

# IBBI empowers adjudicating authority to pick IPs from panel to curb delays

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To avoid administrative delays in the appointment of a resolution professional (RP), the Insolvency and Bankruptcy Board of India (IBBI) plans to provide a list of such qualified professionals to the adjudicating authority to choose from.

The IBBI in its new guidelines has said it would create a panel of insolvency professionals (IPs), which would be updated every six months. The board has also prepared an algorithm to place the IPs on a panel in a particular order. The IP with the lowest volume of ongoing processes will get a score of 100 and will be at the top of the panel. The IP with the highest volume of ongoing processes will get a score of zero.

Both the National Company Law Tribunal and Debt Recovery Tribunal may pick any name from the panel for appointment of interim resolution professional (IRP), liquidator, RP for a corporate insolvency resolution process (CIRP), liquidation process, insolvency resolution or bankruptcy process relating to corporate debtors, and personal guarantors to corporate debtors, as required.

Experts said the move would give opportunities to more professionals to find exposure. “The IBBI has prepared a thought-through methodology to create a panel of IPs. This will create equal opportunity for all RPs. It also will help in expanding the bandwidth of a quality panel of RPs over time,” said Babu Sivaprakasam, senior partner, Economic Laws Practice.

Section 16(3)(a) of the Insolvency and Bankruptcy Code requires the adjudicating authority to make a reference to the board for recommendation of an IP, who may act as an IRP in cases where an operational creditor has made a CIRP application and has not proposed an IRP.

“Under the new guidelines notified, the adjudicating authority is directly empowered to make appointments from a panel of qualified IRP, RP, and liquidators prepared by the IBBI. This would hopefully reduce the time taken by the adjudicating authorities in making appointments of IRP/RPs and liquidators,” said Sushmita Gandhi, partner, IndusLaw.

The IBBI said it does not have information about the volume, nature and complexity of an insolvency or bankruptcy process and the resources available at the disposal of an IP. “In such a situation, the board is unlikely to add much value by recommending an IP for the process. Further, it takes some time for a reference or a direction from the adjudicating authority to reach the board,” said the IBBI.

The regulator said it may take up to 10 days to identify an IP and even more time for its recommendation to reach the tribunal concerned. “The process of appointment may entail two to three weeks, which could be saved if there is a ready panel of IPs recommended by the board and it can pick any name from the panel for appointment while issuing the order itself,” said the IBBI.