



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Economic predicts better recovery under IBC

“The rate of recovery from the resolution of stressed accounts through the (IBC) could improve as economic recovery becomes broader based,” said the Economic Survey.

The survey has cited the RBI data which shows that the total amount recovered by banks under IBC at the end of the last fiscal year ending March 2022, stood at Rs.47,421 crore was the highest compared to other channels such as Lok Adalat’s, SARFAESI Act and Debt Recovery Tribunals (DRTs). The survey has highlighted the behavioural change effectuated by the IBC among debtors.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/economy/policy/ibc-recovery-to-improve-as-economic-recovery-picks-up-economic-survey/articleshow/97493839.cms>



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

Implementation of IBC marked the beginning of a new era that completely overhauled India's insolvency regime: Justice S. K. Kaul

The Supreme Court Judge, Justice Sanjay Kishan Kaul has said that in the early years of the IBC’s implementation, there were complex questions that required authoritative and conclusive answers. But this provided an opportunity not only to the judiciary, but all the professionals to contribute towards laying an infallible foundation. He was speaking at Insolvency Law Academy's inaugural conference on the topic “Emerging Global Insolvency Horizon: Indian Footprint and Front View” on February 05, 2023.

“In my opinion, the IBC has also had a big role to play in India's new Startup culture by creating a conducive environment for budding entrepreneurs,” said Justice Kaul. He called upon the panelists to find out solutions for bringing diversity into the process of insolvency, along with greater inclusivity. Besides, he highlighted the need to ensure an effective, quick, and least cumbersome process for homebuyers under the IBC regime. He further added that the IBC was enacted in 2016 primarily to serve two purposes - first, to ensure that debtors take sound and practical decisions and second, to give financially ailing corporate entities a chance to rehabilitate and continue their business. He also highlighted the role of Alternative Resolution in reducing the burden on NCLT and NCLATs, and also to provide speedy and cost-effective solution to creditors.

For More Details, Please Visit: <https://economictimes.indiatimes.com/tech/startups/insolvency-and-bankruptcy-code-had-big-role-in-indias-startup-culture-justice-sk-kaul/articleshow/97616525.cms>

News Roundup

No relief to Jalan Karlock consortium from SC on payment of PF & Gratuity Dues to Jet Airways' employees

The Supreme Court has observed that anyone stepping in to bail out the airline would know there were overriding labour dues. "There has to be a finality. We will not interfere," said the Court. After this judgement, Jalan Karlock Consortium, which is successful bidder for Jet Airways through Resolution Plan, will be required to pay Provident Fund (PF) and Gratuity dues to the former employees of the debt-laden airline. According to estimates the total payable amount is about Rs. 200 crores. The consortium had moved the Supreme Court earlier this month, challenging the NCLAT order of October 21, 2022, which had directed it to pay PF and Gratuity to grounded airline's employees till the date of CIRP commencement in June 2019.

For More Details, Please Visit:

https://www.business-standard.com/article/companies/jet-airways-employees-dues-sc-refuses-to-entertain-jalan-kalrock-appeal-123013001171_1.html

ASG Hospital to acquire Vasan Eye Care through Resolution Plan

NCLT Chennai has approved the Resolution Plan of Jodhpur based ASG Hospital to acquire Vasan Eye Care which was approved by CoC with 97.90% voting share in February 2022. As per the Resolution Plan out of the Rs 520 crore, a sum of Rs 394 crore will be paid to various creditors within 30 days from the date of NCLT approval. An amount of Rs126 crore will be infused towards capex and working capital requirements in one year.

For More Details, Please Visit:

<https://www.financialexpress.com/industry/nclt-clears-rs-520-cr-resolution-plan-by-asg-hospital-for-vasan-eye-care/2971584/>

Swedish bankruptcies soared to the highest level in at least a decade in January 2023

Bankruptcy filings in Sweden have increased by 47% from a year earlier in January, to 622, according to credit reference agency UC. The data highlights the effects of Sweden's worst housing-price slump in three decades, which has contributed to a surge in defaults in the construction sector, with 130 builders filing for bankruptcy last month. During fall, the bankruptcy filings were from retail, hotels, and restaurants but now largest increase is happening in sectors that are closely connected to industry and longer-term investments.

For More Details, Please Visit: <https://www.bloomberg.com/news/articles/2023-02-01/swedish-bankruptcies-at-highest-level-in-a-decade-in-january?leadSource=verify%20wall>



Union Budget decriminalized Section 276A of the IT Act

The Union Budget 2023 has decriminalized section 276A of the Income Tax (IT) Act which enabled criminal prosecution of a liquidator for failing to give notice of his/her appointment within 30 days or set aside amount or part with assets without notifying an officer. Therefore, liquidators will not be required to comply with the IT Act. This move of the government is expected to reduce the burden of legal compliances on the liquidators and they can perform their functions without any baggage and biases.

Furthermore, the Finance Minister Smt. Nirmala Sitharaman has proposed that no fresh prosecution shall be launched against a liquidator who fails to give notice or set aside the amount as required under the IBC law sub-section (1) of section 178 after April 01, 2023. Besides, during the Budget speech, she announced reduction of 39,000 compliances and decriminalized over 3,400 other provisions.

For More Details, Please Visit:

<https://www.livemint.com/news/india/bankruptcy-resolutions-expected-to-soar-after-budget-spells-relief-for-rps-11675433341844.html>

Event Photograph



Webinar on “Valuation under IBC- Guidance for IPs” organized by IIIPI on February 03, 2022.

IIPI’s 6th EDP on “Mastering Legal Skills, Pleadings and Court Processes Under IBC” to start from February 22

The four days virtual program will be conducted from 22nd to 25th February 2023. This program will be of 24 hours spread over four days. The IPs attending the program will be able to claim 14 CPE hours. Interested IPs can register by 4 pm on February 21, 2023.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2023/01/6th-EDP-Legal22-25Feb-2023-1.pdf>

IIPI to conduct 3 Webinars in February 2023

The first Webinar titled “Proposed Amendments in IBC” is scheduled to be held from 4.00 pm to 6.00 pm on February 10, 2023. The second Webinar titled “Guidance on Individual Insolvency – Best Practices” will be conducted from 4.00 pm to 6.00 pm on February 17, 2023, while the third Webinar “Guidance on Ethics and Quality Control for IPs” is scheduled from 4.30 pm to 6.30 pm on Feb. 27, 2023.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2023/02/February-webinars-final.pdf>