

Media Coverage

THE ECONOMIC TIMES

IPs spend significant time on issues related to statutory authorities during IBC process: Survey

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Synopsis

Insolvency professionals face challenges with statutory authorities and enforcement agencies during the resolution process, as per a survey by IIIPI. Issues include initiation of proceedings against Corporate Debtors during moratorium, and notices for matters pre-CIRP. IPs spend up to 25 per cent of the IBC process timeline on these matters. IIIPI Chairman Ashok Haldia noted difficulties in responding to authorities when records are missing or only past management is accountable.

New Delhi, Jul 3 (PTI) Insolvency professionals spend significant time in dealing with issues related to statutory authorities and enforcement agencies during insolvency resolution process, according to a survey.

The survey was conducted by the Indian Institute of Insolvency Professionals of ICAI (IIIPI) and saw the participation of around 30 Insolvency Professionals (IPs).

As per the findings released on Wednesday, the challenges faced by IPs include initiation of statutory/penal proceedings against Corporate Debtors (CDs) 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.

CIRP refers to Corporate Insolvency Resolution Process.

During insolvency resolution process, IPs spend significant time and efforts in dealing with issues related to statutory authorities and enforcement agencies. In some cases, the time taken in responding or interfacing with such authorities/agencies, goes up to 25 per cent of timelines under IBC process, the survey said.

The Insolvency and Bankruptcy Code (IBC) provides for a time-bound and market-linked resolution of stressed assets.

"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," IIIPI Board's Chairman Ashok Haldia said.



Insolvency Professionals Face Challenges from Statutory Authorities: Survey

By Rediff Money Desk, New Delhi Jul 03, 2024, 21:21

A survey reveals that insolvency professionals face significant challenges from statutory authorities during the IBC process, including delays and conflicting demands.

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Source: PTI

businessline.

Major time-drain in IBC processes due to statutory and enforcement issues: IIIPI

July 04, 2024 at 09:18 AM.

IPs spend up to 25 per cent of IBC timelines resolving issues with such authorities

BY KR SRIVATS

Statutory departments and enforcement agencies need to be well-informed about key Insolvency and Bankruptcy Code (IBC) provisions, including its overriding effect on other legislation and the onset of moratorium on statutory proceedings, a new IIIPI Survey has recommended.

This Survey has found that Insolvency Professionals (IPs) —who are the backbone of IBC process — end up expending significant time and effort in dealing with various issues related to Statutory Authorities (Taxation, Land Authority, EPFO etc.) and Enforcement Agencies including CBI, ED, EOW, SFIO.

This Survey was conducted by Indian Institute of Insolvency Professionals of ICAI(IIIPI).

IIIPI, promoted by the Institute of Chartered Accountants of India (ICAI), is the largest frontline regulator under IBC in India with about 63 percent of Insolvency Professionals as its Members.

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 percent 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 Survey report makes the case for mutual interaction of key stakeholders as such, highlighting challenges and plausible solutions.

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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,"Ashok Haldia, Chairman, IIIPI-Board, said.

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 Corporate Insolvency Resolution Process (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.

OTHER FINDINGS

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, the Survey has found.

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 view the timeliness as one of the core objectives, IIIPI has suggested.

An ecosystem may be developed for mutual cooperation and collaboration between such authorities/agencies and IRP/RP/ Liquidator as officers of Court under IBC, it added.

Media Coverage



IIPI Reduces Annual Membership Fee for Insolvency Professionals and Insolvency Professional Entities

IIPI reduces annual membership fees for insolvency professionals and entities by 50%, to Rs 5,000 and Rs 25,000 respectively. The AFA fee will be Rs 5,000 for insolvency professionals and Rs 25,000 for IPEs.

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The Indian Institute of Insolvency Professionals of ICAI (IIPI) on Tuesday said it has reduced the annual membership fee for insolvency professionals and Insolvency Professional Entities (IPEs) by 50 per cent.

The membership fee for juristic insolvency professionals has been cut to Rs 5,000 from Rs 10,000 and for IPEs, the amount has been reduced to Rs 25,000 from Rs 50,000, according to a release.

The juristic insolvency professionals are the IPE firms which are enrolled as insolvency professionals.

As per the release, the institute will charge for Authorisation for Assignment (AFA). The AFA fee will be Rs 5,000 for insolvency professionals and Rs 25,000 for IPEs at the time of issuance or annual renewal.

"The annual membership fee is compulsory while the insolvency professionals and IPEs will be free to renew the AFA as per their interest and requirement," it added.

(This story has not been edited by Devdiscourse staff and is auto-generated from a syndicated feed.)



Expanding ambit. IIPI to include support services by IPEs under peer review

May 05, 2024

This decision was taken in the recent Governing Board meeting of IIPI

BY KR SRIVATS

Indian Institute of Insolvency Professionals of ICAI (IIPI) has decided that the peer review of Insolvency Professional Entities (IPEs) would henceforth be undertaken using a two-fold approach.

