IBC), the Indian insolvency and bankruptcy framework was distinguished by a fragmented mélange of overlapping laws and a variety of adjudicatory bodies. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act of 2002, the Recovery of Debts Due to Banks and Financial Institutions Act of 1993, and the Companies Act of 1956, as well as its amendment in 2013, were all included in these legislations. In spite of the specific objectives of these laws, they were collectively unable to achieve effective results for distressed companies in restructuring or for lenders in asset recovery. Lack of a cohesive and distinct jurisdiction was a significant deficiency of the framework prior to the IBC. In a variety of contexts, including the Board for Industrial and Financial Reconstruction (BIFR), civil tribunals, Debt Recovery Tribunals (DRTs), and High tribunals, cases were resolved. These entities frequently applied the law in a variety of interpretive manners, resulting in inconsistent rulings and additional delays in resolution times. In addition, the urgent need for reform was emphasised by the escalating issue of Non-Performing Assets (NPAs), which were notoriously ineffective and prolonged by insolvency procedures. The introduction of the IBC was a critical developmental step in the enhancement of India's insolvency system. In order to establish more efficient, transparent, and timely methods for resolving financial distress, the Corporate Insolvency Resolution Process (CIRP) was reformed. The Code has consolidated numerous insolvency laws into a single piece of legislation, thereby streamlining legal procedures and enhancing the efficacy of company winding-up processes. Furthermore, the objective was to redirect the emphasis from liquidation to rehabilitation, enabling creditors

³ Companies Act, No.18 of 2013, § 2(85) (India)

to implement a structured strategy to either reclaim debts or assist in restructuring viable enterprises. According to the Preamble of the Code (Verma, 2020), its objective is to enhance credit flow, attract foreign investment, and improve the overall convenience of business in India by reorganising and promptly resolving insolvency.

The fast-track corporate insolvency resolution procedure may be initiated by a financial or operational creditor or the corporate insolvent itself via a request submitted by an individual or entity. For this request to be supported, credible documentation must be provided to demonstrate a default occurrence. Both permissible forms of evidence are records from an information utility and any other documentation that has been certified by the Insolvency and Bankruptcy Board of India (IBBI). In addition, the submission must contain all the necessary information that the IBBI requires to confirm that the corporate debtor is eligible to initiate the fast-track resolution process. In particular, Section 57 of the Insolvency and Bankruptcy Code, 2016, regulates this procedure.⁴ As per Regulation 37(3) of the IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017, which was incorporated on November 7, 2017, the resolution plan must contain exhaustive information regarding the resolution applicant and affiliated parties.⁵ This information is essential for the Committee of Creditors (CoC) to evaluate the veracity and propriety of each applicant involved in the resolution process. The resolution professional is responsible for submitting all resolution plans that comply with the Code and the relevant regulations. In addition, the professional is required to submit reports on any discovered preferential transactions in accordance with Section 43 and undervalued transactions as outlined in Section 45,⁶ extortionate credit transactions mentioned in Section 50,⁷ and fraudulent transactions. In addition, the professional needs to include copies of any orders issued by the adjudicating authority related to these transactions. This obligation is outlined in Regulation 38(2) of the IBBI regulations, which was modified and took effect on 7 November 2017.⁸ Furthermore, the guidelines for carrying out the corporate insolvency resolution process, as detailed in Chapter II of Part II of the Insolvency and Bankruptcy Code, 2016, will also apply to cases within this fast-track process wherever applicable. Likewise, the regulations concerning offences and penalties presented in Chapter VII of Part II

⁴ Insolvency and Bankruptcy Code, No. 31 of 2016, § 57 (India)

⁵ Insolvency and Bankruptcy Board of India. (2017), IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017, Regulation 37(3) (India)

⁶ Insolvency and Bankruptcy Code, No. 31 of 2016, § 45 (India)

⁷ Insolvency and Bankruptcy Code, No. 31 of 2016, § 50 (India)

