



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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Insolvency resolution is a market driven process: Minister of State for MCA

Union Minister of State for Ministry of Corporate Affairs (MCA) Shri Rao Inderjit Singh has said that the insolvency resolution process of the Corporate Debtor (CD) is market driven and the outcome depends on market forces which varies from case to case and sector to sector. He further added that the value realized by creditors depends on available assets at the stage of admission of case under IBC.

Shri Singh also informed that out of 4,540 companies admitted for CIRP till June 30, 2021, 394 CDs were resolved in which ~ 36% of financial claims of creditors were realized.

For More Details, Please Visit:

https://www.indiaonline.com/article/news-top-story/centre-4-540-companies-admitted-into-cirp-under-ibc-as-on-june-2021-121081100420_1.html

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Restructuring of Loans for 'Retail and MSMEs' has the largest share under two resolution schemes of RBI

The banks have recast loans worth ₹35,000 crore under the second scheme of the Reserve Bank of India's (RBI) Resolution Framework 2.0 till June 2021, according to a report released by CARE Ratings. However, this amount is lower than about ₹ 1 trillion of loans restructured under the earlier package announced after Covid hit the country in 2020.

Out of the total ₹ 1.37 lakh crore loan restructured during the two schemes of the RBI, Public Sector Banks (PSBs) restructured about ₹ 97,900 crore while rest was done by the private sector banks. Further, 54% of the restructured loan was jointly from personal and retail sectors followed by 43% from the corporate sector. Retail and loans to micro, small and medium enterprises have the largest share in the two schemes combined, said the report.

In May 2021, the RBI launched the Resolution Framework 2.0 to alleviate the potential stress on individual borrowers and small businesses. Under the scheme the State Bank of India, the largest lender in the country, restructured loans worth ₹ 5,246 crore in the April-June 2021 quarter (Q1FY22). Applications for loans worth ₹ 2,056 crore were pending approval. The work on pending approvals i.e., personal loans (₹ 1,781 crore) and SME (₹ 275 crore), would be done in Q2, said an SBI official.

For More Details, Please Visit:

https://www.business-standard.com/article/finance/banks-recast-loans-worth-rs-35-000-crore-under-rbi-s-second-scheme-121082100046_1.html

News Roundup

Unitech Group's new Board of Management allowed to negotiate with ARCs

The Supreme Court on 24th August allowed Unitech Group's new Board of Management (BOM) to negotiate with the three Asset Reconstruction Companies (ARCs) i.e., Suraksha ARC, JM Financial ARC and Edelweiss ARC and apprise on development in four weeks.

In pursuance to the judgement, a sub-committee of four directors will negotiate with the ARCs, which collectively holds around 8,000 out of the 15,000 total flats, for one time settlement of the mutually agreed dues. Presently, there are 74 (residential) and 10 (Commercial) under-construction projects out of which 35 projects have been assigned to ARCs. In its resolution plan, the BOM has submitted that the construction of 15,000 units must be done for delivery of possession to homebuyers in 3 to 4 years and at current price levels with an estimated cost of ₹5,500-6,000 crores.

For More Details, Please Visit:

<https://www.businesstoday.in/latest/corporate/story/sc-allows-unitech-group-sub-panel-to-hold-negotiations-with-three-arcs-305214-2021-08-26>

IRPs, RPs and Liquidators can verify income tax returns of CDs

Central Board of Direct Taxes (CBDT) has clarified that the Interim resolution professionals (IRPs), Resolution Professionals (RPs) and Liquidators appointed under IBC can now verify the income tax returns to be submitted by an LLP or a company undergoing CIRP. They can now appear before the income tax officials on behalf of the Corporate Debtor. Besides, IRPs, RPs and Liquidators can sign the declaration for 'confirming that information given in the return and schedule is correct and complete' required under the verification process of the Income Tax Laws.

For More Details, Please Visit:

<https://theoutreach.in/tax-assessment-of-ibc-cases-irps-rps-and-liquidators-can-appear-before-taxman-rules-cbdt/>

US Bankruptcy court approved \$850 million sex abuse settlement for 'Boy Scouts of America'

Boy Scouts of America, one of the largest scouting organizations, had to file for bankruptcy protection after being deluged with thousands of sexual harassment lawsuits seeking compensation. Through this settlement, it will exit bankruptcy by the end of 2021.

