

Insolvency Professionals (IPs)

Source: ET

Recently, the <u>Insolvency and Bankruptcy Board of India (IBBI)</u> has issued new guidelines for appointing <u>insolvency professionals (IPs)</u> as interim resolution professionals, liquidators, and bankruptcy trustees.

- Under the new guidelines, a panel of IPs will be set up with a validity of six months.
- The panel will be shared with the <u>National Company Law Tribunal</u> and the <u>Debt Recovery</u> **Tribunal (DRT)** to avoid administrative delays.
- To qualify for the panel, IPs must not have any ongoing disciplinary proceedings or convictions in the past three years.
- IPs will hold an authorisation for assignment, which will be valid till the validity of the panel (6 months).
- The panel will be prepared based on the volume of completed assignments and registration dates, giving priority to those with more experience.
- The <u>Insolvency and Bankruptcy Board of India (IBBI)</u> operates under the <u>Ministry of Corporate</u>

 <u>Affairs</u> and aims to **enhance the efficiency of the insolvency resolution process** by ensuring a pool of qualified professionals for immediate appointment.



Introduction

- □ Insolvency and Bankruptcy Code (IBC), 2016 provides a time-bound process for resolving insolvency in companies and among individuals
- Provides for speedier resolution and higher recoveries
- □ **Insolvency:** individuals or companies are unable to repay their outstanding debt
- Bankruptcy: a legal declaration of one's inability to pay off debts

Objectives of IBC

- ☐ To consolidate and amend all existing insolvency laws in India
- ☐ To simplify and expedite the Insolvency and Bankruptcy Proceedings in India
- ☐ To protect the interest of creditors including stakeholders in a company
- □ To revive the company in a time-bound manner
- ☐ To promote entrepreneurship
- ☐ To get the necessary relief to the creditors and consequently increase the credit supply in the economy
- ☐ To work out a new and timely recovery procedure to be adopted by the banks, financial institutions or individuals
- ☐ To set up an Insolvency and Bankruptcy Board of India

IBC: Salient Features

- Covers all individuals, companies, Limited
 Liability Partnerships and partnership firms.
- Adjudicating authority:
 - National Company Law Tribunal (NCLT) for companies and LLPs
 - Debt Recovery Tribunal (DRT) for individuals and partnership firms
- □ Insolvency and Bankruptcy Board of India to exercise regulatory oversight over insolvency professionals (IPs), insolvency professional agencies (IPAs) and information utilities (IUs)
- □ **IPs** handle the commercial aspects of insolvency resolution process
- □ **IPAs** develop professional standards, code of ethics
- □ **IUs** collect, collate, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings
- Enabling provisions to deal with cross border insolvency





Insolvency and

Bankruptcy Code

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