While the first one would be on the work done by IPE as an IP (conducting assignments under the IBC), the additional one, decided now, would be on the adequacy or otherwise of the infrastructure/capacity support provided by them to the IPs.

This decision was taken in the recent Governing Board meeting of IIPI. It is expected to enable the IPEs to undertake Corporate Insolvency Resolution Professional (CIRP) efficiently.

"We have decided to promote peer review mechanism for IPEs as juristic IPs, including support services such as managing end-to-end processes comprising support in claim verification, managing operation of corporate debtor, evaluation of resolution plan, etc., provided by them to IPs," Ashok Haldia, Chairman, IIPI-Governing Board, said. "This will improve outcomes of processes under the IBC. The outcomes of peer review will also be suitably put up on the IIPI's website".

The list of peer-reviewed IPs can be referred to by the adjudicating authorities (NCLTs) and other stakeholders while appointing IPs, Haldia added.

Peer review is conducted by experienced IPs and aims at benchmarking the professional services under review to help improving performance, decision making, adoption of best practices and standards including ethics, compliance with relevant laws, established standards, and principles with respect to professional assignments under the IBC.

The peer review is mandatory for IIPI's members (IPs and IPEs) who have handled or are handling ten or more cases of Corporate Insolvency Resolution Process (CIRP)/Liquidation in the past three years since the launch of the peer review Framework of IIPI in July 2022.

IIPI, which has been promoted by the Institute of Chartered Accountants of India (ICAI), is the largest frontline regulator under the Insolvency and Bankruptcy Code (IBC) with about 63 per cent of Insolvency Professionals as its members.



IIPI develops template for IPs to report Avoidance Transactions to NCLT

The template is aimed to facilitate the filing of Avoidance Transaction petitions before NCLTs

July 14, 2024

BY KR SRIVATS

Indian Institute of Insolvency Professionals of ICAI (IIPI) has designed a template that Insolvency Professionals (IPs) can adopt to report 'Avoidance Transactions' to the National Company Law Tribunal (NCLT).

The 'Template' -- which is recommendatory-- is aimed to facilitate the filing of Avoidance Transaction petitions before NCLTs, to ensure uniformity and in expediting decision-making process in the court, which shall ultimately enhance recovery by creditors.

The said 'Template' was developed by a Study Group constituted by IIPI under the Chairmanship of Subodh Agarwal, Past-President of ICAI, after consultations with group members, experts and stakeholders. "The adoption of such templates by IPs would enhance the quality of findings, applications, and outcomes in the context of avoidance transactions. This would not only improve efficiencies in the ecosystem but also help in maximising the value by clawing back the dues from avoidance transactions under IBC," Ashok Haldia, Chairman, IIPI-Board, said.

The development of 'Template' is seen as part of best practices in the insolvency regime in India.

Under the IBC, "Avoidance Transactions" are essentially transactions undertaken by the Corporate Debtor prior to the initiation of the insolvency process to defraud its creditors or to benefit related parties. These are of four types -- Preferential, Undervalued, Fraudulent, and Extortionate (PUFE) Transactions.

The responsibilities of Resolution Professionals /Liquidators include, inter alia, forming an opinion, determining the amounts involved and filing an application to the Adjudicating Authority in respect of such PUFE transactions.

As per the latest data of the Insolvency and Bankruptcy Board of India (IBBI), till March 2024 a total of 1237 Avoidance Transaction applications amounting to ₹3.7 lakh crore were filed before NCLT, out of which only 292 applications amounting ₹51,738 crore were disposed by the court, through which only ₹6,599 crore were recovered by creditors.



Need legal reforms for more efficient resolution of real estate cases under IBC: Study

May 20, 2024

In its study, the Indian Institute of Insolvency Professionals of ICAI (IIPI) has suggested the focus should be on the completion of projects and allotment to home buyers, wherever possible, and added that procedural and co-ordination issues should not be allowed as a hindrance.

PTI / New Delhi

There is a need for legal and administrative reforms to ensure more efficiency in resolving real estate cases under the insolvency law, according to a study.

In its study, the Indian Institute of Insolvency Professionals of ICAI (IIPI) has suggested the focus should be on the completion of projects and allotment to home buyers, wherever possible, and added that procedural and co-ordination issues should not be allowed as a hindrance.

The Insolvency and Bankruptcy Code (IBC) provides for a market-linked and time-bound resolution of stressed assets.

The IIPI's study group on 'Improving Real Estate Resolutions under IBC and Coordination with RERA' has flagged some critical gaps in legal as well as practical aspects under IBC and the Real Estate (Regulation and Development) Act (RERA).

In a release, the institute said there is a need for legal and administrative reforms needed for greater efficacy in resolving real estate cases under the Insolvency and Bankruptcy Code. Among various recommendations, the study has proposed amendments in IBC and regulations to relax the conditions for participation in the Corporate Insolvency Resolution Process (CIRP) by a registered association of allottees.