



Telangana Today
FOR LOCAL TO GLOBAL NEWS

Going the extra mile

Governance is not about a small elitist group handing out top-down policy prescriptions, but it is about a caring and empathetic leadership adopting a bottom-up approach to fulfil the aspirations of the people and make a real difference in their lives. The success of any governance model will depend on how much the leadership cares for the needs of various sections of the people. The large-heartedness shown by the Telangana government towards its employees and contract workers serves as a role model in good governance. Despite the difficult financial situation due to the pandemic, the government has gone the extra mile in meeting the requirements of employees and pensioners. By giving a 30% hike in salary, enhancing the retirement age from 58 to 61 years and offering a 25% hike in gratuity from Rs 12 lakh to Rs 16 lakh, it has exceeded the expectations and done something that no State can match. Importantly, the contract and outsourced employees get the benefits on a par with regular staff, a prospect that was unthinkable in the combined Andhra Pradesh. As a result of the latest decision, over 9 lakh employees, including home guards, Anganwadi and ASHA workers, village administrative officers and daily wage workers will benefit. Increasing the retirement age marks the fulfilment of one of the key election promises of the ruling Telangana Rashtra Samithi (TRS). No wonder that Chief Minister K Chandrashekar Rao is hailed as a true friend of employees.

Increasing retirement age marks the fulfilment of one of the key election promises of the TRS government

The employees had played a stellar role in the Telangana Statehood movement and made a lot of sacrifices. Since the formation of the State in 2014, there has been a conscious and concerted effort to empower various sections of society, including protecting the interests of the employees in the lower rung, in an integrated manner. Unlike the piecemeal approach of the successive regimes in the past, the TRS government made a policy shift, focusing on changing the entire ecosystem. Be it the schemes that helped transform the lives of farmers or the programmes to assist those who depend on traditional occupations, the performance of Telangana has been exemplary, so much so that several States have expressed keenness to emulate these policies. This refreshing approach to transform the ecosystem of the rural areas and empower various social groups in an integrated manner has set the tone for all-round development of the State. If Telangana is what it is today – a State marching ahead on all fronts— it is because of the political will and commitment to develop the State and bring prosperity to all sections of the people. A strong developmental narrative is already in place with the benefits reaching every section in a measurable way.

We are against the constitutional blunder and onslaught on J&K. Our fight is not against but for the country and to safeguard the Constitution. We represent an idea and time will come when there will be a change of the govt in Delhi and also the prevailing atmosphere in the country



Firdous Tak
PDP spokesperson

I had left WB in 1971 (when the Naxal movement was at its peak) as the situation here was not conducive for studies... I always had the feeling that I needed to get back to my roots. I do not believe in playing games with people. ...These are dignified people



Ashok Lahiri
Economist and BJP candidate

At the NIA headquarters, I was lodged in lockup no.1. Officials offered me instant bail if I joined the RSS. When I was arguing against the insulting offer, they came out with another proposal of joining the BJP. They said I could contest the Assembly election



Akhil Gogoi
Anti-CAA activist

They (BJP govt) are closing down all central concerns. Only one factory will be there, that of Modi's lies. ...The BJP doesn't know me. I can play the game with just one leg. I will hit the ball with one leg in such a way that you (BJP) will vanish from Delhi too



Mamata Banerjee
West Bengal Chief Minister

[Stress Test]

Restart of IBC and issues

With Suspension Amendment ending on March 25 and the 'one-shoe-fits-all' law being back, many areas need clarity



ISHANA TRIPATHI

On March 24, 2020, the Insolvency and Bankruptcy Code, 2016, (IBC) was suspended in operation by statutory amendment (Suspension Amendment) for initiation of new corporate insolvency petitions (CIPs). The Suspension Amendment was passed to protect small and medium enterprises who may not be able to find buyers or go for restructuring under the IBC process and may face liquidation owing to the Covid-19 pandemic. The IBC is applicable to lending arrangements with an existing debt, which has been defaulted upon by a debtor. At the time of enforcement on December 1, 2016, the default amount was Rs 1 lakh. Parallel to the Suspension Amendment, the default amount was increased to Rs 1 crore.

