

Media Coverage

Insolvency professionals should make all efforts to further improve insolvency ecosystem: Official

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Synopsis

Insolvency professionals should focus on improving the insolvency ecosystem in India to increase the confidence of potential bidders for stressed assets and enhance the prospects for successful resolution, according to the chairman of the Insolvency and Bankruptcy Board of India (IBBI), Ravi Mital. He also called for efforts to reduce delays and litigations.

New Delhi: Insolvency professionals should make all possible efforts to improve the overall insolvency ecosystem that will help in increasing the confidence of prospective bidders of stressed assets and ensuring better resolution prospects, according to a senior official. At a conference here on Friday, IBBI Chairperson Ravi Mital also said that insolvency professionals should compile details about delays and litigations, and work towards minimising them.

The Insolvency and Bankruptcy Board of India (IBBI) is a key institution in implementing the Insolvency and Bankruptcy Code (IBC) that provides for a market-linked and time-bound resolution of stressed assets.

"If delays are reduced, venture capitalists will be encouraged to invest in stressed assets," Mital was quoted as saying in a release issued by IIPI.

The Indian Institute of Insolvency Professionals of ICAI (IIPI) organised the conference on 'Developing Markets for Stressed Assets in India'.

Mital said that insolvency professionals should make every possible effort to improve the insolvency ecosystem in the country, which will ultimately increase the confidence of prospective bidders in the stressed assets and ensure better resolution of the corporate debtors, as per the release.

IIPI Chairman Ashok Haldia said the ultimate objective of the IBC is to reduce stressed assets and the focus of the IBC 2.0 is to ensure the speedy resolution of the cases.

Among others, IIPI has made peer review mandatory for a certain class of insolvency professionals. ■

IBBI chief calls for efforts to improve bidders' confidence

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IBBI Chairperson Ravi Mital asks Insolvency Professionals to make every possible effort to improve the system

Insolvency Professionals (IPs) should make every possible effort to improve the insolvency ecosystem in the country, Ravi Mital, Chairperson, Insolvency and Bankruptcy Board of India (IBBI) has said.

This will increase the confidence of prospective bidders in the stressed assets and ensure better resolution of the corporate debtors, Mital said at a conference on "Developing Markets for Stressed Assets in India" organized by Indian Institute of Insolvency Professionals of ICAI (IIPI).

"IPs should compile delays and litigations and find out ways to minimize them. If delays are reduced, venture capitalists will be encouraged to invest in stressed assets," Mital said.

He also suggested that IPs revisit the companies which they had resolved through resolution plans under the IBC, after 4 to 5 years of their resolution. They should prepare "success stories", which will be useful in creating a positive environment for investment in stressed assets, he added.



Akhil Gupta, Vice Chairman, Bharti Enterprises Ltd, said that it is the right time to extend Prepack Insolvency regime for all the companies.

"If implemented properly it would be a very significant step for the development of the stressed assets market in India," he said.

IIPI Chairman Ashok Haldia highlighted that the ultimate objective of the IBC is to reduce stressed assets and the focus of the IBC 2.0 is to ensure the speedy resolution of CIRP cases.

He informed that IIPI has made mandatory Peer Review for a class of IPs and the result of Peer Review will also be made available on IIPI website in future.

In the seven years since its enactment, the IBC has made some strides in reducing the time required for the resolution of insolvency cases, leading to quicker closure of distressed businesses.

The overall time taken on an average still continues to be a picture of worry at about 620 days, higher than the legally enacted outer limit of 330 days.

For creditors, the IBC process has been a mixed bag with some witnessing higher recovery rates from stressed assets, enhancing their confidence in the insolvency resolution process.

The code helped banks and financial institutions reduce their Non-Performing Asset (NPA) burden by resolving bad loans.

The IBC has enhanced the ease of doing business in India by providing a structured framework for insolvency proceedings, attracting both domestic and foreign investors.

IBC has also strengthened the rights of creditors and prioritized their interests during insolvency proceedings.

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IBBI URGES FOR STREAMLINING INSOLVENCY PROCESS TO BOOST INVESTOR CONFIDENCE

IBBI plays a key role in implementing the Insolvency and Bankruptcy Code (IBC), a framework designed to facilitate the time-bound resolution of stressed assets.

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Insolvency process in India: Insolvency professionals are encouraged to enhance the insolvency ecosystem to boost confidence among potential bidders for stressed assets and improve the prospects of successful resolution, said a senior IBBI official at a conference.

Ravi Mital, the Chairperson of the Insolvency and Bankruptcy Board of India (IBBI), underlined the need for professionals to compile information on delays and legal disputes, working diligently to minimise them.

The IBBI plays a pivotal role in implementing the Insolvency and Bankruptcy Code (IBC), a framework designed to facilitate the time-bound resolution of stressed assets in a market-driven manner.

"If delays are reduced, venture capitalists will be encouraged to invest in stressed assets," Mital was quoted as saying in a release issued by IIPI.

The Indian Institute of Insolvency Professionals of ICAI (IIPI) organised a conference titled 'Developing Markets for Stressed Assets in India,' providing a platform to discuss strategies and advancements in the management and resolution of stressed assets.

Investing best efforts in enhancing the insolvency ecosystem

Mital urged insolvency professionals to invest their best efforts in enhancing the insolvency ecosystem in the country. This enhancement, he underlined, would instil confidence in potential bidders, leading to improved resolution outcomes for corporate debtors. Confidence in the insolvency process is vital for attracting bids and achieving successful resolutions in a timely manner.

Ashok Haldia, the Chairman of IIPI, said that the primary objective of the IBC is to reduce stressed assets. He highlighted that IBC 2.0 is designed to expedite the resolution process and address challenges that were identified in the initial implementation. One of the measures implemented by IIPI is the mandatory peer review for a specific class of insolvency professionals, aiming to enhance the overall quality and effectiveness of insolvency proceedings.

Overall, the efforts to improve the insolvency ecosystem in India are fundamental to attracting investment, fostering confidence among stakeholders, and achieving successful resolutions in the realm of corporate debt. The ongoing refinements and initiatives like IBC 2.0 aim to further streamline the insolvency process, aligning it with the ultimate goal of reducing stressed assets and enhancing economic stability.

(With PTI inputs) ■



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