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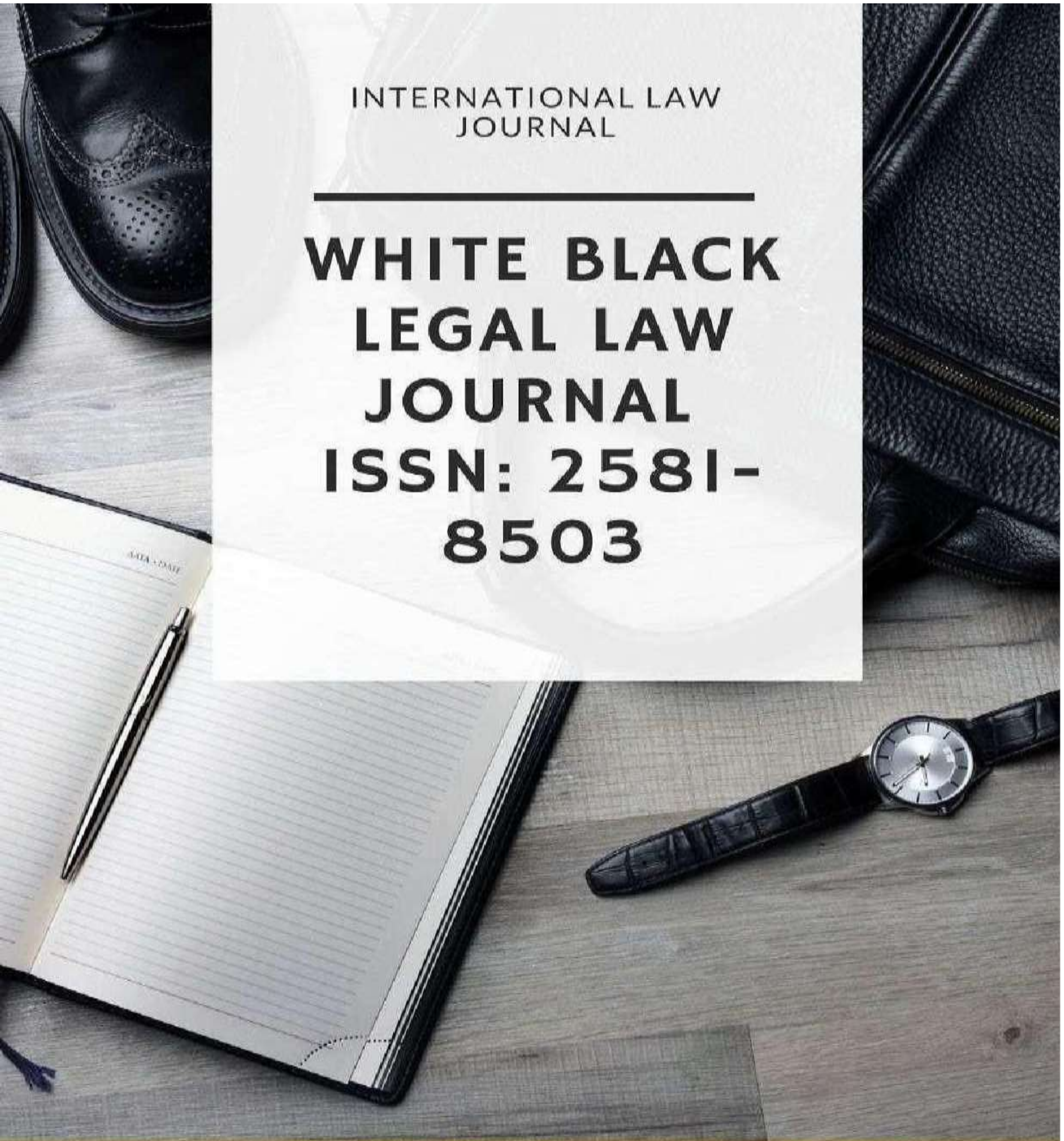

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refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

CORPORATE DEBT RESTRUCTURING IN INDIA:

AUTHORED BY - AAKASH SHARMA

Abstract

This research paper provides an in-depth analysis of the legal framework and challenges associated with corporate debt restructuring in India. As the country's economy continues to evolve, the need for effective debt restructuring mechanisms becomes increasingly important to ensure financial stability and support economic growth. This paper delves into the existing legal landscape, including the Insolvency and Bankruptcy Code (IBC) of 2016, the Reserve Bank of India's (RBI) guidelines, and the role of the National Company Law Tribunal (NCLT) in facilitating the restructuring process.