Suspension Amendment

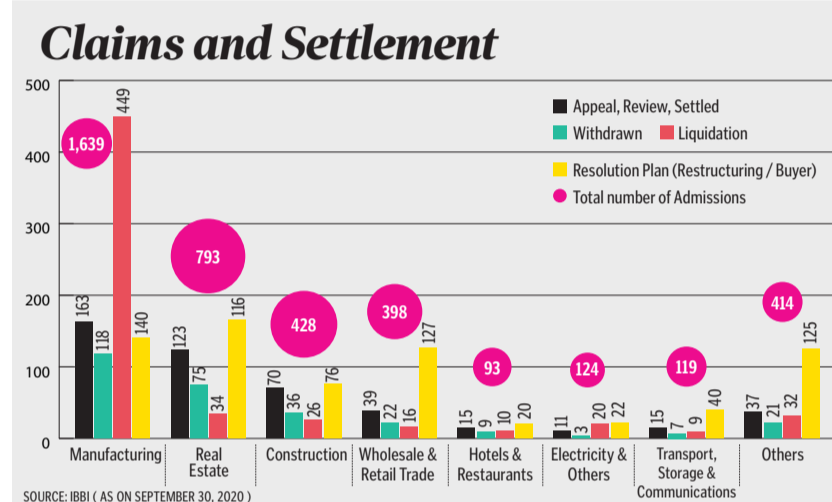
The Suspension Amendment applies to Part I of the IBC which provides for the insolvency and resolution of body corporates (the corporate debtor). Part III of the IBC provides for bankruptcy and resolution of individuals and partnerships. Part III in its entirety is yet to come in force. In December 2019, provisions related to personal guarantors to corporate debtors of Part III were notified to provide the necessary nexus between Part I and Part III and for holistic resolutions of corporate debtors.

The Suspension Amendment is in place till March 25, 2021. It was extended twice over the year. In this context, it is necessary to summarise the reforms and frameworks that have been passed over the year to shed light on what is to be expected.

Caseload & Sectoral Filings

We need take into consideration the number of cases for which the IBC has been utilised.

According to the insolvency regulator — Insolvency and Bankruptcy Board of India (IBBI) — as on September 30,



CROSSBORDER TREATMENT AND FOCUS ON SPECIFIC SECTORS SUCH AS REALTY AND AVIATION WILL NEED TO BE ADDRESSED BESIDES LOOKING AT COVID-RELATED DEBT DEFAULTS

2020, 4,008 CIPs were admitted for claims. Of this, 2,006 have been closed by: through appeal, review or settlement; liquidation; withdrawal of CIPs or restructuring and resolution through a third-party buyer or bidder (known as resolution applicant under the IBC). Manufacturing has the maximum number of filings and also the most liquidations followed by real estate which has had more resolutions, settlements and withdrawals. The wholesale and retail trading sector follows the real estate closely in the number of admissions and has had more resolution through third party buyers (known as resolution applicants under the IBC) and half as many liquidations. (See infographics)

At present, one can infer that there is a sectoral preference for restructuring and third-party purchase under the IBC. This needs to be addressed when the 'one-shoe-fits-all' law is back in business.

Frameworks and Reform

Since the Suspension Amendment and the revised default limit, certain reformatory measures have been introduced by the Central government. On May 17, 2020, the government empowered itself to exclude 'Covid-19 related debt-defaults' from the IBC and introduced a special restructuring framework for the 'Covid Related Stress' to medium and small enterprises and financial service providers. Findings of India Ratings &

Research, which has tracked the use of the restructuring framework, reveal that creditors have been risk averse in using the restructuring frameworks for mid and emerging companies.

In relation to the Covid-related debt-defaults, the exclusion period and its application are unclear and will be put to test once the Suspension Amendment is lifted. On January 22, 2021, a prepackaged insolvency resolution process framework (PPIF) was introduced for defaults between Rs 1 lakh and Rs 1 crore where a corporate debtor can initiate a restructuring and resolution process as a going concern with the consent of a simple majority of financial creditors or shareholders of the corporate debtor. This framework is yet to be notified.

