

Personnel shortage: IBBI asks IIMs, law schools to promote insolvency research

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FACED WITH AN urgent need to bolster a nascent insolvency ecosystem through a robust pool of professionals that would handle default cases involving billions of dollars, the Insolvency and Bankruptcy Board of India (IBBI) has started a massive drive to sensitise students about the abstruse discipline. It has asked various Indian Institutes of Management (IIMs), national law universities (NLUs), professional bodies like ICAI and ICSI, and other institutions of learning to help promote research and raise awareness about insolvency and bankruptcy.

In a letter to IIMs, IBBI chairman MS Sahoo wrote: "IBBI believes that the Code (Insolvency and Bankruptcy Code, 2016) as a modern regime, at its nascent stage, will be a great resource for researchers and academics to understand in detail the change that is in the offing."

"In this spirit and to create awareness about the insolvency and bankruptcy regime amongst students of higher education, it's promoting an essay competition through institutes of learning."

Under IBBI's tutelage, some bodies like ICAI have also started moot competitions in which participating students can argue on a specific topic on insolvency and bankruptcy. IBBI is also considering supporting students wishing to do PhD in such areas.

At the bottom of these initiatives lies the fact that the insolvency eco-system urgently requires a strong network of efficient professionals who take on the crucial role of insolvency-resolution professionals or bankruptcy trustees and are an indispensable part of the resolution or liquidation processes involving stressed firms.

Since the IBC came into existence only late last year and more and more stressed firms are being dragged into the insolvency resolution process by creditors, the regulator is racing against time to make available a robust pool of such professionals.

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allowed chartered accounts, company secretaries, cost accountants and lawyers to become insolvency professionals if they fulfill certain criteria and clear an examination conducted by it. Growing awareness about

insolvency will not just create a robust pool of professionals but also encourage stakeholders to make greater use of the IBC for effective resolution of corporate defaults.

The IBBI has finalised guidelines for the essay competition, to be effective from January 1, 2018.

Topics would be announced by the IBBI and/or suggested by institutes concerned (with approval from the IBBI) and the regulator will give away the prize money. In fact, National Law University in Gujarat has already started this initiative, and by the

first week of December, it received 50-odd essay papers.

The regulator has also come up with internship guidelines for aspiring insolvency professionals, who would be offered a monthly stipend of ₹10,000. An intern would get a chance to submit a dissertation prepared under the guidance of an IBBI official and a faculty member of the institute he represents.

The IBBI was set up on October 1, 2016 and within a year of its existence, the regulator created an impressive eco-system with 1,000 registered insolvency professionals, three insolvency professional agencies, 40 insolvency professional entities and one information utility. Of the over 450 insolvency cases admitted by the adjudicating authority, five-six cases have so far been resolved and over 20 have gone for liquidation.

Resolution takes time, as the IBC provides for wrapping up the process in 180 days from the date of the admission of an application by the adjudicating authority, with a provision to extend it by another 90 days, if required.