The paper highlights the various steps involved in the debt restructuring process, including initiation, evaluation, resolution plan formulation, and implementation, and discusses the key challenges faced by stakeholders, such as delays in resolution timelines, lack of transparency, and operational complexities. Additionally, the paper examines the impact of recent amendments to the IBC, including the introduction of the pre-packaged insolvency resolution process, and evaluates their effectiveness in addressing some of the identified challenges.

Finally, the paper proposes recommendations to strengthen the corporate debt restructuring framework in India by addressing the existing challenges, improving transparency and efficiency, and enhancing creditor and debtor rights. These recommendations aim to foster a more conducive environment for debt resolution, ultimately benefiting businesses, creditors, and the Indian economy as a whole.

Introduction

The Indian economy has witnessed significant growth in recent years, with many corporations expanding their operations and investing heavily in infrastructure and human resources. However, the economic boom has also resulted in a large amount of debt accumulated by corporations. The COVID-19 pandemic has further exacerbated the financial difficulties faced by many companies in India, resulting in an increase in the number of non-performing assets (NPAs) in the banking system.

In order to address this issue, the government of India has implemented various policies and legal frameworks for corporate debt restructuring. Corporate debt restructuring refers to the process of reorganizing the debt structure of a company in order to improve its financial stability. The legal framework for corporate debt restructuring in India is primarily governed by the Reserve Bank of India (RBI), which has issued various guidelines and circulars to regulate corporate debt restructuring.

Despite the existence of a legal framework for corporate debt restructuring, there are several challenges in implementing the framework effectively. One of the primary challenges is the lack of coordination among lenders. In many cases, different lenders have different interests and objectives, which can lead to delays and complications in the debt restructuring process. The debt restructuring process in India can be time-consuming and complex, leading to delays that further exacerbate the financial difficulties faced by the borrower.

Many companies in India have a high level of debt, which can make it difficult to restructure the debt in a manner that is sustainable in the long run. Additionally, there is a lack of clarity regarding the role of the debtor in the debt restructuring process. The debtor may not cooperate fully with the lenders, which can lead to delays and complications in the process. The high level of NPAs in the Indian banking system is also a major challenge in the debt restructuring process, resulting in a significant burden on the banking system and limiting the availability of credit to the economy.

Therefore, it is important to address these challenges and create an environment that is conducive to the effective restructuring of corporate debt in India. This research paper will provide an overview of the legal framework and challenges of corporate debt restructuring in India. It will also explore case studies of successful and unsuccessful debt restructuring in India and provide recommendations for improving the corporate debt restructuring framework in India.

Legal Framework of Corporate Debt Restructuring in India

- **Corporate Debt Restructuring Scheme (CDR):** Corporate Debt Restructuring Scheme (CDR) is a mechanism introduced by the Reserve Bank of India (RBI) to assist financially distressed companies in restructuring their debt[1]. The CDR framework is

[1] Reserve Bank of India. (2012). Master Circular on Corporate Debt Restructuring (CDR) Mechanism. Retrieved

intended to provide a structured and time-bound approach to help lenders and borrowers reach a consensus on debt restructuring.

Under the CDR scheme, a consortium of lenders or banks can come together and restructure the debt of a company that is facing financial difficulties. This consortium, known as the CDR Cell, comprises of all the lenders who have provided loans to the distressed company. The CDR Cell is responsible for negotiating and finalizing the restructuring plan, which involves rescheduling the repayment of loans, reducing the interest rate, or even converting the debt into equity.

The CDR scheme provides an opportunity for lenders to work with borrowers to find a solution that is beneficial for both parties. The lenders can avoid classifying the loans as non-performing assets (NPAs) by restructuring the debt, and the borrower can avoid defaulting on their loans and facing legal action. The scheme also provides a way for distressed companies to get back on their feet by improving their financial health and repaying their debts.

The CDR scheme has been used to restructure debt for various industries, including infrastructure, power, textiles, steel, and hospitality. However, there are certain eligibility criteria that a company must meet to qualify for the CDR scheme. For instance, the company must have a minimum outstanding debt of Rs. 10 crore, and at least 75% of the lenders must approve the restructuring plan[2].

