

## INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

### Subject: Status Report on Service Providers

#### Insolvency Professionals (IPs)

Since 31<sup>st</sup> December, 2016, individuals, who have the required qualification and experience and have passed the Limited Insolvency Examination, are being registered as IPs. As on 15<sup>th</sup> November, 2017, 1190 individuals are registered as IPs as under:

City/Region	Indian Institute of Insolvency Professionals of ICAI	ICSI Insolvency Professionals Agency	Insolvency Professional Agency of Institute of Cost Accountants of India	Total
Delhi	143	110	31	284
Rest of the Northern Region	99	72	17	188
Mumbai	137	55	17	209
Rest of the Western Region	97	50	7	154
Chennai	35	30	3	68
Rest of the Southern Region	77	61	16	154
Kolkata	76	16	6	98
Rest of the Eastern Region	26	5	4	35
All India	690	399	101	<b>1190</b>

2. An individual with ten years of experience as a member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India or a Bar Council or with 15 years of experience in management is eligible for registration as an IP on passing the Limited Insolvency Examination. The distribution of IPs as per their eligibility (an IP may be a member of more than one Institute) as on 15<sup>th</sup> November, 2017 is as under:

Eligibility	No. of IPs
Member of ICAI	641

Member of ICSI	287
Member of ICAI (Cost)	81
Member of Bar Council	83
Managerial Experience	98
<b>Total</b>	<b>1190</b>

### **Replacement of IRP with RP**

3. Section 22(2) of the Code states that the CoC may in the first meeting, by a majority vote of not less than seventy-five percent of the voting share of the financial creditors, either resolve to appoint the IRP as the RP or to replace the IRP by another IP to function as the RP. Accordingly, till 15th September, 2017, 55 IRPs have been replaced with RPs as under:

<b>CIRP initiated by</b>	<b>No. of CIRPs where IRP is replaced by another IP as another RP</b>
Corporate Applicant	30
Operational Creditor	14
Financial Creditor	11
<b>Total</b>	<b>55</b>

### **Recommendation for IRP**

4. Section 16 (3)(a) of the Code requires the Adjudicating Authority to make a reference to IBBI for recommendation of an IP who may act as an IRP in case an operational creditor has made an application for CIRP and has not proposed an IRP. IBBI, within ten days of the receipt of the reference from the Adjudicating Authority, is required under section 16(4) of the Code to recommend the name of an IP against whom no disciplinary proceedings are pending. It has framed the 'Insolvency Professionals to act as Interim Resolution Professionals (Recommendation) Guidelines, 2017' for this purpose. In accordance with these Guidelines, IBBI has recommended 72 names of IPs till 15<sup>th</sup> November, 2017 to Adjudicating Authority for appointment as IRPs.

### **Insolvency Professional Entities**

5. The Regulations provide for recognition of Insolvency Professional Entities (IPEs). An IP may use the organizational resources of an IPE of which he is a partner or a director. 16 IPEs were recognized at the end of June, 2017. During the quarter July – September, 2017, 23 IPEs were recognized, while one IPE was de-recognised. Since 1<sup>st</sup> October, 2017, ten more IPs have been recognized. As on 15<sup>th</sup> November, 2017, there are forty seven recognised IPEs.

### **Information Utilities**

6. An Information Utility (IU) stores financial information that helps to establish defaults as well as verify claims expeditiously and thereby facilitates completion of transactions under the Code in a time bound manner. It constitutes a key pillar of the insolvency and bankruptcy ecosystem, the other three being the Adjudicating Authority, IBBI and Insolvency Professionals. IBBI registered National E-Governance Services Limited (NeSL) on 25<sup>th</sup> September, 2017 as an IU under the IBBI (Information Utilities) Regulations, 2017. NeSL becomes the first IU registered by IBBI and this registration is valid for five years from the date of registration. NeSL has been promoted by SBI, Canara Bank, Bank of Baroda and others. It organised a curtain raiser on 13<sup>th</sup> November, 2017 at Mumbai declaring commencement of its services.

### **Registered Valuers**

7. MCA, vide a notification dated October 18, 2017, brought into force section 247 of the Companies Act, 2013 relating to ‘valuation by registered valuers’. It also notified the Companies (Registered Valuers and Valuation) Rules, 2017 vide another notification on the same date. Vide another notification dated October 23, 2017, MCA, in exercise of its powers under section 458 of the Companies Act, 2013, has delegated the power and functions vested with it under section 247 of the Companies Act, 2013 to IBBI. IBBI is preparing itself to develop syllabus, conduct examination and register the Valuers and to recognize the Registered Valuer Organizations.

### **Insolvency Professional Agencies**

8. As on date 3 IPAs have been registered with the Board. They are acting as front-line regulators to Insolvency Professionals. Board is having monthly meetings with IPAs to discuss various issues. The IPAs have been advised to devise suitable strategies for a) developing capacity building b)

promoting professional and ethical conduct c) monitoring transactions and performance of their IPs. They have also been advised to groom a cadre of skilled people (to support IPs) through BFSI sector Skill council. Towards this end IPAs are conducting webinars, workshops, interactive sessions, round tables, publishing weekly newsletters and encouraging study circle meetings.

### **Capacity Building of IPs**

9. With a view to building capacity of newly registered IPs, the IBBI conducted two workshops recently with a total participation of 75 IPs at Kolkata and Hyderabad. So far five such programmes have been conducted. Eminent experts addressed the participants. The IBBI intends to organize more such workshops in future.

10. Given its responsibilities, an IP needs to have the highest level of integrity and capability, both of which need to be cultivated continuously. IBBI has been conducting workshops to build capacity of newly registered IPs, and has been encouraging IPAs to organise training programmes. There is tremendous interest from IPs to groom themselves for the responsibility while there is a need for providing quality continuing professional education for them. IBBI does not have capacity or wherewithal to meet the same on its own. Indian Institute of Corporate Affairs (IICA) has been evincing interest to undertake capacity development programmes for IPs. Given its responsibilities, an IP needs to have the highest level of integrity and capability, both of which need to be cultivated continuously. IBBI has requested MCA to explore the possibility of advising IICA to offer two modules of capacity development programme of two days each to each of 1100 registered IPs this year. It may recover the cost by charging the participants, as IBBI is currently doing, or the cost may be borne by the Government since this is development of infrastructure in public interest.