⁸ Insolvency and Bankruptcy Board of India. (2017), IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017, Regulation 38(2)

of the Code will apply, as indicated in Section 58.⁹

2.0 FAST TRACK INSOLVENCY MECHANISM

A utmost time frame for the completion of the typical Corporate Insolvency Resolution Process (CIRP) is established by legislation. Nevertheless, the time limits for different business entity classifications are not uniform. The extended periods can be challenging for smaller companies to capitalise on, as they have fewer assets or reduced revenue. The Bankruptcy Law Reforms Committee suggested the establishment of a fast-track process to rectify this disparity. This method was developed to expedite the insolvency procedure for organisations with smaller capacities or simpler structures. The objective was to prevent the resolution of smaller, uncomplicated situations from requiring as much time as larger, more complex ones. The fast-track procedure of the Insolvency and Bankruptcy Code (IBC) is specifically tailored for corporate debtors that operate on a small scale, those with a simplified creditor landscape, and other defined debtor groups.

Certain companies are permitted to petition for this expedited resolution procedure under Sections 55 to 58 of the IBC. Before pursuing this option, the entity must satisfy specific criteria and secure the consent of all parties involved to ensure that it is suitable for a prompt resolution. Chapter II of the Code, Part II, contains provisions that are designed to expedite the resolution process for specific categories of corporate debtors. It is imperative to ascertain whether business debtors are eligible for the fast-track bankruptcy resolution process prior to exploring its procedures. The Code specifies that a fast-track application may only be submitted for specific categories of companies. These businesses are classified as minuscule under the Companies Act of 2013, start-ups (excluding partnership enterprises), and unlisted businesses. Their total assets, as indicated by the financial records of the previous year, did not exceed one crore rupees. The fast-track insolvency procedure may be initiated by the corporate debtor or a monetary or operational creditor. The applicant is required to submit specific supporting documentation to substantiate the rationale for initiating this procedure. Along with any supplementary information required by the Insolvency and Bankruptcy Board of India to verify the eligibility and completeness of the application, these must include proof of default, which is typically documented in an information utility.

⁹ Insolvency and Bankruptcy Code, No. 31 of 2016, § 58 (India)

Although the fast-track strategy primarily adheres to the conventional CIRP's procedural standards, it is subject to a unique deadline: it must be completed within ninety days of the bankruptcy's commencement. This procedure, similar to the traditional CIRP, is expedited while maintaining the importance of group decision-making and transparency. The decision to employ the fast-track procedure is primarily determined by the intricacy of the corporate debtor's financial circumstances and specific characteristics. A critical phase of the process is determining whether a business entity is eligible for fast-track resolution or should instead pursue the standard CIRP route. The fast-track CIRP is most advantageous for smaller businesses, as it expedites the resolution process and alleviates the burden of protracted insolvency procedures. This accelerated pathway alleviates the burden on companies, including minor firms, unlisted entities, and start-ups with a net worth under ₹1 crore. In contrast, the conventional CIRP permits a completion timeline of up to 270 days. The structure and eligibility requirements of the IBC are delineated in Sections 55 to 58 (IJLLR Journal, 2023).

The appointment of insolvency specialists as mediators is a component of the corporate insolvency resolution procedure. Due to their status as members of a private, regulated class, these professionals are obligated to comply with minimal ethical and professional conduct standards. In order to serve in this capacity, it is necessary to enrol with an insolvency professional agency and register with the Insolvency and Bankruptcy Board of India. Entities that are recognised by the applicable regulations may also include insolvency professional entities. A resolution expert may be appointed if they, or the partners and directors of their associated business, continue to be independent of the corporate debtor. Additionally, the regulatory authority should refrain from issuing any restraining orders against the individual or the organisation. The professional is required to disclose relevant information at the time of their appointment and at each stage of the procedure, as stipulated in the Code of Conduct. In the same fast-track procedure, neither the individual nor their professional entity should have directors or associates who represent other stakeholders. The interim resolution professional mandates that operational creditors submit evidence of their claims, which may be submitted electronically, in person, or by mail. Conversely, financial creditors are required to submit their claims electronically. Workers or employees may submit their claims in a comparable manner. If there are numerous claims, an authorised representative may submit a consolidated claim on behalf of a large number of workers or employees.