The CDR scheme has undergone several changes since its introduction in 2001. In 2013, the RBI introduced the Strategic Debt Restructuring (SDR) scheme as an extension of the CDR scheme. The SDR scheme allows lenders to convert a part of the debt into equity and take control of the distressed company if the restructuring plan fails. This gives lenders more power and encourages them to work with borrowers to find a mutually beneficial solution.

Overall, the CDR scheme has been instrumental in assisting distressed companies in India to restructure their debt and avoid defaulting on their loans. The scheme has provided a structured approach to debt restructuring and has helped lenders and borrowers find a common ground. However, there have been concerns that the CDR scheme may be misused by some companies to delay repayment of loans or avoid legal action. Therefore, it is important to ensure that the scheme is used appropriately and

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from https://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=7461

[2] Kaur, S., & Yadav, S. S. (2017). Corporate Debt Restructuring in India: An Overview. International Journal of Law and Legal Jurisprudence Studies, 4(5), 117-128.

that only eligible companies are allowed to participate. In recent years, the CDR scheme has faced challenges due to the rising number of stressed assets in the Indian banking system. According to reports, the CDR mechanism has failed to resolve a significant number of cases, resulting in many companies becoming insolvent. In response to these challenges, the RBI has taken several steps to reform the CDR mechanism.

In 2018, the RBI announced a revised framework for the resolution of stressed assets, which included the withdrawal of several debt restructuring schemes, including the CDR scheme. The revised framework introduced a time-bound process for the resolution of stressed assets, which involved the identification of stress, restructuring of debt, and initiation of insolvency proceedings if required.

The revised framework also introduced the concept of the Insolvency and Bankruptcy Code (IBC), which provides a time-bound process for the resolution of insolvency cases. The IBC has been instrumental in resolving several high-profile cases[3], including Essar Steel and Bhushan Steel, which were resolved through the National Company Law Tribunal (NCLT).

Despite the challenges, the CDR scheme continues to play an important role in the restructuring of debt for distressed companies. The scheme provides a structured approach to debt restructuring and helps to prevent defaulting on loans. The CDR scheme also provides a platform for lenders and borrowers to work together and find a mutually beneficial solution.

In conclusion, the Corporate Debt Restructuring Scheme (CDR) is a mechanism introduced by the Reserve Bank of India (RBI) to assist financially distressed companies in restructuring their debt. The CDR scheme provides a structured approach to debt restructuring and helps to prevent defaulting on loans. While the CDR scheme has faced challenges in recent years, it continues to play an important role in the resolution of stressed assets in India. It is important to ensure that the CDR scheme is used appropriately and that only eligible companies are allowed to participate

- **Joint Lenders' Forum**: The Joint Lenders' Forum (JLF) is a forum established by the Reserve Bank of India (RBI) to facilitate the resolution of stressed assets in India. The JLF is a forum comprising of all the lenders or banks that have provided loans to a

[3] Sahoo, M. S., & Sharma, N. (2016). Corporate Insolvency Resolution in India: Lessons from a cross-country comparison. Indian Journal of Corporate Governance, 9(2), 1-20

particular company. The JLF is responsible for reviewing the financial health of the company and deciding on a course of action to address any financial difficulties.

Under the JLF mechanism, the lenders work together to develop a comprehensive action plan to address the financial difficulties faced by the company. The action plan includes measures such as restructuring the loans, rescheduling the repayment of loans, and converting the debt into equity. The JLF is also responsible for monitoring the implementation of the action plan and taking necessary steps to ensure that the plan is executed effectively.

The JLF mechanism was introduced in 2014 to address the rising number of stressed assets in the Indian banking system[4]. The JLF mechanism was designed to provide a platform for lenders to work together and find a solution to the financial difficulties faced by companies. The JLF mechanism was also intended to prevent the assets from becoming non-performing assets (NPAs) and help companies recover from financial distress.

The JLF mechanism has been used to address financial difficulties faced by companies across various industries, including infrastructure, power, steel, and textiles. However, there are certain eligibility criteria that a company must meet to qualify for the JLF mechanism. For instance, the company must have a minimum outstanding debt of Rs. 50 crore, and at least 60% of the lenders must approve the resolution plan.

The JLF mechanism has been instrumental in resolving several high-profile cases, including the resolution of Bhushan Steel, which was resolved through the National Company Law Tribunal (NCLT). The JLF mechanism has also been successful in resolving several other cases, including Jaiprakash Associates, Electrosteel Steels, and Monnet Ispat and Energy.