As a third important development, a crossborder restructuring protocol was approved by the tribunal in India but its enforcement is a question since there is no governing law or international legal instrument. For example, during the period of the Suspension Amendment, restructuring of Jet Airways (India) Limited continues in the Netherlands. This type of protocol was last seen in the Lehman Brothers case. As the restructuring continues, one needs to see the Indian enforcement of the protocol and whether international instruments or treaties, in particular the United Nations Commission on International Trade Law Model Law on Cross Border Insolvency (also

known as MLCBI), need to be adopted by India to provide enforcement, cooperation and effective resolution.

The crossborder aspects also raise questions of group company insolvencies. A new group enterprise framework has been introduced internationally — which is on the to-do list from a law and reform's perspective for India with cases such as Essar and Jaypee being big group insolvencies where the issue has been raised.

Other countries had adopted a similar suspension model, but these were limited to 3-6 months. Post suspension, for instance, in Singapore, there have been more restructurings than liquidations and new restructuring initiatives have been introduced. France, on the other hand, has seen more out-of-court-settlements and workouts using processes such as mediation. The United States introduced a law specific to small business reorganisations in anticipation of liquidations in its Chapter 11, which is primarily the way the IBC is modelled - as one law for debt-defaults.

Open Questions

It is apparent that the revised default limit will stay in place with CIPs under the IBC being applicable to the defaults above Rs 1 crore and the PPIF will be introduced. Clarity on Covid-related debt-defaults being excluded from the IBC and also the PPIF needs to be determined. More questions on group insolvencies, crossborder treatment and focus on specific sectors such as realty and aviation, which have been further distressed, will need to be addressed since the likelihood of the sectors with high case admissions pre-Suspension Amendment would continue.

While the focus has been on corporate rescue and regulated restructurings, the absence of commercial viability in certain sectors might be of concern. Qualifying restrictions to be a buyer as a part of the PPIF and IBC might require specific reassessment. Further, portions of the IBC that are yet to be notified (like Part III) will be a mammoth excursion with the existing debt recovery laws that are still in force.

The challenge of the overriding power of the IBC will be a consistent and constant issue that will need jurisprudential and legislative assessment.

(The author is Assistant Professor, Jindal Global Law School, Sonapat. Views are personal)

Democracy is the art of thinking independently together



Letters to the Editor

Pakistan's intentions

The well-written editorial on Imran's reverse swing (March 23) clearly denotes Pakistan's intentions to destabilise peace and harmony in India by internationalising the Kashmir tangle. Reverse swing may be a tactful method in cricket but it is a deceitful political game. Pakistan is known as a thorn to the Indian peace movement. The Kashmir issue has become an unresolved one since independence and the United Nations too has failed to sort out the Indo-Pak scuffle.

N Ramalakshmi, Secunderabad

Regions rule

It was a momentous occasion for South Indian cinema at the 67th National Film Awards. Malayalam cinema hogged the limelight grabbing seven prizes with Tamil (6), Telugu (3) and Kannada (1) finishing in that order. 'Wild Karnataka,' deservedly won the Best Exploration Film award in the non-feature category. Kudos!

N J Ravi Chandar, Bengaluru

Unstoppable politicians

There are some loud-mouthed politicians who are simply unstoppable. In this respect, Uttarakhand Chief Minister Tirath Singh Rawat seems to have overtaken the dubious record set by his Tripura counterpart Biplab Kumar Deb. Coming on the heels of his misogynistic comment on women wearing ripped jeans, he now blames them for not procreating 20 children to get more rations. And he's grossly ill-informed as well. He declared in a public meeting that India was under American subjugation for 200 years. What an enviable pick for the Chief Ministerial gaddi.

Bhaskar Roy, New Delhi

Make it regular

This refers to '30% fitment for State employees' (March 23). The Telangana Chief Minister has done a commendable job. This shows that he is kind towards government employees. He has even given PRC benefits to contract and daily wage employees. But there is a need to regularise the services of contract and daily wage employees in all State departments. Hope the Chief Minister will take the necessary steps in this regard.

Syed Nisar Mehdi, Hyderabad

Decency in democracy

Contemporary politics is divisionary. It divides our society into different parts; caste, religion, sex, and nationality. This creates an unequal society. Democracy should be decent. It should not be all about power. In a democracy, nobody should be treated as a second class citizen. Equality must prevail.

Abhimanyu Sahoo, Odisha

We invite your views and comments at letters@telanganatoday.news