

Message from Chairman, Governing Board-IIPI



Dr. Ashok Haldia
Chairman, Governing Board- IIPI

Dear Member,

Wish you a very happy and prosperous New Year 2024!

On 25th November 2023, Indian Institute of Insolvency Professionals of ICAI, completed the seven momentous years of strengthening the insolvency ecosystem in the country under the IBC regime. In the past over seven years, IIPI's contribution in enhancing the capacity, capability, and efficiency of the insolvency ecosystem in India has been widely recognized across stakeholders.

The financial health and robustness of the banking system plays a crucial role in economic development of any country for which an effective insolvency ecosystem is a must. In its latest publication 'Report on Trend and Progress of Banking in India for 2022-23', the Reserve Bank of India (RBI) has concluded that the Insolvency and Bankruptcy Code, 2016 (IBC) remained the dominant mode of recovery with a share of 43.0 per cent in the total amount recovered in 2022-23 and the recovery rate also improved. The GNPA ratio of Scheduled Commercial Banks (SCBs) fell to a decadal low of 3.9 per cent at end-March 2023 and further to 3.2 per cent at end-September 2023.

Besides, in its latest report, the New York based Standard & Poor's (S&P Global) has estimated that India will remain the fastest-growing major economy

for at least the next three years, setting it on course to become the world's third-largest economy by 2030. The experts have recognized that the strengths of the Indian economy include strong domestic demand, rapidly expanding fixed investment amid rising public infrastructure spending and strong private-sector credit growth backed by solid corporate sector balance sheets.

This positive outlook of Indian economy is also reflected in IBBI's Newsletter of September 2023, which reveals that the creditors have realized ₹3.16 lakh crore under the resolution plans approved under the IBC. In addition, more than 26,000 applications having underlying defaults of ₹9.33 lakh crores have been withdrawn before their admission process.

However, inability to meet timelines and huge haircuts have been two major challenges. Highlighting these bottlenecks of the IBC, Shri Shaktikanta Das, Governor, the Reserve Bank of India (RBI), recently called for 'some course correction'. Furthering the reform agenda, Shri Swaminathan J., Deputy Governor, RBI has advocated for legislative changes for effective resolution of business conglomerates and address the issues of frivolous litigations used as a tactics by defaulting borrowers.

To appreciate and critically analyse the reasons of delays and haircuts in insolvency processes along with the extent to which these are attributable to the roles of IPs, IIPI recently constituted a Study Group on 'Contribution of Insolvency Professionals in Resolution under IBC' under the Chairmanship of CA. Subodh Agarwal, Past President- ICAI. In this report, which is available on IIPI website, the Study Group has highlighted positive work and contribution of IPs in resolving corporate debtors and examined the problems faced by IPs as IRP/RP/ Liquidator. Besides, the report also highlights the contribution of IPs outside the IBC processes, in settling cases and supporting rescue efforts.

Recently, IIPI jointly with the two other Insolvency Professional Agencies (IPAs) organized three 'Open House Sessions' that were attended by Shri Ravi Mital, Chairperson, IBBI and other senior officials of IBBI,

representatives of the IPAs and Insolvency Professionals. They are as under:

1. 'Challenges and way forward in Liquidation process' on November 23, 2023.
2. 'Challenges and way forward in IP and IPE Regulations under IBC' on November 29, 2023.
3. 'Challenges and way forward in CIRP under IBC' on December 01, 2023.

In the aforesaid sessions, open discussions were held between Insolvency Professionals and the team of IBBI regarding the problems faced by Insolvency Professionals. On the advice of Chairperson-IBBI, Shri Mital, a joint committee of the three IPAs under my chairmanship has been constituted on 'Removal of Duplicity/Redundancy in Compliance Reporting by IPs'. Besides, IIIPI is closely working with IBBI to develop integrated technological facilities aimed at removal of duplicity of compliances and improving the overall efficiencies.

So far, IIIPI has constituted 19 Study Groups. The Reports of 14 Study Groups have been published and are available on the IIIPI website. Presently, the following five Study Groups are under progress or completed recently:

1. Developing Market for Distress Assets in India.
2. Mediation under IBC basis Global Learnings.
3. Case Management system-IT infrastructure for IPs-report submitted to IBBI.
4. Improving Real Estate Resolutions under IBC and Coordination with RERA- report sent IBBI and a few RERA.

5. Developing Templates under Avoidance Transactions-report completed and to be discussed in open house with IBBI.

IIIPI also carried a survey on issues and challenges faced by IPs regarding Enforcement agencies. Outcome of the exercise will be brought out shortly. IIIPI is also scheduling for an international event, round table with bankers and real estate regulators.

As the insolvency profession is highly dynamic in nature, we look forward to resource ideas from across stakeholders particularly Insolvency Professionals who implement the rules and regulations on the ground. The Resolution Professional, research journal of IIIPI, provides a platform to various stakeholders for sharing of knowledge and experiences. Besides, articles and case studies published in the journal also act as guide map to the Insolvency Professionals. We encourage the insolvency professionals to share their views and experiences in the form of articles and case studies.

I extend my sincere gratitude to Regulator, Members, and other Stakeholders for their continuous support in IIIPI's endeavour to strengthening the IBC ecosystem in the country. I am also thankful to all the authors who have proactively contributed in IIIPI's journal - The Resolution Professional.

Let's contribute to making the IBC ecosystem more robust and sustainable.

Dr. Ashok Haldia
Chairman, Governing Board-IIIPI