Despite the success of the JLF mechanism, there have been concerns that the mechanism may be misused by some companies to delay repayment of loans or avoid legal action. Therefore, it is important to ensure that the JLF mechanism is used appropriately and that only eligible companies are allowed to participate.

In conclusion, the Joint Lenders' Forum (JLF) is a forum established by the Reserve Bank of India (RBI) to facilitate the resolution of stressed assets in India. The JLF mechanism provides a platform for lenders to work together and find a solution to the

[4] . RBI Working Group. (2021). Report of the Working Group on Resolution of Stressed Assets. Retrieved from https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1156

financial difficulties faced by companies. The JLF mechanism has been successful in resolving several high-profile cases and has helped to prevent the assets from becoming non-performing assets (NPAs). However, it is important to ensure that the JLF mechanism is used appropriately and that only eligible companies are allowed to participate.

- **Insolvency and bankruptcy code:** v The Insolvency and Bankruptcy Code (IBC) is a comprehensive legislation that was enacted by the Indian government in 2016 to address the issue of insolvency and bankruptcy in India[5]. The IBC provides a time-bound process for the resolution of insolvency cases, and it seeks to maximize the value of assets of insolvent companies, while also ensuring the protection of the interests of all stakeholders.

  Under the IBC, a company is classified as insolvent if it is unable to pay its debts as they become due. The IBC provides a structured approach to the resolution of insolvency cases, which involves three key steps: the initiation of insolvency proceedings, the formation of a committee of creditors (CoC), and the resolution of the insolvency case.

  The first step in the process is the initiation of insolvency proceedings, which can be initiated by the creditor, the debtor, or the company itself. Once the proceedings are initiated, a moratorium is imposed on the company, which prevents any legal action against the company during the insolvency process.

  The second step in the process is the formation of a committee of creditors (CoC), which comprises of all the creditors who have lent money to the insolvent company. The CoC is responsible for approving the resolution plan proposed by the resolution applicant, who is usually an insolvency professional appointed by the creditors.

  The final step in the process is the resolution of the insolvency case. The resolution plan proposed by the resolution applicant is submitted to the CoC for approval. Once the plan is approved by the CoC, it is submitted to the National Company Law Tribunal (NCLT) for final approval. If the plan is approved by the NCLT, it is implemented, and the company is brought back to financial health[6].

[5] Insolvency and Bankruptcy Board of India. (2016). Insolvency and Bankruptcy Code, 2016. Retrieved from https://ibbi.gov.in/webadmin/pdf/whatsnew/2018/Feb/2016-05-28_2018-02-17_1518859843.pdf
[6] Gupta, A., & Dutta, S. (2020). Insolvency and Bankruptcy Code: An Empirical Evaluation of Resolution Framework. Indian Journal of Corporate Governance, 13(1), 22-37.

The IBC has been instrumental in resolving several high-profile cases in India, including Essar Steel and Bhushan Steel, which were resolved through the NCLT. The IBC has also helped to streamline the process of insolvency resolution and has reduced the time taken for the resolution of insolvency cases.

However, the implementation of the IBC has faced several challenges, including the lack of adequate infrastructure and the need for more insolvency professionals. The IBC also needs to address the issue of the recovery of the outstanding debt of small and medium-sized enterprises (SMEs).

In conclusion, the Insolvency and Bankruptcy Code (IBC) is a comprehensive legislation that provides a time-bound process for the resolution of insolvency cases in India. The IBC has been instrumental in resolving several high-profile cases and has helped to streamline the process of insolvency resolution. However, the implementation of the IBC has faced several challenges, and there is a need for more infrastructure and insolvency professionals to support the resolution of insolvency cases. The IBC needs to address the issue of the recovery of the outstanding debt of SMEs, which form a significant part of the Indian economy.

