

Insolvency and Bankruptcy Board of India

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Press Release

IBBI organises a conference on “Law and Economics of Insolvency and Bankruptcy” at Ranchi

Insolvency and Bankruptcy Board of India (IBBI), in association with Indian Institute of Insolvency Professionals of ICAI, ICSI Institute of Insolvency Professionals, Insolvency Professional Agency of ICAI (Cost), Society of Insolvency Practitioners of India, Federation of Jharkhand Chamber of Commerce & Industries, National University of Study and Research in Law (Ranchi), Indian Institute of Management (Ranchi), Judicial Academy (Jharkhand), Chotanagpur Law College and ICFAI University (Jharkhand), organised a Conference on “Law and Economics of Insolvency and Bankruptcy” today at the Judicial Academy, Ranchi, Jharkhand. The delegates included members of higher judiciary, and judicial officers, academics, professionals (insolvency professionals, chartered accountants, cost accountants, company secretaries, and advocates), businessmen, and students of higher education from leading institutes of Ranchi.

2. Delivering the inaugural address, Hon’ble Mr. Justice S. J. Mukhopadhaya, Chairperson, National Company Law Appellate Tribunal (NCLAT) stated that insolvency law is fast settling down, as many contentious issues have been decided by the Adjudicating Authority, the NCLAT and the Hon’ble Supreme Court. Among other issues settled, he pointed out that statutory dues arise only when the corporate debtor is operational and such statutory dues have direct nexus with operation of the corporate debtor. Therefore, the NCLAT has recently held that all statutory dues, including ‘Income Tax’, ‘Value Added Tax’, etc., come within the meaning of operational debt. While citing the IBBI data that suggest that the operational creditors and financial creditors have similarly benefitted from the processes under the Code, he said that at the stage of resolution, both operational creditors and financial creditors need to take proportionate haircut, if required.

3. In his address as Guest of Honour, Hon’ble Mr. Justice Aniruddha Bose, Chief Justice, High Court of Jharkhand said that the system and practices dealing with insolvency have evolved over time. In the ancient Greece, the creditor used to take the insolvent as slave. However, with increasing reliance on social and moral pressure for recovery of loan or debtor-in possession during insolvency resolution period, some resorted to professional insolvency and perpetual default, which created imbalance in the economy. The Insolvency and Bankruptcy Code, 2016 (Code) has addressed the imbalance and enables the financial creditors to resolve insolvency in a time bound manner.

4. Dr. M. S. Sahoo, Chairperson, IBBI said that economic freedom is important as it unleashes and realises the full potential of every firm and every resource in the economy and promotes inclusive society. The Code allows freedom to market participants to rescue viable and close unviable firms. There is, however, no mathematical formula to identify a firm as viable and another as unviable; it requires considerable commercial dexterity and acumen. If correct identification is not made, a viable firm could be liquidated and unviable one would be rescued. It is, therefore, necessary to have institutional capacity within the State and among professionals and market participants to correctly identify viable firms and rescue them.

5. The other dignitaries who addressed the conference and interacted with the delegates included: Mr. Jinan K. R., Member (Judicial), NCLT; Mr. M. B. Gosavi, Member (Judicial), NCLT; Mr. Gyaneshwar Kumar Singh, Joint Secretary, MCA; Mr. Ajit Kumar, Advocate General, Jharkhand; Professor (Dr.) Shailendra Singh, Director, IIM, Ranchi; Professor (Dr.) Kesava Rao Vurrakulla, Vice Chancellor, NUSRL, Ranchi; Mr. Gautam Kumar Choudhary, Director, Judicial Academy, Jharkhand; Mr. Deepak Kumar Maroo, President, Federation of Jharkhand Chamber of Commerce & Industries; Mr. K. R. Saji Kumar, Executive Director, IBBI; Mr. Sumant Batra, President, SIPI; CS Alka Kapoor, CEO, ICSI IIP; Mr. Rajiv Ranjan, Senior Advocate, Jharkhand High Court; Ms. Swarupama Chaturvedi, Advocate; Mr. Sapan Gupta, Partner, SAM; Dr. Renuka Sane, Associate Professor, NIPFP, and Mr. Anil Goel, Insolvency Professional.

6. Hon'ble NCLAT Chairperson launched a Query Portal devised by the ICSI IIP for the benefit of the insolvency professionals enrolled with them.