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Law in the Age of Artificial Intelligence

A Fundamental Perspective

About the International Conference

The International Conference on "Law in the Age of Artificial Intelligence: A Fundamental Perspective" provided an academic platform to examine the transformative impact of Artificial Intelligence on law, legal systems, governance and society.

The conference explored emerging legal and ethical questions relating to Artificial Intelligence, including intellectual property, authorship and ownership, liability, data privacy, cybersecurity, criminal justice, evidence law, human rights, ethics and accountability. It addressed the implications of Artificial Intelligence for legal education, commercial law, regulatory frameworks, policy development, research and scholarly communication.

The conference brought together academicians, research scholars, legal professionals and students to present research, exchange ideas and engage in interdisciplinary discussions. It encouraged meaningful academic dialogue and contributed towards the development of effective, ethical and inclusive legal responses to the rapidly evolving Artificial Intelligence landscape.

Conference	International Conference
Theme	Law in the Age of Artificial Intelligence: A Fundamental Perspective
Date	24 January 2026
Time	10:00 AM onwards
Mode	Online
Organised by	IQAC, Student Research Society and Library Committee
Publication Partner	LawFoyer International Journal of Doctrinal Legal Research [ISSN: 2583-7753]

Principal's Message

KES' Shri. Jayantilal H. Patel Law College

It gives me immense pleasure to welcome all academicians, research scholars, legal professionals and students to the International Conference on "Law in the Age of Artificial Intelligence: A Fundamental Perspective."

Artificial Intelligence is transforming the way societies function and is increasingly influencing legal systems, governance, professional practices and education. These developments bring significant opportunities as well as complex legal, ethical and social challenges.

This conference provided a valuable platform for intellectual exchange and interdisciplinary dialogue on emerging issues such as data privacy, intellectual property, liability, criminal justice, human rights, ethics and the governance of Artificial Intelligence. The scholarly contributions and discussions during the conference encouraged deeper understanding and promoted responsible approaches to the use of Artificial Intelligence.

I extend my best wishes to all the speakers, researchers, presenters, participants and members of the organising team for a meaningful and intellectually enriching conference.

Dr. Viral Dave
I/c. Principal
KES' Shri. Jayantilal H. Patel Law College

Organising Committee

International Conference on Law in the Age of Artificial Intelligence

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Papers presented at the conference are published in the Special Issue of the LawFoyer International Journal of Doctrinal Legal Research [Volume IV, Special Issue I, 2026]

REGULATING ARTIFICIAL INTELLIGENCE IN CORPORATE INSOLVENCY RESOLUTION: ENHANCING CREDITOR RECOVERIES AND DETECTING AVOIDANCE TRANSACTIONS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Ms.Pooja Nakul Maniar[1] & Dr. Roksana Hassanshahi Varashti[2]

I. ABSTRACT

Artificial Intelligence (AI) has emerged as a transformative technology with the potential to revolutionize legal systems worldwide. Within the sphere of insolvency law, AI offers significant opportunities to improve efficiency, transparency, and decision-making in Corporate Insolvency Resolution Processes (CIRP). The Insolvency and Bankruptcy Code, 2016 (IBC) was enacted to ensure timely resolution of distressed corporate entities while maximizing asset value and protecting stakeholder interests. However, challenges such as delayed resolution, information asymmetry, fraudulent transactions, and low creditor recoveries continue to impede the effectiveness of the insolvency framework. This paper examines the role of Artificial Intelligence in detecting avoidance transactions, enhancing creditor recoveries, and improving insolvency administration under the IBC. Particular attention is given to preferential transactions, undervalued transactions, extortionate credit transactions, and fraudulent or wrongful trading covered under Sections 43 to 51 and Section 66 of the Code. It further evaluates the legal, ethical, and regulatory implications of AI-assisted decision-making in insolvency proceedings. Through doctrinal and comparative research methodologies, the study analyses international developments in technology-driven insolvency systems and explores the need for a regulatory framework governing the deployment of AI in insolvency resolution. The paper argues that AI can significantly assist Resolution Professionals, Committees of Creditors, and adjudicating authorities by identifying suspicious

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transactions, improving asset tracing, forecasting recovery outcomes, and reducing procedural inefficiencies. Nevertheless, concerns relating to algorithmic bias, accountability, transparency, data privacy, and liability require careful regulatory intervention. The study concludes by proposing an AI governance framework under the Insolvency and Bankruptcy Board of India (IBBI), incorporating human oversight, explainability, auditability, data-security safeguards, and stakeholder grievance mechanisms to ensure responsible adoption of AI technologies within insolvency proceedings while safeguarding due process and stakeholder rights.

