

Insolvency and Bankruptcy Board of India

No. IBBI/PR/2019/26

1st October, 2019

PRESS RELEASE

Insolvency and Bankruptcy Board of India celebrates Third Annual Day on 1st October, 2019.

The Insolvency and Bankruptcy Board of India (IBBI) celebrated Third Annual Day today. Hon'ble Minister of Finance and Corporate Affairs, **Smt. Nirmala Sitharaman** graced the occasion as the Chief Guest. Hon'ble Minister of State for Finance and Corporate Affairs, **Shri Anurag Singh Thakur**; the Learned Solicitor General of India, **Shri Tushar Mehta**; and Secretary, Ministry of Corporate Affairs, **Shri Injeti Srinivas** were the Guests of Honour at the event.

2. In her address, Hon'ble Minister of Finance and Corporate Affairs, Smt. Sitharaman noted that the IBBI is a regulator of unique nature, having responsibilities of developing and regulating a profession as well as market processes, and appreciated the IBBI for standing to the test of time. She remembered late Shri Arun Jaitley, former Minister of Finance and Corporate Affairs for swift enactment and speedy implementation of the Insolvency and Bankruptcy Code, 2016 (Code). She commended the manner in which the Code was enacted by consensus by parliamentarians and how real time changes are being brought in the law, in consultation with various stakeholders.

3. Hon'ble Minister of Finance and Corporate Affairs, Smt. Sitharaman pointed out that the Code has institutionalised and professionalised corporate resolution process which is now transparent, and market led. The Code has all characteristics of a model law for emulation by all concerned. It has created a set of professionals who help, advise and also show the path to exit when one finds it difficult to carry on a business. It has improved business climate in the country by making it easier for enterprises to exit in case of difficulties, she said. It is no more getting into a business not knowing how to get out of it, when required. Hon'ble Minister further stated that Banks feel very much relieved that there is a mechanism now to resolve defaults. Much before admission of an application, a lot of defaults are getting resolved.

4. In his address, Hon'ble Minister of State for Finance and Corporate Affairs, Shri Thakur complimented the IBBI for steering three challenging and successful years as a dynamic and proactive regulator. He said that the Code has provided an effective mechanism for exit and for restructuring of credit and businesses. The Code has brought about a paradigm shift in debtor-creditor relationship, shifting balance of power in favour of creditors, and consequently brought in significant behavioural changes. Highlighting the outcomes from the implementation of the Code, in terms realisations by creditors and the time taken for such realisation vis-a-vis erstwhile regime, he urged the stakeholders to implement the Code in letter and spirit, while Government is making prompt course corrections, including amendments to the Code, as well as strengthening the ecosystem, including infrastructural facilities for them.

5. Secretary, Ministry of Corporate Affairs, Shri Srinivas, in his address said that the Code is one of the deepest economic reforms which the country has witnessed in recent times. He reiterated the importance of the Code as the erstwhile multiple, laws and restructuring mechanisms were not so effective. He said that of more than 13,000 applications filed so far under the Code, more than fifty percent have been resolved before admission, indicating

enormous behavioural changes among the stakeholders. He highlighted that the absolute amount of NPAs and the rate of growth of NPAs have reduced, post IBC. Referring to the three amendment Acts to the Code in as many years, he said that Government has been prompt in making course corrections as per the needs of the market.

6. Shri Srinivas indicated that the individual insolvency regime would be implemented in phases, starting with resolution and bankruptcy of personal guarantors to corporate debtors, which may be rolled out any time now. The next would be the fresh start process, basically giving relief to very small borrowers who are not in a position to repay debt, which would be rolled out in the next six months. A non-adjudicatory process is being worked out for fresh start process. The insolvency resolution process for proprietorship and partnership firms and other individuals would be implemented next. He hoped that individual insolvency regime is expected to be fully operational in one-year. Shri Srinivas identified individual insolvency, cross border insolvency, group insolvency and marketplace for distressed assets as the focus areas of the Ministry of Corporate Affairs in near future.

