

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 3941
ANSWERED ON MONDAY THE 28TH MARCH, 2022
CHAITRA 7, 1944 (SAKA)**

APPOINTMENT AS INSOLVENCY PROFESSIONALS

QUESTION

3941. SHRI. VINCENT H. PALA:

Will the Minister of CORPORATE AFFAIRS

be pleased to state:

a) whether the fresh graduates are being appointed as Insolvency Professionals/Resolution Professionals (RPs) under the Insolvency and Bankruptcy Code and if so, the details thereof;

(b) whether the Government plans to set up an Institute of Resolution Professionals to oversee and self-regulate conduct of RPs and if so, the details thereof; and

(c) whether the Committee of Creditors has to follow any specific guidelines/code of conduct while selecting/ removing RPs and if so, the details thereof?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

(a): Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, *inter alia*, provide that, among other qualifications, individuals who have successfully completed 'Graduate Insolvency Programme' (GIP), which is a 24 months intensive programme, are also eligible for registration as Insolvency Professionals (IP). As of 28th February, 2022, the Insolvency and Bankruptcy Board of India (IBBI) has granted registration to 16 graduates of this programme as IPs. Further, it is the Adjudicating

Authority (AA) which appoints an IP as Interim Resolution Professional (IRP)/Resolution Professional (RP) for handling assignments under the Insolvency and Bankruptcy Code, 2016 (the Code).

(b): No Sir, there is no such proposal under consideration of the Government. The Code provides for a two-tier regulatory structure to oversee the conduct of IPs. In the first tier, there are three Insolvency Professional Agencies (IPAs) registered with IBBI, of which IPs are members. IPA's functions, *inter alia*, include laying down standards of professional conduct, monitoring performance of its members and regulate them on the basis of the bye-laws. The IBBI is the second-tier regulator having oversight on the IPAs and IPs.

(c): If any application for initiation of corporate insolvency resolution process is filed by a financial creditor (under section 7) or corporate debtor (under section 10) under the Code, the applicant is required to propose the name of an IRP along with the application and AA appoints such IRP, upon his consent and if no disciplinary proceedings are pending against him. However, in case of application under section 9 by operational creditors (OCs), OC may or may not propose the name of an IRP. In this case, the Code requires the AA to make reference to IBBI to recommend the name of an IP against whom no disciplinary proceedings are pending. For the purpose, IBBI provides a panel of IPs to AA from which IRP may be appointed.

The appointed IRP is then required to constitute a Committee of Creditors (CoC) and within 7 days of its constitution, the first meeting is to be held during which CoC has to either appoint the IRP as RP or replace the IRP with new RP with a majority vote of not less than 66%, as provided under section 22 of the Code. The replacement of IRP with a new RP requires approval of the AA.

Further, where at any time during the corporate insolvency resolution process, the CoC is of the opinion that a RP appointed under section 22 is required to be replaced, it may replace him with another RP in the manner provided in section 27 of the Code.