By the final date specified in the public notice, all claims must be submitted to the resolution

professional or the interim resolution professional. Each claim will undergo verification within seven days. Resolution specialists are required to maintain an accurate record of these claims, which includes the creditor's identity, the amount claimed, the number of accepted claims, and any associated security interests. The resolution professional is responsible for distributing the minutes of the Committee of Creditors meetings to all participants via electronic communication within 48 hours. Additionally, they serve as the chief of the Committee of Creditors meetings. A legitimate quorum for these sessions is established when a minimum of 33% of the voting rights are represented by participants, whether in person or via video or audio conference. If the committee has not yet reached a decision and there is insufficient quorum, the meeting will be automatically adjourned to the same time and location the following day. Any member who is present, regardless of the percentage of voting rights they represent, shall resume the adjourned meeting. The resolution professional is required to electronically transmit the committee's conclusions and the names of the individuals who voted in favour, against, or abstained within 24 hours of the voting completion, or 48 hours after the meeting if electronic voting is not employed. A registered valuer is employed by the resolution professional within one week of their appointment to ascertain the fair and liquidation values of the corporate debtor. The expert must extend invitations to potential candidates in order to attract resolution plans. The assessment criteria must be included in these invitations, which must be sent at least 15 days before the submission date. Any alterations to the invitation or the assessment criteria must be approved by the committee prior to implementation. Furthermore, a summary of the invitation must be available on the regulatory board's website and the company's website, provided that they exist (Pandey, 2023).

A resolution plan should incorporate strategies that are designed to enhance the value of the corporate debtor's assets. These strategies may entail the sale of assets, the transfer of some or all of the assets to one or more individuals or businesses, or the substantial purchase of shares of the corporate debtor, irrespective of any current security interests. The plan may suggest the resolution or pardoning of any debt-related obligations, the modification or alteration of current security interests, or the merger or combination of the corporate debtor with other companies. It may also involve the modification of the corporate debtor's constitutional documents, the extension of loan terms, the modification of interest rates or other debt conditions, and the reduction of the quantities owed to creditors. The corporate debtor may also issue securities in exchange for money, assets, other securities, claims, or interests. The strategy may also involve the modification of the type of products or services offered, the enhancement of extant

technology, and the acquisition of the necessary permits from the Central and State authorities, as per Gattani et al. (2016), Verma (2020), and Mahawar (2023).

The resolution professional must receive the resolution plan that the resolution applicant has developed in compliance with the relevant legal requirements. The resolution specialist then presents all qualified ideas to the creditors committee for consideration. The committee may sanction any of these designs, with or without modifications, as deemed appropriate. Once the committee has approved the resolution professional's final plan, it must be submitted to the National Company Law Tribunal (NCLT) at least 15 days before the expiration of the maximum time frame for the resolution process. Following the NCLT's decision to approve or disapprove the plan, a copy of the order is sent to all parties concerned, including the resolution applicant. It is crucial to be aware that the resolution professional is not liable for any actions the corporate debtor made prior to the commencement of the fast-track insolvency process. Once the adjudicating body has authorised the resolution plan, the individual responsible for managing the corporate debtor's affairs may seek assistance from the local district administration in implementing it. An application requesting this assistance must be submitted to the adjudicating authority.

