

Insolvency and Bankruptcy Board of India

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PRESS RELEASE

Invitation of public views / suggestions on the Institutional framework for regulation and development of Valuation Professionals

The Ministry of Corporate Affairs, vide its Order dated 30th August 2019, has constituted a Committee of Experts to examine the need for an Institutional framework for regulation and development of valuation professionals.

2. The Committee held its first meeting on 14th September, 2019 wherein a need was felt to obtain the suggestions / comments of the stakeholders on various issues that is to be deliberated by the Committee in its upcoming meetings.

3. In pursuance of the above, roundtable meetings with the stakeholders – professionals and users, is being organized at multiple locations in the country, to elicit their views and understand their needs better. The issues on which the views of the stakeholders are invited is placed at **Annexure – I**. The public suggestions / views / comments on these issues is also hereby solicited in this regard.

4. The views on the issues placed at Annexure - II may be submitted electronically as per the following procedure:

- (i) Visit IBBI website, www.ibbi.gov.in;
- (ii) Select 'Public Comments';
- (iii) Select 'Valuation Framework'
- (iv) Provide your Name, and Email ID;
- (v) Select the stakeholder category, namely-
 - a) Valuer;
 - b) Valuer Association;
 - c) Industry Association;
 - d) Service User group e.g. Financial Institution, Government Authority etc.;
 - e) Academician;
 - f) Others.
- (vi) Select the kind of views / suggestion you wish to give, namely,
 - a) General Views; or
 - b) Specific Views.
- (vii) If you have selected 'General Views', write your views / suggestions under the selected option.
- (viii) If you have selected 'Specific Views', please select issue number and write views / suggestions under the selected Issue number.
- (ix) You can give views on more than one issue, by clicking on more suggestions and repeating the process outlined above from point 4 (v) onwards.

Click 'Submit', if you have no more views to provide.

Sl. No.	Issues for deliberation	Elaboration of the Issue
A. VALUATION PROFESSION		
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 (“the Rules”) can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?
B. MARKET FOR VALUATION PROFESSION		
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?

C. REGULATORY ARCHITECTURE		
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?
D. FUNCTIONS OF THE REGULATOR		
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for-profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?

19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should be the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?
E.	<i>VALUATION PROFESSIONALS</i>	
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?

29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in making standards?
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?
F.	<i>DEVELOPMENT OF PROFESSION</i>	
33	Profession vis-a-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?
G.	<i>TRANSITIONAL MECHANISM</i>	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?

H.	<i>ANY OTHER VIEWS / SUGGESTIONS</i>
41.	