II. KEYWORDS

Artificial Intelligence, Insolvency and Bankruptcy Code, Avoidance Transactions, Creditor Recoveries, AI Governance.

III. INTRODUCTION

Artificial Intelligence has rapidly transformed multiple sectors including finance, healthcare, governance, and legal services. The legal profession is increasingly embracing technological tools to improve efficiency, accuracy, and accessibility. AI-driven technologies such as machine learning, predictive analytics, natural language processing, and automated decision-support systems are now capable of processing vast amounts of legal and financial data within a fraction of the time required by human professionals.[3]

India's insolvency regime witnessed a landmark transformation with the enactment of the Insolvency and Bankruptcy Code, 2016.[4] The Code introduced a consolidated framework for insolvency resolution aimed at maximizing asset value, promoting entrepreneurship, balancing stakeholder interests, and ensuring timely resolution of corporate distress.[5]

Despite its success, the insolvency framework continues to face challenges including delays in adjudication, inadequate detection of avoidance transactions, asset

[3] Harry Surden, Artificial Intelligence and Law: An Overview, 35 Ga. St. U. L. Rev. 1305, 1308–15 (2019).
[4] Insolvency and Bankruptcy Code, No. 31 of 2016, INDIA CODE (2016).
[5] Swiss Ribbons Pvt. Ltd. v. Union of India, (2019) 4 S.C.C. 17, 26–28 (India).

diversion, and reduced creditor recoveries.[6] Avoidance transactions often involve the transfer of assets or preferential treatment of certain stakeholders prior to insolvency commencement, thereby diminishing the value available for creditors.

The emergence of AI presents opportunities to address these challenges through enhanced transaction monitoring, predictive analysis, automated compliance systems, and forensic investigations.[7] However, the deployment of AI in insolvency proceedings also raises questions regarding accountability, liability, transparency, and regulatory oversight.[8]Therefore, a robust governance framework is necessary to ensure that AI contributes positively to insolvency administration while preserving legal safeguards and procedural fairness.[9]

A. Research Objectives

1. To examine the role of Artificial Intelligence in Corporate Insolvency Resolution Processes under the IBC, 2016.
2. To analyse the effectiveness of AI in identifying and detecting avoidance transactions.
3. To evaluate the impact of AI-assisted insolvency administration on creditor recoveries.
4. To examine legal, ethical, and accountability concerns associated with AI deployment in insolvency proceedings.
5. To propose a regulatory framework for AI governance in insolvency resolution.

B. Research Questions

1. How can Artificial Intelligence improve the efficiency of insolvency proceedings under the IBC?

[6] Insolvency and Bankruptcy Board of India, Annual Report 2023–24, at 45–58 (2024).I
[7] OECD, Artificial Intelligence, Machine Learning and Big Data in Finance: Opportunities, Challenges and Implications for Policy Makers 15–22 (2021).
[8] Frank Pasquale, The Black Box Society: The Secret Algorithms That Control Money and Information 3–18 (2015).
[9] Artificial Intelligence Act, Regulation (EU) 2024/1689 of the European Parliament and of the Council, pmbl.; Digital Personal Data Protection Act, No. 22 of 2023, INDIA CODE (2023).

2. Can AI effectively identify preferential, undervalued, extortionate, and fraudulent transactions?
3. What impact can AI have on creditor recoveries and value maximization?
4. What regulatory and ethical concerns arise from AI-assisted insolvency decision-making?
5. What governance framework should be adopted for AI integration in insolvency proceedings?

C. Research Methodology

This study adopts a doctrinal and comparative research methodology. The doctrinal method is used to examine the Insolvency and Bankruptcy Code, 2016, particularly the provisions governing Corporate Insolvency Resolution Processes and avoidance transactions, along with relevant case law, statutory materials, regulatory reports, policy documents, and scholarly literature. The comparative method is used to analyse selected international approaches to technology-assisted insolvency administration and AI governance. The United States, the United Kingdom, and Singapore have been selected as comparators because these jurisdictions have developed advanced insolvency, restructuring, digital case-management, and financial investigation practices that offer useful lessons for India.