Challenges of Corporate Debt Restructuring in India

- **Lack of coordination among lenders:** The challenges of corporate debt restructuring in India are manifold, with a prominent issue being the lack of coordination among lenders. This problem stems from the presence of numerous banks and financial institutions, each having their distinct lending policies, risk assessment frameworks, and recovery mechanisms[7]. In the absence of a unified platform for addressing debt-ridden companies, creditors often face significant obstacles in negotiating and finalizing restructuring proposals. The fragmented approach not only prolongs the resolution process but also contributes to a higher probability of value erosion for all stakeholders involved. Furthermore, the absence of timely and comprehensive information exchange among lenders exacerbates the difficulties in formulating a consensus-driven and well-informed resolution plan. To overcome these hurdles, it is imperative for the Indian financial system to establish a more synchronized and harmonized approach, which

[7] Acharya, V. V., & Subramanian, K. V. (2017). State intervention in banking: The relative health of Indian public sector and private sector banks. Indian Journal of Corporate Governance, 10(1), 74-96.

facilitates seamless communication, information sharing, and decision-making among lenders, thereby streamlining the corporate debt restructuring process in the country.

- **Delay in debt restructuring:** Corporate debt restructuring in India has been plagued by various challenges, and one of the significant problems is the delay in the debt restructuring process. Delays in debt restructuring can result in increased financial distress for the debtor company, leading to further damage to the economy. For instance, in the case of the Videocon Group, the debt restructuring process has been stalled for over two years due to regulatory and legal hurdles, leading to the company's bankruptcy. Similarly, the delay in the debt restructuring process for the Essar Steel Group resulted in a prolonged legal battle, leading to the company's liquidation. The delay in the debt restructuring process can also impact creditors, as they may have to wait longer to recover their dues. Overall, the delay in the debt restructuring process in India is a significant challenge that needs to be addressed to ensure timely and effective debt resolution.
- **High levels of debt:** Corporate debt restructuring in India faces various challenges, and one of the most significant obstacles is the high levels of debt. Several companies in India have taken on too much debt to finance their expansion plans, resulting in a significant debt burden[8]. For instance, companies like Essar Steel, Reliance Communications, and Jaypee Infratech have struggled with high levels of debt, leading to insolvency and bankruptcy proceedings. The COVID-19 pandemic has also added to the debt burden, resulting in many companies defaulting on their debt payments. Such high levels of debt create a difficult situation for companies to restructure their debts and negotiate with their creditors. Moreover, the legal framework for debt restructuring in India is also complex and time-consuming, adding to the challenges of resolving debt-related issues.
- **Inadequate legal framework :** Corporate Debt Restructuring (CDR) is a process of restructuring a company's outstanding debts with its creditors to avoid financial distress or bankruptcy. However, in India, the process of CDR faces numerous challenges, including an inadequate legal framework. The existing laws, such as the Companies Act, 2013, and the Insolvency and Bankruptcy Code, 2016, do not provide a comprehensive framework for corporate debt restructuring, leading to delays and

[8] Rajan, R. G., & Zingales, L. (1998). Financial dependence and growth. American Economic Review, 88(3), 559-586.

difficulties in the process. For instance, the CDR process of companies such as Kingfisher Airlines and Reliance Communications faced significant legal hurdles, resulting in prolonged debt resolution and the eventual liquidation of the companies. Moreover, the absence of a specialized debt restructuring court and lack of clear guidelines for resolution plans further exacerbate the problem. These challenges have adversely affected the growth and competitiveness of Indian companies, making it imperative to address the inadequacies in the legal framework to facilitate timely and effective corporate debt restructuring.

- **Role of rating agencies:** Corporate debt restructuring in India is a complex and challenging process that involves multiple stakeholders, including banks, creditors, investors, and rating agencies. One of the crucial roles in this process is played by rating agencies, which are responsible for assessing the creditworthiness of companies seeking debt restructuring. However, the role of rating agencies in the Indian corporate debt restructuring process has been controversial, with many stakeholders criticizing their methodologies and practices[9]. One example is the case of Infrastructure Leasing and Financial Services (IL&FS), which defaulted on its debt obligations in 2018, leading to a crisis in the Indian financial markets. Rating agencies were criticized for not adequately assessing the company's creditworthiness and for providing high ratings that did not reflect the actual risks involved. This case highlights the need for rating agencies to improve their methodologies and practices to ensure that they provide accurate and reliable ratings, which are crucial for effective corporate debt restructuring in India.
- **Role of the debtor:** Corporate debt restructuring in India has its fair share of challenges, and the role of the debtor is crucial in overcoming them. One of the primary challenges is the reluctance of creditors to agree to debt restructuring plans, especially if the debtor's financial situation is not perceived to be improving. The debtor needs to present a convincing and credible restructuring plan that addresses the concerns of all stakeholders. Another challenge is the legal and regulatory framework, which can be complex and time-consuming. The debtor needs to ensure compliance with the applicable laws and regulations to avoid delays in the restructuring process. The case of Bhushan Steel is a prime example of a successful corporate debt restructuring, where

