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Insolvency remains ~40% below normal since COVID crisis in Europe

Bank of France Governor Francois Villeroy de Galhau who is also a member of the European Central Bank's Governing Council has said that to catch up a growth deficit with the U.S., Europe needs to do more to embrace Joseph Schumpeter's ideas of creative destruction, in addition to the Keynesian economic policies used to combat the crisis. In that respect, the current EU and French recovery plans are correct to target investment in digital and green transitions. Lack of proper function of courts, government support to businesses and no increase in the use of credit mediation and restructuring mechanisms have been cited as major problems.

For More Details, Please Visit:

<https://www.bloomberquint.com/global-economics/ecb-s-villeroy-says-don-t-fret-about-europe-s-insolvency-risks>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

RBI rolls out 'Resolution Framework 2.0' to rescue small businesses and individuals from 2nd wave of COVID

Reserve Bank of India (RBI) on May 05 announced several relaxations to individual borrowers and small businesses that are not covered under Pre-Packaged Insolvency Resolution Process (PPIRP) for Micro Small and Medium Enterprises (MSMEs) to help them in handling the 2nd wave of the COVID -19 pandemic. The Central Bank has also directed that Creditors to frame Board approved policies at the earliest (but not later than four weeks from the date of this Circular), pertaining to implementation of viable resolution plans for eligible borrowers under this framework, ensuring that the resolution under this facility is provided only to the borrowers having stress on account of Covid-19. The framework also includes moratorium and debt restructuring for individual debtors and small businesses.

Under this framework individuals who have availed of loans and advances for business purposes and small businesses, including those engaged in retail and wholesale trade, other than those classified as MSMEs as on March 31, 2021 and to whom the lending institutions have aggregate exposure of not more than Rs. 25 crores as on March 31, 2021. It further states that the resolution plans implemented under this window may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.

For More Details, Please Visit:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12085&Mode=0>

News Roundup

Power Purchase Agreements between the Power Generators and the Buyers will continue during CIRP: Supreme Court

In a major relief to the Creditors, the Supreme Court has upheld that the Power Purchase Agreements (PPAs) between the power generators and buyers will continue during the Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor. The decision which came in the matter of *Gujarat Urja Vikas Nigam Ltd. Vs. Amit Gupta* will help the Resolution Professionals in running the Corporate Debtor (s) of power sector as Going Concern (GC). “You cannot terminate a PPA and also take the generator to the NCLT for recovery of dues. This is because the moment a power buyer terminates a PPA under a clause in the agreement, the power generator ceases to be a going concern,” observed the Court.

For More Details, Please Visit:

<https://www.thehindubusinessline.com/business-laws/the-fate-of-ppas-under-ibc-decided/article34465722.ece>

NCLT Chennai admits CIRP of Landmark Housing as it failed to pay Rs. 13.49 lakh and interest to Jindal Steel

Landmark Housing Projects Chennai Limited had purchased TMT Steel from Jindal Steel in 2014 amounting 13.49 lakh. Besides, the debtor also has an outstanding of Rs 23.55 lakh as interest at the rate of 36 per cent per annum.

However, Landmark Housing alleged connivance between its purchase manager and Jindal Steel and submitted that three invoices on October 9, 2014, November 11, 2014 and December 9, 2014, were not signed and sealed by the authorised signatory of Landmark Housing. These invoices were allegedly signed by the purchase manager without the knowledge of the company. Rejecting the allegations, the AA said that Landmark Housing had not rebutted the sum, which was due and payable to Jindal Steel, but raised a feeble defence, which was not supported by documentary evidence.

For More Details, Please Visit:

<https://www.newindianexpress.com/cities/chennai/2021/may/01/chennai-based-landmark-housing-fails-to-pay-debt-faces-insolvency-2297093.html>

IBBI issues Guidelines for Association for Summer/Winter/Short Term/Certificate Courses with Educational Institutions and Academies

These courses are aimed at creating awareness on IBC regime in the country by engaging various professional institutions, universities, educational institutions, and training academies for officers of Union and State Civil Services etc. IBBI will provide information materials, nominate officials for 1-2 sessions and suggest resource persons etc. The interested institutions will be required apply to IBBI in the given format.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/084be521e24d0f9d894191296bdb4b32.pdf>



US Securities and Exchange Commission (SEC) to review rules after big companies' meltdown

The collapse of big business houses like GameStop and Archegos Capital has prompted the United States SEC to review enforcement measures and replace them with fresh one. The new enforcement measures will be focused on provisions related to disclosure by big investors about their short positions, or bets that stocks will fall, use of derivatives to bet on other stock moves and to protect small investors from trading apps that use features common to video games in order to boost risky trading activity.

“The SEC must remain attuned to rapidly changing technologies with an eye to freshening up our rules,” said Gary Gensler, SEC’s new chair to the US lawmakers on Thursday. The hearing follows an unusual bout of market volatility in recent months. In January, shares of GameStop surged as day traders snatched up low-performing stocks like BlackBerry and AMC that massive hedge funds were shorting. In March, the over-leveraged family office Archegos left banks with roughly \$10 billion in losses as its bets on ViacomCBS and Discovery went south.

“Archegos shows that systemic exposures aren’t being disclosed,” Gensler said. “Transparency is at the heart of efficient markets,” he added.

For More Details, Please Visit:

<https://nypost.com/2021/05/06/secs-gary-gensler-eyes-crackdown-on-apps-that-gamify-trading/>