The study relies primarily on statutes, judicial decisions, regulatory materials, institutional reports, books, journal articles, and policy documents relating to insolvency law, artificial intelligence, financial technology, and data governance. The scope of the study is limited to the potential role of AI in insolvency administration, creditor recoveries, and avoidance-transaction detection. It does not undertake empirical testing of AI tools or quantitative assessment of actual recovery outcomes.

IV. UNDERSTANDING ARTIFICIAL INTELLIGENCE IN LEGAL SYSTEMS

Artificial Intelligence (AI) refers to computer systems capable of performing tasks that ordinarily require human intelligence, including learning from data, identifying patterns, making predictions, generating recommendations, and supporting decision-

making processes. AI technologies such as machine learning, natural language processing, predictive analytics, and deep learning have significantly expanded the capabilities of digital systems across various sectors, including finance, healthcare, governance, and law.[10]

Within legal systems, AI applications include legal research automation, contract analysis, predictive litigation analytics, fraud detection, document review, compliance monitoring, and judicial decision-support systems. These technologies assist legal professionals in processing large volumes of information, identifying relevant legal authorities, detecting risks, and improving operational efficiency.[11]

The increasing adoption of AI demonstrates its potential to transform traditional legal processes through enhanced speed, consistency, accuracy, and accessibility. Governments, regulatory authorities, courts, and legal practitioners across the world are increasingly exploring AI-driven solutions to improve legal service delivery, reduce administrative burdens, strengthen compliance mechanisms, and enhance access to justice.[12]

A. Financial Data Analysis

Financial data analysis constitutes one of the most critical stages of the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016. Resolution Professionals are required to examine financial statements, bank records, operational transactions, cash-flow reports, balance sheets, and creditor claims to assess the financial condition of the corporate debtor. In complex insolvency cases involving multiple stakeholders and large-scale transactions, manual review is often time-consuming and susceptible to error.

[10] Stuart Russell & Peter Norvig, Artificial Intelligence: A Modern Approach 1–28 (4th ed. 2021); Harry Surden, Artificial Intelligence and Law: An Overview, 35 Ga. St. U. L. Rev. 1305, 1308–15 (2019).
[11] Richard Susskind, *Tomorrow's Lawyers: An Introduction to Your Future* 45–52 (2d ed. 2017); W. Bradley Wendel, Artificial Intelligence, Legal Ethics, and Professional Responsibility, 21 Legal Ethics 1, 8–12 (2018).
[12] NITI Aayog, *National Strategy for Artificial Intelligence #AIForAll* 18–35 (2018); European Commission for the Efficiency of Justice (CEPEJ), *European Ethical Charter on the Use of Artificial Intelligence in Judicial Systems* (2018).

Artificial Intelligence can strengthen this process by rapidly processing financial and operational records, identifying abnormal expenditure patterns, detecting liquidity stress, tracing excessive debt accumulation, and flagging inconsistencies in creditor claims. Machine-learning tools may also assist in identifying early distress indicators such as declining profitability, irregular fund flows, and deterioration in working-capital position. Such analytical capabilities can enable Resolution Professionals, creditors, and adjudicating authorities to assess the debtor's financial position more accurately and within shorter timelines, while ensuring that final conclusions remain subject to professional verification and legal scrutiny.

V. ROLE OF ARTIFICIAL INTELLIGENCE IN CORPORATE INSOLVENCY RESOLUTION

The Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 requires the examination of extensive financial records, creditor claims, business operations, and transactional histories. Given the complexity and volume of information involved, Artificial Intelligence can assist Resolution Professionals, creditors, and adjudicating authorities by providing data-driven insights, improving efficiency, and facilitating informed decision-making.

1. **Financial Data Analysis:** Artificial Intelligence can significantly improve financial analysis by rapidly processing balance sheets, cash flow statements, bank transactions, and operational records.[13] Machine learning algorithms can identify distress indicators such as declining profitability, liquidity shortages, abnormal expenditure patterns, and excessive debt accumulation. Such analytical capabilities enable stakeholders to assess the financial position of a corporate debtor more accurately and within shorter timelines.[14]
2. **Asset Identification and Tracing:** Asset tracing is often a challenging aspect of insolvency proceedings, particularly where assets have been transferred through multiple entities or related parties. AI-powered forensic tools can analyse large datasets, identify concealed assets, trace fund movements, and

[13] Insolvency and Bankruptcy Code, 2016, §§ 43–51, 66.
[14] OECD, supra note 5

detect suspicious transactions. This enhances transparency and assists Resolution Professionals in preserving asset value for the benefit of creditors.

