

MCA: Insolvency Professionals with high integrity, key to effective IBC

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New Delhi

Insolvency Professionals (IPs) of the highest integrity and credibility are needed for an effective insolvency and bankruptcy code (IBC) regime, Anita Shah Akella, Joint Secretary, Ministry of Corporate Affairs (MCA), has said.

She was addressing an event organised by the Indian Institute of Insolvency Professionals of ICAI (IIPI).

Her remarks are significant as they come at a time when several issues are being raised on the functioning of IPs, and there is all-round clamour for improving the ethics of these professionals. India has over 3,000 IPs registered and regulated by the Insolvency and Bankruptcy Board of India (IBBI). Since its implementation in 2016, the IBC has

proved to be transformative legislation.

POSITIVE CHANGE

The streamlined resolution process, enhanced creditor rights, focus on business rescue, increased recovery rates and reduction in NPAs all stand testament to the positive impact of the IBC. While there may be room for improvement and fine-tuning, the IBC has undoubtedly brought about a positive change in India's insolvency landscape, promoting transparency, accountability, and investor confidence, say experts. With continued efforts and refinements, the IBC is poised to play a pivotal role in shaping India's economic growth and development in the years to come, they added.

Speaking at the IIPI event, LN Gupta, Member (Technical),

VITAL ROLE

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NCLT, emphasised that the existing and emerging challenges are equally important for a robust IBC ecosystem. He said the contribution of the IBC to the national economy has been phenomenal.

Ashwini Kumar Tewari, Managing Director, State Bank of India, underlined the need for continuous dialogue between IPs and lenders. He agreed that steps need to be taken for further streamlining the

interface between IPs and the Committee of Creditors (COC).

Satish K Marathe, Director, Central Board of RBI, said that after initial difficulties, the IBC has matured in scope, coverage and direction.

A publication, *Roles of Insolvency Professionals Across Insolvency Value Chain From Incipient State Till Post-Resolution Stage*, was released on the occasion.

Meanwhile, Ashok Haldia, Chairman of Board of the IIPI, said that the Board of IIPI has set up a committee to develop a perspective on emerging scenarios for IBC and to proactively strengthen the Insolvency Professionals to cope with the challenges.

National Company Law Tribunal (NCLT) had in 2022-23 approved as many as 180 resolution plans, the highest annual number to date. The

total realisation from stressed assets stood at ₹51,424 crore.

This has helped creditors of debt-ridden firms to realise 36 per cent of their total admitted claims of ₹1,42,543 crore for the year ended March 31, 2023. The combined total liquidation value of the assets of 180 corporate debtors (CD) stood at ₹39,110.10 crore and the creditors received 131 per cent higher than it, official data with Insolvency and Bankruptcy Board of India (IBBI) showed.

It may be recalled that the NCLT approved 147 resolution plans in FY22, 121 in FY21 and 134 in FY20. The creditors had realised 23 per cent, 17 per cent and 26 per cent of their admitted claims, respectively.

In 2022-23, the NCLT admitted 1,255 applications from creditors to initiate the Corporate Insolvency Resolution Process (CIRP).

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