For More Details, Please Visit:

<https://www.reuters.com/legal/transactional/boy-scouts-bankruptcy-judge-rule-850-million-sex-abuse-deal-2021-08-19/>



Government considering IIPPI's recommendations for operational changes in IBC, reports *The Economic Times*

The recommendations include adoption of technical modes, such as holding virtual meetings of courts and CoC and deploying Artificial Intelligence (AI), even after restoration of normalcy post-Covid pandemic as it results in time saving and other benefits.

These recommendations were outcomes of roundtable on 'Impact of Covid Resurgence on Insolvency Regime: Challenges and Responses' coupled with a study conducted by IIPPI during June 2021. The same were presented to Dr. M. S. Sahoo, Chairperson, IBBI on July 13, 2021. "Virtual meetings during Covid restrictions resulted in quick decision making as senior officials used to participate," said the report and recommended to continue it as a 'best practice even after normalcy resumes. It has also been recommended to contain the menace of frivolous litigations intended to delay CIRPs.

It has also been recommended to amend Section 60(5)(a) of IBC to restrict and specify the ground on which any applicant can approach NCLT for rectifying grievances.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/economy/policy/govt-considers-operational-changes-in-ibc-following-expert-panel-recommendations/articleshow/85536862.cms?from=md>

Event Photograph

IIPI with other IPAs organized 47th Batch of Pre Registration Educational Course (PREC) Online from 23rd to 29th August, 2021.

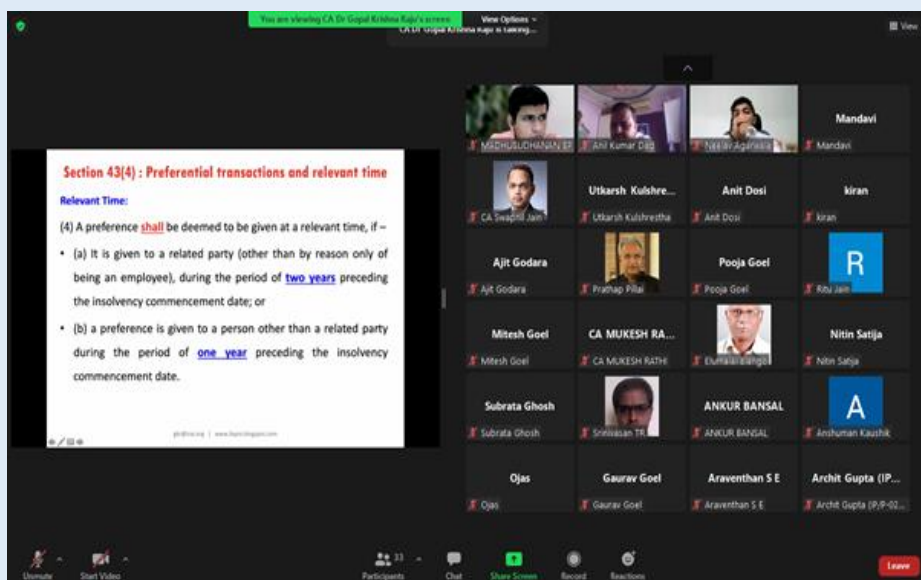


IIPI participating as Institutional Partner in two days Conference on IBC's 5th Year Commemoration

IIPI is participating as Institutional Partner in two days Conference on "Insolvency and Bankruptcy Code – 5 Years of Bankruptcy Code and Beyond" jointly organized on 2-3 September 2021 by NFCG, IBBI, CII, Grant Thomson and Shardul Amarchand Mangaldas (SAM).

For More Details, Please Visit:

<https://www.iiipcai.in/wp-content/uploads/2021/08/Conference-on-IBC-Brochure-converted.pdf>



IIPI announces 2nd Batch of LIE (Preparatory) Program from 29th August

IIPI is going to conduct the 2nd Batch of Limited Insolvency Examination (LIE) Program from 29th August 2021 onwards. The duration of the program is 40 hours which is divided into ten days and will be only on weekends. This program is aimed at preparing the Insolvency aspirants for the LIE examination. The members of ICAI will get 15 structured CPE hours in the program.

For More Details, Please Visit:

<https://www.iiipcai.in/wp-content/uploads/2021/08/LIE-Flyer.jpeg>

