

# From Chairperson's Desk

## Digitalisation of IBC

The IBC ecosystem needs to harness the use of information technology (IT) to drive the processes in a more efficient and effective manner. The stakeholders of IBC presently work in silos and have their separate fragmented technological platforms. There is need for a comprehensive IT platform that can ensure end-to-end integration and digitisation of the processes and serve as a single source of truth. An integrated platform would improve the outcomes of the insolvency process including minimising delays, increased transparency, increased participation of resolution applicants, facilitation in effective decision making, maximisation of value etc.

**Present challenge - Disintegrated IT platforms:** The technological interventions for processing and storing of data are driven by the following core separate institutions / pillars and are restricted to their individual mandates. A brief status of present disintegrated systems of the said five pillars is as follows:

- a. **National Company Law Tribunal (NCLT)** - The NCLT has an 'e-courts' platform for petitioners and respondents to submit their papers online. The Registry carries out scrutiny and confirms these submissions. The system reflects the status of each petition for stakeholders in the public domain.
- b. **Insolvency and Bankruptcy Board of India (IBBI)** - IBBI portal provides platform for compliance reporting and monitoring of cases and Insolvency Professionals (IPs). The IBBI website also acts as a repository of orders, resources for IPs, publications for market and researchers, data on cases, information regarding IPs etc. for use by the public and other stakeholders. It also disseminates public announcements and expression of interests (EoIs), auction announcements etc.
- c. **Insolvency Professional Agencies (IPAs)** - IPAs have websites and online portals for their IP members for registration and other compliance requirements like cost and relationship disclosures.
- d. **Ministry of Corporate Affairs (MCA)** - The debtor companies incorporated under the Companies Act, 2013 or earlier Acts are all a part of the MCA 21 portal of the MCA. This portal enables compliances under the Companies Act, 2013 at all times including compliances by the IP during insolvency proceedings. It contains information regarding directors, charges, status of insolvency resolution, etc.
- e. **Information Utility (IU)** - National e-Governance Services Ltd. (NeSL), the only IU registered under the Code, acts as the repository of all debt and default information provided by the creditors. It offers authentication /verification services for such debt and default. It is also an empanelled platform for distressed assets (PDA) offering services for facilitation of work of the IPs.
- f. **IPs** - Case management software being used by IPs.

The present challenge is that there is little or no technological interactions between these pillars / institutions. The portals/ systems of the institutions are all disparate and mostly work in silos with limited exchange of information. There is a need for these systems to be integrated and inter-linked to each other in a structured manner to streamline their interactions.

**Scope / potential of integrations:** There is a significant scope of integration of the present systems starting from filing of insolvency applications based on record of defaults generated by the IU, online filing of replies and template-based forms, communication of IPs with the stakeholders, reporting of the process outcomes to the IBBI, inter-creditor interactions, etc. IPs face great difficulty in obtaining records from the promoters of the corporate debtor (CD) and there are disputes raised by both parties about what information has been submitted and what is still pending to be submitted. If the information is submitted on a single platform, there will be a single source of truth which can be viewed by all parties having access to that information. The platform can facilitate interaction between

representatives of class of creditors (like home buyers) and other creditors and allow creditors to watch the progress of their case. Predictive coding can also be employed to conduct a review of the company's books and records to search for leads. Technology assisted review could retrieve the relevant documents by searching through a large number of documents.

If the interactions, as mentioned above, are conducted on an integrated platform, the information can flow efficiently and quickly throughout the system, which will further help the NCLT benches in quickly establishing the facts and thereby curtailing process delays. If information is submitted in a timely manner, monitoring would be better and NCLT can quickly decide about the alleged violation of compliances. In fact, all relevant regulators can view the nature of cooperation being extended.

Incremental approach towards Integrated Comprehensive System

Sl.	Institution & Platform	Illustrations of proposed modernisation
1	NCLT: E-Courts	<ul style="list-style-type: none"> <li>• Validation based, machine readable applications</li> <li>• End-to-end digitisation of process</li> <li>• Categorisation and prioritisation of processing of applications based on pre-determined criteria</li> <li>• Technology aided review of cases</li> <li>• Artificial Intelligence (AI) and predictive coding to cull out relevant case laws</li> </ul>
2	IBBI Portal	<ul style="list-style-type: none"> <li>• Integration of various sub-systems being used at present and having internal and external interface</li> <li>• Single compliance form for IPs</li> <li>• Integration with IT platforms of IPAs as well as other stakeholders.</li> <li>• Use of AI for analysis of data for policy inputs</li> </ul>
3	MCA 21	<ul style="list-style-type: none"> <li>• Streamlining information related to charges, directors, latest financial statements, loan related reporting, etc. in line with requirements of processes under the Code</li> <li>• Virtual Data Room for IBC cases</li> </ul>
4	IU (NeSL)	<ul style="list-style-type: none"> <li>• Streamline the debt and default related authenticated data</li> <li>• Developing portal for submission of authenticated claims through IU</li> <li>• Development of PDAs for corporate insolvency resolution process (CIRP) and liquidation processes.</li> </ul>
5	IPs	<ul style="list-style-type: none"> <li>• Development of a standardised template for an effective case management system for IPs</li> <li>• IT Enabled Services on portal for supporting IP in his duties and processing and storing of record.</li> </ul>

A comprehensive end-to-end technology solution would cover all the activities in the IBC ecosystem from debt and default filing to implementation of resolution plan. It will increase the efficiency of the whole system by providing a single source of truth to all players. It will greatly facilitate the NCLT benches to establish facts and decide quickly, with improved outcomes in terms of time and realisations, in line with the vision of Digital India.

(Ravi Mital)