3. **Resolution Plan Assessment:** The Committee of Creditors is required to evaluate competing resolution plans based on feasibility, viability, and recovery potential. AI-driven predictive analytics can assess historical financial data, market trends, and industry performance to forecast the likely success of proposed resolution plans. Such technological assistance may contribute to more objective and commercially sound decision-making.
4. **Automated Compliance Monitoring:** The IBC prescribes strict timelines and procedural requirements throughout the insolvency process. AI-based compliance systems can monitor statutory deadlines, track procedural obligations, generate automated alerts, and ensure adherence to regulatory requirements. Such systems can reduce administrative burdens and improve procedural efficiency.

VI. ARTIFICIAL INTELLIGENCE AND DETECTION OF AVOIDANCE TRANSACTIONS

Avoidance transactions constitute a crucial mechanism for protecting creditor interests under the Insolvency and Bankruptcy Code, 2016. Sections 43 to 51 and Section 66 empower the adjudicating authority to scrutinise and reverse transactions that unfairly diminish the value of the corporate debtor's estate or involve fraudulent or wrongful trading. This framework has acquired renewed statutory significance after the Insolvency and Bankruptcy Code (Amendment) Act, 2026, which received Presidential assent on 6 April 2026 as Act No. 6 of 2026.

The Amendment Act introduces express definitions of "avoidance transaction" and "fraudulent or wrongful trading" in Section 5, links avoidance transactions to Sections 43, 45, 49 and 50, and treats fraudulent or wrongful trading with reference to Section 66. It also introduces wider procedural reforms, including provisions relating to liquidation, electronic insolvency processes, and cross-border insolvency. Its provisions are to commence on such date or dates as the Central Government may notify; therefore, the manuscript should refer to both the existing IBC framework and the amended framework wherever avoidance transactions are discussed.

1. **Preferential Transactions:** AI systems can identify unusual payments, transfers, or security interests granted to selected creditors shortly before insolvency commencement. By comparing transaction patterns with historical financial behaviour, creditor relationships, payment chronology, and related-party indicators, AI can flag potentially preferential transactions for further professional investigation. After the 2026 Amendment, such tools should also be designed to align with the amended statutory terminology and any notified procedural requirements governing avoidance-transaction review.
2. **Undervalued Transactions:** Artificial Intelligence can assist in identifying transactions where assets appear to have been transferred for consideration significantly below market value. By comparing transaction values with valuation reports, market benchmarks, historical asset prices, and comparable commercial data, AI can detect suspicious undervaluation and support recovery-oriented applications. However, AI-generated alerts should remain indicative rather than determinative, as valuation questions require legal assessment, expert evidence, and adjudicatory scrutiny.
3. **Extortionate Credit Transactions:** Advanced analytics can evaluate lending arrangements and identify credit facilities involving excessive interest rates, unusual security structures, or oppressive repayment obligations. Such tools can assist Resolution Professionals in isolating high-risk transactions for review under the IBC, particularly where distressed companies entered into financing arrangements shortly before insolvency commencement.
4. **Fraudulent or Wrongful Trading:** AI-assisted forensic investigations can identify asset diversion, circular transactions, layered transfers, shell-company structures, related-party dealings, and suspicious fund movements. Through pattern recognition and network analysis, AI can uncover complex transactional arrangements that may otherwise remain undetected during manual review. The 2026 Amendment's express reference to "fraudulent or wrongful trading" reinforces the need for a structured, data-driven detection mechanism, subject to human oversight and judicial determination.

By strengthening transaction review processes and improving investigative efficiency, AI has the potential to enhance creditor recoveries and promote equitable distribution

of assets among stakeholders. The paper's recommendations should therefore be adjusted to propose that the Insolvency and Bankruptcy Board of India develop AI-enabled standards for avoidance-transaction detection, liquidation-stage asset review, electronic records, and cross-border or group-insolvency information coordination.

Such standards should remain compatible with the commencement notifications and subordinate regulations issued under the 2026 Amendment. IBBI's legal framework page also records a notification dated 25 May 2026 under Section 1(2) of the Amendment Act; accordingly, the manuscript should avoid stating that all commencement is entirely unnotified and should instead state that commencement is provision-specific and subject to Central Government notifications.

