



UK Sinha Panel on “Group Insolvency”

The Insolvency and Bankruptcy Board of India (IBBI) has set up a **11-member working group under the Chairmanship of former SEBI chief UK Sinha** to go into the concept of ‘Group Insolvency’ and suggest a suitable framework.

- At present, the [Insolvency and Bankruptcy Code \(IBC\)](#) provides for the resolution or liquidation of only individual stressed companies. So a framework within the IBC is sought to be created for the resolution/liquidation of an entire stressed corporate group having several entities in **multiple National Company Law Tribunal (NCLT) jurisdictions**.
- ‘Group Insolvency’ process may be useful where two or more applications are pending in the same court against debtors in the same Group, such debtor group or creditors of such debtor group can seek joint proceedings.
- The Insolvency and Bankruptcy Code, 2016 has been the **most successful mechanism to recover debt**.
 - According to a recent RBI report, the average recovery by banks, based on the **amount filed through the IBC, was 41.3% in FY18**, against just 12.4% through other mechanisms such as the SARFAESI Act, Debt Recovery Tribunals and Lok Adalats.

Insolvency and Bankruptcy Board of India

- The Insolvency and Bankruptcy Board of India was **established on in 2016** under the Insolvency and Bankruptcy Code, 2016 (Code).
- It is responsible for implementation of the Code that consolidates and amends the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of the value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.
- It regulates a profession as well as processes.
- It has **regulatory oversight** over the Insolvency Professionals, Insolvency Professional Agencies, Insolvency Professional Entities and Information Utilities.

Existing Laws for Recovering Debts

- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI): Lender can take possession of the assets kept as security over non-repayment of loans.
- Prevention of Money Laundering Act (PMLA): Proceeds of the crime are attached by the Enforcement Directorate.
- Recovery of Debts due to Banks and Financial Institutions Act, 1993: A debt recovery tribunal can pass orders for the attachment of assets that were given as security on nonpayment of dues/loans.
- Earlier in January 2019, the Reserve Bank of India (RBI) had set up an eight-member expert committee under former [SEBI chairman U.K. Sinha](#) to understand the structural bottlenecks and factors affecting the performance of the Micro, Small and Medium Enterprises (MSME).