3.0 STATUTORY PROVISIONS GOVERNING FAST TRACK CIRP

Section 55 of the IBC delineates the expedited Corporate Insolvency Resolution Process (CIRP). It specifies that this procedure applies to corporate debtors with modest assets and income, those who meet specific creditor categories or debt criteria, and other groups that the Central Government may designate. Organisations may be eligible for this expedited procedure by the Central Government, which may establish eligibility criteria or thresholds.¹⁰

Section 56 delineates the fast-track CIRP timeframe. This clause mandates that the entire procedure be completed within ninety days of its commencement. If the Committee of Creditors (CoC) approves a resolution with a minimum of 75% of the vote, the resolution expert may, however, request an extension. This extension may be granted by the adjudicating authority if it determines that the case cannot be fairly resolved within the initial ninety days. Nevertheless, each extension is permitted for a maximum of 45 additional days and is only permissible once. While allowing for a restricted amount of time for reasonable delays, this

¹⁰ Insolvency and Bankruptcy Code, No. 31 of 2016, § 55 (India)

deadline guarantees a prompt resolution.¹¹

The fast-track procedure may be initiated by the corporate debtor or a creditor, as per Section 57. The application must include evidence of delinquency, such as data from an information utility, in addition to any additional documentation required by the Insolvency and Bankruptcy Board of India (IBBI). These documents must verify the debtor's eligibility for the expedited procedure. Section 58 ensures that the fast-track process is subject to the general CIRP processes outlined in Chapter II of the IBC and the regulations regarding offences and penalties in Chapter VII, where applicable. This integration guarantees accountability and consistency in the operations of the fast-track process. The objective of the "fast-track CIRP" procedure is to expedite the resolution of insolvency for smaller or uncomplicated corporate organisations. The procedure remains consistent with the fundamental IBC principles of justice, openness, and creditor engagement, despite its emphasis on speed and efficiency.¹²

4.0 COMPARATIVE ANALYSIS OF INDIAN AND THE USE REGARDING FAST-TRACK CIRP

The Bankruptcy Code, which is a federal law that regulates insolvency and bankruptcy procedures in the United States, is codified as Title 11 of the United States Code. The Bankruptcy Reform Act of 1978 established this legal framework, which delineates the procedural and substantive aspects of insolvency. The Bankruptcy Rules provide additional information. For years, the U.S. Congress deliberated on the incorporation of small enterprises in a specific reorganisation framework in an effort to enhance their unsatisfactory rates of continuity and rehabilitation. The primary objective was to enhance their likelihood of remaining profitable enterprises. Nevertheless, critics opposed this proposal, contending that the insolvency process's equality premise may be compromised by the implementation of special rules for debtor categories. The standards that have been employed to categorise minor firms in the context of expedited bankruptcy processes have undergone substantial changes over time. In order to qualify for the simplified framework, a debtor must engage in business and maintain a minimum quantity of non-contingent, liquidated debt, which was initially less than \$2 million. Once these prerequisites are met, the debtor may be recognised as a minor business under the code. Nevertheless, the debtor's eligibility is ultimately determined by the

¹¹ Insolvency and Bankruptcy Code, No. 31 of 2016, § 56 (India)

¹² Insolvency and Bankruptcy Code, No. 31 of 2016, § 58 (India)

committee of creditors to whom the debtors owe money.