VII. PREFERENTIAL TRANSACTIONS

1. **Undervalued Transactions:** Artificial Intelligence can assist in identifying transactions where assets have been transferred for significantly less than their market value. By comparing transaction values with market benchmarks and valuation data, AI can detect suspicious undervaluation and support recovery actions.
2. **Extortionate Credit Transactions:** Advanced analytics can evaluate lending arrangements and identify loans carrying excessive interest rates or oppressive repayment obligations. Such technological tools can assist insolvency professionals in determining whether a transaction qualifies as extortionate under the IBC.
3. **Fraudulent Transactions:** AI-assisted forensic investigations can identify asset diversion, circular transactions, shell company structures, and suspicious fund transfers. Through pattern recognition and network analysis, AI can uncover complex fraud schemes that may otherwise remain undetected during traditional investigations.[15]

By strengthening transaction review processes and improving investigative efficiency, AI has the potential to enhance creditor recoveries and promote equitable distribution of assets among stakeholders.

[15] Frank Pasquale, *The Black Box Society* (2015).

VIII. REGULATORY AND LIABILITY CONCERNS

Despite its advantages, the adoption of Artificial Intelligence within insolvency proceedings raises several regulatory and legal concerns. One significant challenge relates to algorithmic bias; whereby inaccurate or incomplete datasets may produce erroneous outcomes and adversely affect stakeholder interests.

Questions of accountability also arise when decisions are influenced by AI-generated recommendations. Determining responsibility for incorrect assessments or predictions remains a complex legal issue that requires regulatory clarification.

Transparency is another concern, as many AI systems operate through complex algorithms that may not provide easily understandable explanations for their conclusions. This lack of explainability may undermine confidence in AI-assisted decision-making.[16]

Furthermore, principles of natural justice require that stakeholders retain opportunities to challenge AI-generated findings. Human oversight must therefore remain an essential component of insolvency administration.

AI systems must also comply with insolvency laws, data protection regulations, and cybersecurity requirements. This obligation has become more concrete after the notification of the Digital Personal Data Protection Rules, 2025, which operationalise the Digital Personal Data Protection Act, 2023 and prescribe specific compliance duties for Data Fiduciaries. In insolvency proceedings, AI tools may process sensitive financial records, creditor information, bank statements, employee data, transaction histories, and personal data of promoters, directors, guarantors, and claimants.

Therefore, such systems must comply not only with the general principles of the DPDP Act, 2023, but also with the Rules governing consent architecture, breach notification, retention of processing records, Significant Data Fiduciary obligations, and the functioning of the Data Protection Board. MeitY's official press release specifically notes that the Rules provide clear protocols for personal-data breach notification and impose enhanced obligations on Significant Data Fiduciaries,

[16] World Bank, *Principles for Effective Insolvency and Creditor/Debtor Regimes* (2021)

including independent audits, impact assessments, and stronger due diligence for deployed technologies.

The responsible use of AI in insolvency proceedings therefore requires confidentiality, fairness, legal compliance, cybersecurity safeguards, breach-response protocols, role-based access controls, and auditable data-processing practices. Resolution Professionals and insolvency stakeholders using AI systems should ensure that any processing of personal or financial data is lawful, proportionate, secure, and capable of regulatory scrutiny under both insolvency law and the DPDP framework.

IX. COMPARATIVE PERSPECTIVES

Although no jurisdiction has fully automated insolvency decision-making through Artificial Intelligence, several countries have adopted technology-assisted insolvency administration. These developments provide valuable lessons for India.

1. **United States:** The United States increasingly utilizes predictive analytics, forensic technologies, and AI-assisted investigative tools in restructuring and bankruptcy proceedings. These technologies assist in fraud detection, asset tracing, and assessment of restructuring outcomes.[17]
2. **United Kingdom:** The UK Insolvency Service employs advanced digital investigation tools and technology-assisted review systems to identify financial misconduct, trace assets, and improve insolvency administration.[18]
3. **Singapore:** Singapore has developed a highly digitalized insolvency and restructuring framework supported by advanced case management systems and technology-enabled decision-making mechanisms. Its approach demonstrates how digital innovation can improve efficiency and transparency.[19]
4. **Lessons for India:** India can draw valuable lessons from these jurisdictions by establishing centralized insolvency data repositories, AI-based transaction monitoring systems, predictive recovery assessment tools, and digital forensic

[17] United States Bankruptcy Code, 11 U.S.C. §§ 547–548.
[18] U.K. Insolvency Service, Annual Enforcement Report.
[19] Singapore Insolvency, Restructuring and Dissolution Act, 2018.

investigation platforms. Such measures can strengthen creditor protection and enhance the effectiveness of insolvency resolution under the IBC.

