

Sensex ↓ (-0.35%) 77209.90 -269.03	Nifty ↓ (-0.28%) 23501.10 -65.90	Nifty Midcap ↓ (-0.08%) 55429.15 -44.65	Nifty Smallcap ↓ (-0.10%) 8533.50 -8.20	Nifty Bank ↓ (-0.24%) 51661.45 -121.80
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## IBBI proposes amendments to insolvency rules; seeks public comments

*This proposal seeks to eliminate inconsistencies between the CIRP regulations and the Companies (Registered Valuers and Valuation) Rules*

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The IBBI has proposed amendments to the Insolvency Resolution Process for Corporate Process regulations, to enhance efficiency and reduce costs, and sought stakeholder inputs by July 10.

These amendments are expected to enhance the efficiency and transparency of the Corporate Insolvency Resolution Process (CIRP), and benefiting creditors and other stakeholders involved in the CIRP.

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In a discussion paper released on Wednesday, the Insolvency and Bankruptcy Board of India (IBBI), proposed that the registered valuer should submit a comprehensive valuation report for the corporate debtor as a whole, rather than separate valuations for different asset classes.

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This proposal seeks to eliminate inconsistencies between the CIRP regulations and the Companies (Registered Valuers and Valuation) Rules.

For companies with an asset size of up to Rs 1,000 crore and micro, small and medium enterprises (MSMEs), the board proposes to appoint only one registered valuer for providing the estimates of the fair value and the liquidation value.

However, keeping in view the complexities so involved, if Committee of Creditors decided to have two valuers, and it has to record the reasons for the same before resolution professional takes steps for such appointments, the IBBI said.

This measure will reduce CIRP costs and expediting the process for small entities.



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The IBBI -- a statutory body functions under the ministry of corporate affairs -- has invited stakeholders, including corporate debtors, creditors, insolvency professionals, and the general public, to submit their comments on the proposed amendments by July 10.

To prevent delays in the appointment of authorised representatives (AR) for creditors, the IBBI, also proposed to allow the interim resolution professional to enable the AR to participate in the Committee of Creditors meetings immediately after an application for their appointment is submitted to the adjudicating authority.

The discussion paper also addressed the issue of release of guarantees in the resolution plan, the board proposes that such a proposal submitted by the applicant will not extinguish the rights of creditors to proceed against guarantors and enforce realisation of guarantees governed through various agreements.

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