If a company in the United States is facing financial difficulties, it may petition for bankruptcy under Chapter 11. This clause facilitates debt restructuring by maintaining the business as a continuing concern and preventing liquidation. Chapter 11 enables businesses to reschedule payments in order to preserve asset value and restructure their operations and financial structure. This concept is comparable to the legislative modifications that were implemented in the United Kingdom during the mid-1980s. Chapter 11 is primarily employed by corporate entities; however, partnerships, sole proprietorships, and, in certain instances, individuals may also employ it. Each state had its own system for managing insolvency prior to the establishment of federal bankruptcy laws. Ultimately, the U.S. Constitution granted Congress the authority to implement standard legislation on this subject. Two distinct fast-track alternatives are available to small firms within the American bankruptcy system: the "Small Business Case" and the "Small Business Reorganisation Act" (SBRA). In contrast to the Indian model, which designates qualified enterprises by the central government, the U.S. system predominantly bases eligibility on the quantity of debt. Companies whose aggregate debt does not surpass approximately \$2.73 million may apply for these expedited procedures. These methodologies are distinguished by their expedited validation of restructuring strategies and their shortened timeframes. It is imperative to bear in mind that eligibility is determined by financial levels, not a predetermined legal definition. In certain instances, the court initially schedules a preliminary hearing to ascertain whether the debtor meets the criteria for the accelerated procedure, rather than conducting an immediate creditors meeting. In order to confirm their eligibility, debtors are required to submit financial records, such as balance accounts, debt statements, and income tax returns, that attest to their adherence to the designated debt limitations. The U.S. system employs a more functional approach than India's fast-track method, which is designed to accommodate specific groupings of organisations, such as minor businesses, start-ups, or those with restricted assets as authorised by the central government. Commercial participation and financial benchmarks are implemented to assess eligibility. Furthermore, the government's appointment of a trustee to oversee the process guarantees that creditors and debtors participate in a manner that supports the company's survival. The dual-layered evaluation used in the United States, which is based on the business and financial documents, distinguishes it from the more rigorously defined fast-track bankruptcy resolution process in India.

5.0 NEED OF THE STUDY

The Insolvency and Bankruptcy Code, 2016 (IBC) significantly altered India's insolvency system by introducing a creditor-driven, time-limited approach to problem-solving. The standard Corporate Insolvency Resolution Process (CIRP), which could take up to 180 to 270 days, was frequently inappropriate for small and straightforward businesses, particularly MSMEs.

In order to address this lacuna, the legislature established the Fast Track Corporate Insolvency Resolution Process (Fast Track CIRP) under Sections 55–58 of the Code. The objective of this system is to resolve bankruptcy cases within 90 to 135 days, thereby reducing costs and saving time.

The Fast Track CIRP has significant potential; however, it has not been utilised to its full potential and has encountered several real-world issues, including procedural impediments, insufficient institutional capacity, and a lack of awareness. Therefore, it is imperative to conduct a critical analysis that examines:

- Its efficiency in completing tasks promptly
- The impact on modest enterprises that are in debt
- The obstacles that arise during the implementation process

6.0 AIM OF THE STUDY

The primary aim of this study is:

- To carefully look at the Fast Track CIRP's legal framework, how well it works, and the problems it faces in real life under the IBC, 2016
- To see if it meets its goal of quickly resolving insolvency for small and simple businesses
- To propose changes that will make it more useful and efficient

7.0 OBJECTIVES OF THE STUDY

1. To review the laws pertaining to Fast Track CIRP under IBC, 2016 Sections 55–58.

2. To evaluate Fast Track CIRP's reach and suitability for certain corporate debtors and small businesses.
3. To assess how effective the shortened timeline (90–135 days) is in contrast to the standard CIRP.
4. To determine the implementation of Fast Track CIRP's practical obstacles and constraints.
5. To evaluate the involvement of insolvency experts and adjudicating authorities (NCLT) in the procedure.

8.0 RESEARCH QUESTIONS

1. Does the Fast Track CIRP successfully fulfil the IBC's goal of time-bound insolvency resolution?
2. How appropriate is the Fast Track CIRP for MSMEs, or small and medium-sized businesses?
3. What are the main obstacles to Fast Track CIRP implementation in terms of law and procedure?
4. Despite its benefits, why hasn't the Fast Track CIRP been used more?
5. Do stakeholder interests and the calibre of resolution plans suffer as a result of the shorter timeline?

9.0 REVIEW OF LITERATURE

Gulati, P. (2025) – Corporate Insolvency and Bankruptcy in India: Challenges and Opportunities: This study provides a comprehensive overview of the IBC framework and highlights **procedural delays, valuation issues, and institutional challenges** in insolvency resolution. It emphasizes the need for reforms to align Indian insolvency laws with global standards.

Mishra, A. (2025) – Fast Track Insolvency or Fair Markets: Legal Conundrum The author critically examines the objectives of IBC, emphasizing **time-bound resolution and asset**

maximization, and discusses regulatory conflicts affecting fast-track mechanisms. The study highlights the need for balancing speed with fairness in insolvency proceedings.

