

Message from Chairman, IIIPI-Board



Dr. Ashok Haldia
Chairman, Governing Board
IIIPI, New Delhi

Dear Member,

Adding a new feather to its cap, Indian Institute of Insolvency Professionals of ICAI (IIIPI) has recently operationalized “Peer Review Framework” along with a dedicated “IIIPI Peer Review Online Portal” under the e-Services platform of the institute to facilitate peer review process. With this, IIIPI has become the first Insolvency Professional Agency (IPA) of India to introduce peer review mechanism in the field of Insolvency Profession. The Peer Review Framework has been developed basis the recommendations by a Study Group constituted for the purpose and after having wider consultations. We believe the Peer Review Framework will act as an independent process among equals for reviewing qualitative aspects of conducting assignments by another experienced professional member. This together with background guidance reports, earlier released on Quality Control and on Code of Ethics for IPs, would help enhancing the image of profession and entuse confidence among stakeholders. The continuous feedback from our members will help us in improving the framework further.

From time to time, IIIPI has been highlighting to IBBI, inter alia, the need to ensure independence of professionals through regulating their remuneration to some extent. This

also came out in recommendations of the study group(s) constituted by IIIPI in the past. It is heartening to note that IBBI has recently released a discussion paper on this matter. IIIPI jointly with Committee of IBC at ICAI, conducted a roundtable among the professional members. The feedback thus generated has been communicated to IBBI.

Besides, IBBI recently carried out regulatory amendments in timelines and procedures for expeditious redressal of grievances and disciplinary matters, which, inter alia, differentiate between serious and non-serious grievances. IBBI would refer non-serious grievances to IPAs for disposal within a time period of thirty days. Complementarily, the initiatives and capacity building measures being taken by IIIPI, including as mentioned in following paras, would help averting the occurrence of contraventions at the first instance.

Recent Initiatives of IIIPI

In an ever-evolving profession such as insolvency, research reduces information asymmetry and enables policy makers, practitioners, and other stakeholders in futuristic decisions. With the increasing diversification of insolvency ecosystem in India, there is great need to employ research as a tool to carefully study IBC's achievements and gaps, international standards, and best practices, in the field of insolvency resolution. Considering the paramount importance of research, IIIPI has launched “IIIPI Research Project Scheme” to invite high quality research projects aimed at maximizing the value of services under the IBC.

Some of the key issues being faced by IBC regime pertain to high haircuts, process related delays, outcomes of avoidance transactions and valuation processes. The need has been felt to develop best practices around some of these building blocks, which could provide guidance to practitioners and stakeholders, without dealing with art and science of valuation process or forensic audit, etc. Keeping these objectives in mind, IIIPI has recently constituted three new study groups viz. “Study Group on

Avoidance Transactions under IBC - Improving Outcomes”, “Study Group on Best Practices on Valuation under IBC” and “Study Group on Best Practices on Individual Insolvency”. These study groups comprising experts across various professions, are aimed at thoroughly studying the underlying issues and providing recommendations for addressing the same.

It is important for any corporate to keep monitoring the early signals of sickness and keep updating a road map for resolvability, to fall back on when the need arises. IPs who have unique skill sets in the domain of stress resolution, are best suited to provide value, advice, and support across the value chain from conception of project, through incipient stage to eventual resolution. *Keeping the above in mind*, IIIPI has constituted a study group of experts for carrying out study/recommendations on “*Roles of IPs/Professionals Across Insolvency Value-chain from Incipient Stage till Post-Resolution*”. This study shall help expand the roles of IPs and open doors for more professional opportunities.

Recently, as a significant policy change, IBBI has released a discussion paper allowing IPEs to act as juristic IP. IIIPI jointly with Committee of IBC at ICAI conducted a roundtable to seek professionals' feedback on the matter. IIIPI followed this up by conducting another roundtable wherein all members were invited to deliberate on the matter. An online survey was also conducted on the matter. The feedback thus generated has been analysed and shared with IBBI for due consideration.

In the first quarter of current financial year, IIIPI organized nine webinars, three Executive Development Programmes (EDPs), 55th and 56th Batch of PREC, two LIE Preparatory Virtual Classroom Programs and two miscellaneous programs. Besides, under the *Azadi Ka Amrit Mahotsav* (AKAM), IIIPI jointly with IBBI organised 43 events across length and breadth of the country. These AKAM programs were held with active participation from many of our professional members.

As the government is mulling a proposal to introduce framework for cross-border insolvency, IIIPI jointly with

International Insolvency Institute (III), USA organized an International Webinar on “Cross Border Insolvency and Global Lessons for India” on June 17, 2022. Addressing the Webinar as Chief Guest, Shri Ravi Mital, Chairman, IBBI said, “Cross-Border Insolvency Law will make India an attractive destination for Cross-Border Investment”. He also informed, “a model law on Cross Border Insolvency in India is almost ready”. Besides, insolvency professionals (IPs), bankers and eminent insolvency experts from India and the USA shared their views in the conference.

Challenges of Real Estate Sector

Resolution of financially strained real-estate companies is one of the major challenges before us due to involvement of high number of homebuyers. Most recently, in a landmark SC judgement in *New Okhla Industrial Development Authority (NOIDA) Vs. Anand Sonbhadra* (2022), it was held that the NOIDA Authority is not a Financial Creditor within the ambit of Section 5(8) of the IBC, 2016 because “there has been no disbursement of any debt (loan) or any sums by the appellant to the lessee”. Recognizing the challenges, IBBI has recently invited suggestions/inputs from public for effective and expeditious resolution of Real Estate Projects. In this edition of *The Resolution Professional*, the articles have addressed various aspects of the Real Estate Sector.

We at IIIPI have interacted with regulatory authorities in real-estate on such challenges posed and to develop better harmony across IBC and RERA through mutual dialogue between stakeholders.

With this I request and invite all the professional members of IIIPI to actively participate in various initiatives of IBBI and IIIPI to strengthen the IBC ecosystem. Let's be the change we want to see.

Wish you all the best.

Dr. Ashok Haldia

Chairman, Governing Board - IIIPI