

## **IBBI notifies norms for liquidation process**

The Insolvency and Bankruptcy Board of India (IBBI) today notified regulations for liquidation process whereby an insolvency professional is barred from acting as a liquidator unless that individual is independent of the corporate debtor concerned.

The regulations come into force with immediate effect.

IBBI, set up under the Insolvency and Bankruptcy Code, seeks to consolidate and amend laws relating to reorganisation as well as insolvency resolution of corporate persons, partnership firms and individuals in a time-bound manner.

Among others, advocates, chartered accountants, company secretaries and cost accountants with 15 years of experience in their respective fields can serve as insolvency professionals.

While announcing that the regulations for liquidation process have been notified, IBBI today said these norms specify the manner and contents of public announcement, receipt and verification of claims of stakeholders, among other requirements.

"These regulations prohibit an insolvency professional from acting as a liquidator for a corporate debtor if he is not independent of the corporate debtor," the release said.

Besides, it prohibits partners and directors of an insolvency professional entity of which the insolvency professional is a partner or director from representing other stakeholders in the same liquidation process.

As per the norms, a liquidator should ordinarily sell the assets through auctions and private sale would be allowed only if the asset is perishable.

With respect to fee payable to a liquidator, the amount would form part of the liquidation cost.

"A liquidator shall be paid such fees and in such manner as has been decided by the committee of creditors during the resolution process.

"In all other cases, the liquidator shall be entitled to a fee as a percentage of the amount realised net of other liquidation costs and of the amount distributed," the release said.

*(Economic Times)*