Singh (2024) – Enhancing Fast Track Insolvency Resolution Process in India: This work discusses the limitations of the current fast-track mechanism and suggests **creditor-led and out-of-court frameworks** to improve efficiency. It indicates that existing procedures still face delays despite reduced timelines.

Sharma (2024) – Overview of Fast Track CIRP: The study explains the legal framework under Sections 55–58 and highlights that Fast Track CIRP is designed to **streamline insolvency resolution for small companies**. However, it notes issues such as **limited eligibility and lack of awareness** among stakeholders.

Law Brigade Journal (2025) – Fast Track Corporate Insolvency Resolution Process: This research emphasizes that Fast Track CIRP is suitable for **less complex corporate structures**, but its success depends on efficient implementation and institutional support. It also raises concerns about **limited practical application** despite its theoretical advantages.

10.0 METHODOLOGY

In order to approach the prescribed objectives of study, the researcher has used a Qualitative and Doctrinal model of research methodology. Intensive review on the subject would be applied and the issues under study would be examined in a systematic manner. Various textbooks, legal journals, articles and case laws are referred. E-resources will also contribute in writing this dissertation for getting the most relevant and latest information on the relevant websites which will help the researcher to explore the subject under various jurisdictions and thereby draw a comparative analysis of it.

11.0 CONCLUSION

Established under Sections 55 to 58 of the Insolvency and Bankruptcy Code, 2016, the Fast-Track Corporate Insolvency Resolution Process (Fast Track CIRP) is a progressive attempt to accelerate corporate recovery for companies with comparatively simple financial and operational frameworks. This strategy, which was created especially for start-ups, small businesses, and unlisted enterprises with little assets, aims to increase productivity, reduce expenses, and promote better business practices in India. According to this research, the Fast

Track CIRP offers a more effective framework, but its implementation has been sporadic and uneven. The eligibility requirements, while well-meaning, are still too restrictive and leave out numerous struggling MSMEs that could gain from expedited resolutions. Furthermore, factors such as limited awareness, procedural inflexibility, and capacity challenges within adjudicating bodies, and variable interpretations of eligibility criteria by tribunals have hindered the effectiveness of this mechanism. Even with its relatively low adoption rate, the Fast Track CIRP signifies an essential advancement toward differentiated insolvency approaches that acknowledge the diverse complexities among corporate debtors. Its focus on speed, transparency, and protection of creditors aligns with the recommended practices found in international insolvency systems, although it lacks scalability and accessibility.

12.0 RECOMMENDATIONS

1. Extend eligibility requirements: Many successful small businesses are excluded by the current asset and categorisation restrictions. Increased consumption can result from expanding eligibility to include more MSMEs based on staff numbers and turnover.
2. Enhance awareness and capacity development: Implementing targeted outreach and training initiatives for insolvency practitioners, creditors, and small business owners can foster greater engagement with the Fast Track CIRP.
3. Simplify procedural processes: Reducing documentation requirements and ensuring consistent application of eligibility standards by NCLTs will minimise confusion and delays.
4. Provide institutional support and monitoring: Creating specialised benches or teams within the NCLTs to handle fast-track cases and establish effective tracking mechanisms can help ensure compliance with timelines.
5. Connect with pre-pack frameworks: Investigating the potential integration of the Fast Track CIRP with the pre-packaged insolvency resolution process (particularly for MSMEs) could offer more adaptable recovery solutions suited to the needs of debtors.
6. Learn from global best practices: India can gain insights from the U.S. Small Business Reorganisation Act (SBRA), which focuses on practical eligibility and financial benchmarks instead of strict classifications, enhancing efficiency and uptake.

By addressing these deficiencies, the Fast Track CIRP can transform into a genuinely effective instrument for speeding up corporate recovery and fostering a more robust, responsive insolvency environment in India.

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