[9] . Godbole, S. (2019). The Insolvency and Bankruptcy Code: A Paradigm Shift in Indian Corporate Insolvency Law. Journal of Indian Law and Society, 10(1), 119-143.

the debtor played an active role in ensuring that the plan was implemented in a timely and effective manner. The company's management worked closely with the lenders and other stakeholders to identify and address the key issues, which eventually led to the successful resolution of the debt. Overall, the role of the debtor is critical in ensuring that the debt restructuring process is successful, and a proactive approach is necessary to overcome the various challenges involved.

- **High level of non-performing assets (NPAs):** Corporate debt restructuring (CDR) is the process of reorganizing the financial obligations of a distressed company. In India, the high level of non-performing assets (NPAs) has been a major challenge in corporate debt restructuring. NPAs are loans or advances where the borrower has not paid the interest or principal for a period of 90 days or more[10]. According to the Reserve Bank of India, the gross NPAs of scheduled commercial banks in India stood at 7.5% of their advances as of March 2020. The case of Essar Steel is a prime example of the challenges faced in corporate debt restructuring in India. In this case, the company owed over Rs. 49,000 crores to its creditors and was facing insolvency proceedings. The case went through several rounds of litigation, with various parties objecting to the proposed resolution plan. Ultimately, the Supreme Court of India upheld the resolution plan proposed by ArcelorMittal, but the delays and legal challenges highlighted the difficulties of restructuring large corporate debts in India. Another example is the case of Jet Airways, which went bankrupt in 2019 owing to a debt of over Rs. 8,000 crores. Despite several attempts to revive the airline, it was ultimately liquidated in 2020. The Jet Airways case highlights the challenges of corporate debt restructuring in sectors that are highly competitive and face structural issues. Overall, the high level of NPAs in India remains a significant challenge for corporate debt restructuring. While the Insolvency and Bankruptcy Code has brought in a new framework for resolving stressed assets, there is a need for further reforms to streamline the process and ensure timely resolution of distressed assets.
- **Complexity of the legal framework:** Corporate Debt Restructuring (CDR) is a process that allows companies to restructure their outstanding debts to reduce financial stress and improve their ability to repay creditors. However, in India, the CDR process is often complicated by the legal framework, which can create significant challenges for

[10] Bhaumik, S. K., & Piesse, J. (2008). Does lending behaviour of banks in emerging economies vary by ownership? Evidence from the Indian banking sector. Economic Systems, 32(2), 177-196.

companies seeking debt restructuring[11]. One of the main complexities arises from the existence of multiple laws and regulations governing the restructuring process, including the Insolvency and Bankruptcy Code (IBC), the Companies Act, and the Reserve Bank of India (RBI) guidelines. These laws can sometimes overlap or contradict each other, leading to confusion and delays in the restructuring process. For example, in the case of Jaiprakash Associates Ltd., the company faced challenges due to the overlap between the CDR process and the IBC. The legal complexities involved in the CDR process in India underscore the need for greater clarity and coherence in the regulatory framework to facilitate smoother and more efficient debt restructuring.

Examples of successful corporate debt restructuring in India

1. **Bhushan Steel**: In 2018, Bhushan Steel underwent a successful debt restructuring process under the Insolvency and Bankruptcy Code (IBC). The company's debt of Rs 56,000 crore was restructured, and the company was taken over by Tata Steel.
2. **Suzlon Energy**: In 2020, Suzlon Energy, a wind turbine maker, completed its debt restructuring process after nearly two years of negotiations with lenders. The company's debt of Rs 14,000 crore was restructured, and its operations were streamlined to improve efficiency.
3. **Electrosteel Steels**: In 2018, Electrosteel Steels, a steel manufacturer, underwent a debt restructuring process under the IBC. The company's debt of Rs 11,000 crore was restructured, and it was acquired by Vedanta Group.
4. **Monnet Ispat and Energy**: In 2018, Monnet Ispat and Energy, a steel and power company, underwent a debt restructuring process under the IBC. The company's debt of Rs 10,300 crore was restructured, and it was acquired by JSW Steel.
5. **Lanco Infratech**: In 2018, Lanco Infratech, an infrastructure and power company, underwent a debt restructuring process under the IBC. The company's debt of Rs 44,000 crore was restructured, and it was acquired by Thriveni Earthmovers.