7. To commemorate the establishment of the IBBI, it has instituted an Annual Day Lecture Series. A distinguished thought leader having substantial contribution in the field of law and economics, including insolvency and bankruptcy, delivers the annual lecture every year. This year, Learned Solicitor General of India, Shri Tushar Mehta delivered the IBBI Annual Day Lecture on “**IBC: Road Travelled and Road Ahead**”. Recognising the role of an efficient and predictable insolvency and debt resolution framework in allocation of resources, financial inclusion and availability of credit, Shri Mehta stated that the Code strengthens the investment climate and advances economic growth. In his lecture, Shri Mehta pointed out that the Code has been implemented at an unprecedented pace, with no parallel anywhere in the world, and the outcome, as compared to the past regime, has been remarkable.

8. Shri Mehta highlighted three 3 Es, namely, Effectiveness, Efficacy and Efficiency, which are design features of the Code. He dwelt on four key pillars of the ecosystem in the implementation of the Code, namely, insolvency professionals, information utilities, Adjudicating Authority and the IBBI. He, however, stressed that the whole edifice of the Code rests on the integrity and capability of insolvency professionals. He identified individual insolvency, group insolvency and cross boarder insolvency frameworks and regulatory framework for the valuation profession as important areas of work in the road ahead in the medium term.

9. Dr. M. S. Sahoo, Chairperson, IBBI welcomed the distinguished gathering. He stated that economic freedom has three roots. One is freedom to start business, which was provided mostly through reform in securities laws in the 1990s. The second is freedom to continue business, which was provided largely through reforms in competition law in the last decade. The third is the freedom to discontinue business, which has now been provided through reforms in insolvency laws in the middle of this decade. The second and third roots of economic freedom are the Competition Act, 2002, and the Insolvency and Bankruptcy Code, 2016. The chief architect of these two historical freedom enactments was the Minister for Corporate Affairs of 2001 and 2015 respectively, late Arun Jaitley, who not surprisingly, is the ‘first satyagrahi’ against the Emergency. Dr. Sahoo hoped that the thoughts of this great architect may continue to guide the stakeholders to realise his vision of the Code.

10. Dr. Sahoo informed the gathering that it has been the endeavor of the IBBI to deliver on its mandate with innovative and timely solutions. He stated that the IBBI: (a) provided a

framework to keep undesirable persons away, before the statute prohibited them from submitting resolution plans; (b) provided a window for submission of claims for home buyers, before the statute considered them as financial creditors; (c) provided a framework to prevent a successful resolution applicant from not implementing a resolution plan; (d) won the confidence of the 30000 strong fraternity of valuers, enabling Government to put in place a regulatory framework for the valuation profession; (e) made available study material for three asset classes of valuation, which are now used by valuers across the world; (f) commenced the first of its kind, Graduate Insolvency Programme, a two-year professional programme, on completion of which one would be eligible to work as an IP; (g) conducts four examinations, online, four sittings a day for enrollment as IPs and RVs; (h) provides electronic platforms for crowdsourcing of ideas, receiving and processing suggestions on regulatory proposals, and filing of various Forms by IPs. He stated that the IBBI family is grateful to the Hon'ble Minister of Finance and Corporate Affairs and the Government for spearheading the insolvency reforms, and addressing to difficulties proactively.

11. A publication “**The Insolvency and Bankruptcy Code, 2016: A Miscellany of Perspectives**” was released by the Hon'ble Finance and Corporate Affairs Minister, Smt. Sitharaman on the occasion. This publication puts together a miscellany of perspectives on the journey of the Code from the viewpoint of practitioners, policymakers, lawyers, subject experts, and academicians.

12. The Hindi version of the Code was released by Minister of State for Finance and Corporate Affairs, Shri Thakur. Dr. Mukulita Vijaywargiya, Whole Time Member, IBBI facilitated release of the publications.

13. The Annual Day witnessed presence of Members of the NCLAT and NCLT; Chairmen and Members of Regulatory Bodies; Senior Officers of the Government; Chairmen, Managing Directors and CEOs of Banks, Insolvency Professional Agencies, Information Utility and Registered Valuer Organisations; President and other Office bearers of Professional Institutes, Business Leaders, Advocates, Academics, and Insolvency Professionals and Registered Valuers.

14. Dr. Navrang Saini, Whole Time Member, IBBI extended a hearty vote of thanks at the conclusion of the event.