X. PROPOSED AI GOVERNANCE FRAMEWORK FOR INSOLVENCY RESOLUTION

To ensure responsible deployment of Artificial Intelligence, India should develop a comprehensive AI governance framework specifically tailored for insolvency proceedings. The Insolvency and Bankruptcy Board of India should formulate guidelines governing the use of AI by Resolution Professionals, insolvency professional entities, valuers, information utilities, creditors, and other insolvency stakeholders. Such a framework should not be developed in isolation. It should draw upon India's emerging sectoral AI-governance experience, particularly the Reserve Bank of India's Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector, released on 13 August 2025. The FREE-AI Committee Report is especially relevant because insolvency resolution is closely connected with financial regulation, creditor protection, risk assessment, data governance, and institutional trust. The RBI stated that the FREE-AI framework is built around seven foundational "Sutras" and 26 actionable recommendations under six strategic pillars; Reuters identifies those six categories as Infrastructure, Policy, Capacity, Governance, Protection, and Assurance.

For insolvency proceedings, the infrastructure pillar may be adapted through an IBBI-supervised digital insolvency data architecture, integrating information utilities, financial records, transaction histories, valuation materials, and avoidance-transaction datasets in a secure and interoperable manner. The Policy pillar may be reflected in binding or model guidelines prescribing when AI tools may be used, what disclosures must be made, and how AI-generated outputs should be documented in insolvency records. The Capacity-building pillar should require training for Resolution Professionals, valuers, creditors, and adjudicatory-support personnel so that AI tools are used as decision-support systems rather than as substitutes for professional judgment.

The Governance pillar should require clear allocation of responsibility for AI deployment, including approval, monitoring, documentation, and periodic review of

AI systems used in CIRP, liquidation, avoidance-transaction review, and creditor-claim verification. The Protection pillar should address data privacy, confidentiality, cybersecurity, bias mitigation, and stakeholder rights, particularly because insolvency proceedings involve sensitive financial, commercial, and personal data. The Assurance pillar should mandate audit trails, explainability standards, model validation, independent review, and grievance mechanisms so that affected stakeholders can understand and challenge AI-assisted findings.

However, an IBBI framework must differ from the RBI FREE-AI model in one important respect. While the RBI framework is designed for regulated financial entities, an insolvency-specific framework must operate within a quasi-judicial process involving statutory duties, creditor voting, adjudicatory supervision, and distribution of debtor assets. Accordingly, AI in insolvency should be limited to investigation, analysis, risk flagging, compliance monitoring, and decision-support functions. Critical decisions concerning admission, avoidance applications, approval of resolution plans, liquidation, and distribution must remain subject to human oversight, recorded reasons, creditor participation, and judicial scrutiny.

Therefore, the proposed IBBI AI governance framework should be structured around six insolvency-specific pillars: digital infrastructure, regulatory policy, professional capacity-building, institutional governance, stakeholder protection, and audit-based assurance. These pillars would align the insolvency regime with India's sectoral AI-governance trajectory while preserving due process, accountability, explainability, and confidence in insolvency administration.

XI. RECOMMENDATIONS

India should establish a national AI-enabled insolvency intelligence platform capable of supporting data analysis, fraud detection, and asset tracing. Specialized AI tools should be developed to facilitate identification of avoidance transactions and improve creditor recoveries.[20]

Public-private partnerships should be encouraged to promote technological innovation within insolvency administration. Regulatory standards governing AI

[20] IBBI Annual Report 2023–24.

deployment must be introduced to ensure ethical, transparent, and accountable use of technology. Furthermore, digital forensic capabilities of Resolution Professionals should be strengthened through capacity-building initiatives and technological training.[21]

XII. CONCLUSION

Artificial Intelligence has the potential to significantly strengthen the effectiveness of India's insolvency framework. Through enhanced financial analysis, improved asset tracing, efficient detection of avoidance transactions, and data-driven decision-making, AI can contribute to maximizing creditor recoveries and reducing procedural inefficiencies. However, successful implementation requires a carefully designed governance framework addressing accountability, transparency, data protection, and due process concerns. The future of insolvency resolution lies not in replacing human expertise but in augmenting it through responsible and ethical use of Artificial Intelligence.

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