



IIPI Newsletter

May 17, 2019

Volume 3, Number 7

For Internal Circulation Only

Knowledge SBU Initiative

Insolvency Professionals may require a 'certificate of practice'

Insolvency regulator IBBI proposes to amend the existing IP regulations so as to, among other things, introduce the concept of CoP for IPs. Every registered IP needs to have a CoP and get it renewed every year from its Insolvency Professional Agency (IPA), according to IBBI's proposal.

IBBI is of the view that an arrangement of CoP will improve monitoring of practising IPs and avoid unnecessary disciplinary processes.

Borrower Has No Right To Be Represented By Lawyer Before In-House Committee Probing 'Wilful Default': SC

The Supreme Court has observed that a borrower has no right to be represented by a lawyer before the In-House Committee of banks constituted for the purpose of determining whether he is a willful defaulter or not. The bench comprising Justice Rohinton Fali Nariman and Justice Vineet Saran set aside a Delhi High Court judgment that held that a lawyer has the right to represent his client before such in-house committees.

Universal debt relief scheme on the cards, microenterprises, small farmers set to benefit

The government is working on a universal debt relief scheme that is set to benefit small borrowers, micro enterprises, farmers and artisans by making changes in the Insolvency and Bankruptcy Code(IBC).

According to a report in the *Economic Times*, the Ministry of Corporate Affairs (MCA) is working on a debt relief scheme which will be ready for implementation in next three months when the new government comes to power. Under the proposed scheme, individuals below a specified income and asset threshold will be eligible for debt relief.

Creditor haircuts under IBC remain high at 52%

While the number of cases being admitted under the new bankruptcy process is rising unabated, it's the lenders that are paying a steep price. Latest data from the Insolvency and Bankruptcy Board of India shows that, of the 94 cases resolved under the insolvency process, financial creditors took a haircut of 52 per cent of the admitted claims.

POINT TO PONDER

**"Not everything that can be counted counts and not everything that counts can be counted."
--Albert Einstein**

Kwality Insolvency: Lenders to vote on deadline extension for submitting bids for resolution

Lenders of debt-ridden dairy firm Kwality Ltd. on Monday decided to vote on extending the May 15 deadline for submitting the resolution plan by interested bidders, including Haldiram and a Kotak group firm, sources said. The lenders would also vote on seeking extension of insolvency proceedings by 90 days, they said.

NCLAT dismisses Ramco's appeal against Spicejet for insolvency proceedings

The National Company Law Appellate Tribunal (NCLAT) has dismissed an appeal by Ramco Systems against SpiceJet related to alleged non-payment of dues by the airline company for software solutions it got according to an agreement. The tribunal has allowed Ramco to move a court of competent jurisdiction for appropriate relief.

Financial Institutions set to realise INR 80,000 crore from IBC in 2019-20- ICRA

ICRA said that banks and financial institutions are expected to realise more than INR 80,000 crore in 2019-20 from resolution of stressed assets under the Insolvency and Bankruptcy Code as compared to INR 66,000 crore in the previous fiscal. It said "The higher realisation in the current fiscal will be driven by the expected conclusion of the Corporate Insolvency Resolution Process of two large accounts Essar Steel Limited and Bhushan Steel and Power Limited."

Union Bank of India posts ₹3,369-cr loss as RBI finds divergence in bad loans

Public sector lender Union Bank of India on Tuesday reported a net loss of ₹3,369 crore in the March quarter of FY19, owing to higher operational expenses, and provisions on account of bad loan divergences. The losses inQ4 of FY19 was wider than the ₹2,583-crore loss in the same period last year.

The bank said that the Reserve Bank of India (RBI) has found gross non-performing asset (NPA) divergence for FY18 at ₹867 crore and the ensuing provision divergence of ₹2,281 crore.

***Feedback requested at ipa@icai.in**