Examples Of Unsuccessful Corporate Debt Restructuring In India

1. **Kingfisher Airlines**: The airline company owned by Vijay Mallya defaulted on loans of over Rs. 9,000 crore from various banks. The company tried to restructure its debt

[11] Madaan, V. (2017). Corporate debt restructuring under the Insolvency and Bankruptcy Code, 2016: A comparative study. Journal of Banking and Finance Law and Practice, 28(4), 278-292.

but failed, and eventually, the company had to shut down its operations in 2012.

2. **Reliance Communications:** The telecom company owned by Anil Ambani also tried to restructure its debt of over Rs. 45,000 crore, but it failed due to various factors, including intense competition in the industry. The company eventually had to file for bankruptcy in 2019.
3. **Essar Steel:** The steel company owned by the Ruia family had debt of over Rs. 54,000 crore and tried to restructure it by selling some of its assets. However, the process dragged on for years, and the company was eventually sold to ArcelorMittal after it was referred to the National Company Law Tribunal (NCLT).
4. **Videocon Industries:** The consumer electronics company owned by the Dhoot family had debt of over Rs. 45,000 crore and tried to restructure it through various means, including selling some of its assets. However, the company eventually had to file for bankruptcy in 2018.
5. **Amtek Auto:** The auto parts manufacturer had debt of over Rs. 12,000 crore and tried to restructure it, but it failed due to various reasons, including poor financial management. The company eventually had to file for bankruptcy in 2017.

Key recommendations to improve the corporate debt restructuring framework in India

1. **Simplify the framework**: The current corporate debt restructuring framework in India is complex and time-consuming. To improve the efficiency of the framework, it should be simplified and made more user-friendly. This can be done by reducing the number of steps involved and providing clear guidelines for borrowers and lenders.
2. **Improve transparency**: Lack of transparency in the corporate debt restructuring process is a major issue in India. To address this, the framework should be made more transparent by requiring regular disclosure of information by borrowers and lenders.
3. **Strengthen the role of creditors**: The current framework is borrower-centric, which puts creditors at a disadvantage. To address this, the role of creditors should be strengthened in the restructuring process. This can be done by giving them greater say in the decision-making process and ensuring that their interests are protected.
4. **Establish a dedicated regulatory body**: Currently, the corporate debt restructuring framework is overseen by multiple regulators, which can lead to confusion and delays.

To address this, a dedicated regulatory body should be established to oversee the process.

5. **Provide incentives for timely resolution**: Timely resolution of stressed assets is crucial for the success of the framework. To incentivize timely resolution, the framework should provide for time-bound resolution and offer incentives for both borrowers and lenders who agree to a speedy resolution.
6. **Encourage the use of alternative mechanisms**: In addition to the corporate debt restructuring framework, there are several alternative mechanisms available for debt resolution in India, such as the Insolvency and Bankruptcy Code. These mechanisms should be encouraged and streamlined to provide greater flexibility to borrowers and lenders.

Conclusion

In conclusion, this research paper has provided a comprehensive examination of the legal framework and challenges surrounding corporate debt restructuring in India. The study has highlighted the crucial role of the regulatory framework, specifically the Insolvency and Bankruptcy Code (IBC), in streamlining the debt restructuring process and enhancing the ease of doing business in the country. Despite the significant progress made, the paper also underscores the various challenges that persist, such as the lengthy timelines, high litigation rates, and limited capacity of the National Company Law Tribunal (NCLT).

As the Indian economy continues to evolve, it is imperative that the legal framework for corporate debt restructuring adapts to address these challenges effectively. This can be achieved through periodic reviews, amendments, and improvements to the existing legal framework, and by learning from international best practices. Furthermore, fostering collaboration among key stakeholders, including regulators, financial institutions, and industry players, is essential to strike the right balance between protecting the interests of various parties involved and ensuring swift and efficient resolution of distressed assets.

Ultimately, the success of the corporate debt restructuring framework in India depends on its ability to maintain a conducive environment for businesses to thrive, while providing robust mechanisms for debt resolution. With continuous improvements and learnings from ongoing experiences, India can establish a dynamic and resilient debt restructuring framework that stands up to global standards and contributes to the overall growth and stability of the nation's economy.