



PRESS RELEASE

Significant time and effort of IBC Processes expended in handling issues related to Statutory Authorities and Enforcement Agencies: IIPI Survey

New Delhi/ July 03, 2024

In a recent survey conducted by Indian Institute of Insolvency Professionals of ICAI (IIPI), it has been revealed that in the course of IBC processes, significant time and effort are expended by Insolvency Professionals (IPs) in dealing with various issues related to Statutory Authorities (Taxation, Land Authority, EPFO, etc.) and Enforcement Agencies including CBI, ED, EOW, SFIO. As per the survey, while time and efforts depend on the nature of business, specific circumstances and issues involved, in some cases the time taken in responding or interfacing with such authorities/agencies, goes up to 25% of timelines under IBC process.

Such authorities and agencies, working in the public interest, have a stake in either recovering past dues or concluding the criminal proceedings against the previous erring promoters. In this context, the report makes the case for mutual interaction of key stakeholders as such, highlighting challenges and plausible solutions. “While statutory authorities and enforcement agencies expect timely conclusion of their proceedings/claims against the CDs, IPs experience the practical difficulties in responding to them, for matter which are prior to commencement of CIRP, or where past records are not available/handed over to RP, or where only promoters/ex-management are accountable. Moreover, proceedings in departments and agencies take considerable time in getting finality.” said Dr. Ashok Haldia, Chairman, IIPI-Board. “There is imminent need for streamlining the interface on mutual roles and expectations among IPs government departments/agencies,” he added.

The IBC mandates Resolution Professionals/ Liquidators to take control of the assets of companies undergoing CIRP/Liquidation. In discharging their duties, IPs are required to interact with statutory authorities and enforcement agencies, on a regular basis, which can be critical for successful outcomes of the CIRPs.

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Some of the findings and recommendations of the Report are as under:

1. The challenges faced by IPs include initiation of statutory/penal proceedings against corporate debtor (CD) despite onset of moratorium, summons or notices being sent to IPs for civil and criminal matters or acts or omissions pertaining to period prior to commencement of CIRP.
2. There is a need of dissemination of knowledge of key IBC provisions to statutory departments and enforcement agencies, for instance those related to overriding effect of IBC over other legislations, onset of moratorium of other statutory proceedings, and stakeholders' rights/duties.
3. A Nodal Officer at Head Quarter (HQ) level and also regional/ zonal office level may be designated for coordinating the matters related to IBC, keeping in the view the timeliness as one of the core objectives.
4. An ecosystem may be developed for mutual cooperation and collaboration between such authorities/agencies and IRP/RP/Liquidator as officers of Court under IBC.

About IIPI

Indian Institute of Insolvency Professionals of ICAI (IIPI), promoted by the Institute of Chartered Accountants of India (ICAI) is the largest frontline regulator under IBC in India with about 63% of Insolvency Professionals as its Members. IIPI actively works under the aegis of Insolvency and Bankruptcy Board of India (IBBI) to build professionals' capacity and provide policy inputs to regulators.

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