



BRIDGE

Public Policy | Advocacy | Conflict Management
Capacity Building

Supporting Policy Measures for Implementation of Mediation in Personal Insolvency

Submitted to: Working Group on Individual Insolvency

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1. Main Identified Areas of Supporting Policy Measures

1.1. Infrastructure

The ecosystem shall have physical, technological, and manpower components. To ensure these components are running complementary to each other there needs to be a robust monitoring and evaluation ecosystem which generates feedback and helps improve on the lacunae of the current set up.

1.2. Awareness and Advocacy

Active engagement with the general public and creating awareness among them with regards to their financial health and debt management will improve the perception of people towards insolvency and Bankruptcy. It is essential to educate people that Insolvency and Bankruptcy need not be an ending, rather it could be a new start, depending on how they handle it.

1.3. Capacity Building

Under the existing arrangements for insolvency IBBI has a network of insolvency resolution professionals. However, for the implementation of this framework there is a need to undertake a massive capacity building exercise not just for Insolvency resolution professionals, but also for the potential mediators who shall be mediating the insolvency claims. This capacity building exercise shall be help in upgrading the existing workforce as well as generating new workforce within the system.

1.4. Accreditation and Grading

To maintain the essence and quality of the process of personal insolvency, it is imperative that the professionals/practitioners involved in the implementation of the framework are accredited and graded to the highest qualitative industry standards. The accreditation and grading shall occur through training, feedback, and performance reports.

2. Infrastructure

2.1. Physical Ecosystem

Implementation of this policy shall require high target outreach. The physical infrastructure requirement shall be for the following:

- Creating kiosks for filing
- Counselling and help desk
- Undertaking multi party mediations
- Awareness and outreach

The following internal and external ecosystems are available to IBBI on plug-and-play basis for implementation of this policy without excessive financial outlay. The same infrastructure facilities, where possible

Existing Ecosystem

Offices	Number of Offices	Number of cities/towns/villages covered ¹	Comments
IBBI Offices	1	1	Only in New Delhi
Insolvency Professionals	3211	120	There is only 1 professional registered in North East of India
Insolvency Professional Firms	43	13	Very limited numbers
Insolvency Professional Agencies	3	1	Coverage can be increased by collaborating with regional offices of ICAI, ICSI and ICWAI
Registered Valuer Organizations	11	7	Very limited numbers
Registered Valuers	697	115	

Based on the above, only use of internal IBBI ecosystem shall not be enough for implementation of this policy.

Suggested Expanded Ecosystem

Offices	Number of Offices	Number of states/cities/towns/villages covered ²	Comments
Postal Banks	650	378	High coverage in rural areas
Aadhaar Kendra	530	53	Run by private bodies and not regulated by government instrumentalities
PAN Kendra	207	135	Run by private bodies and not

¹ Complete list of locations available in Annexure

² Complete list of locations available in Annexure

			regulated by government instrumentalities
Bar Council offices	20	29 states and 7 union territories	
ICAI Offices	128		
ICSI Offices	70		
ICWAI Offices	99		
Offices of other regulators such as			
Reserve Bank of India - 19			
Securities and Exchange Board of India (SEBI) - 5			
Insurance Regulatory Development Authority of India - 3			
Institutional mediation service providers - 15			

It is suggested that tie-up with postal banks should be established for making the scheme of pre-insolvency resolution available in rural areas where outreach of IBBI internal ecosystem is limited.

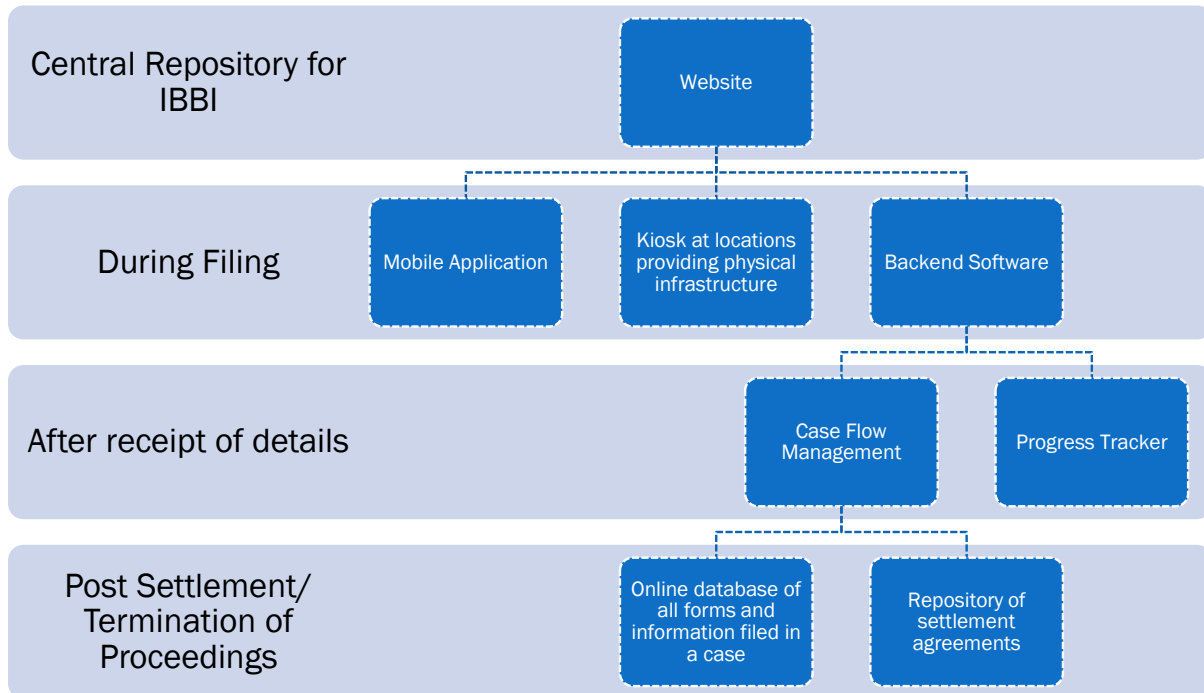
It is suggested that the regional offices of Bar Council of India/ State Bar Councils, Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost and Works Accountants of India (ICWAI) are also used

2.2. Technological Ecosystem

There is a need for technological infrastructure for the following reasons:

- To reduce the requirement of physical infrastructure
- To create supporting mechanisms for Insolvency professionals
- To reduce information asymmetry
- To improve case management systems which shall significantly bring down costs and enhance productivity
- To create database for monitoring, evaluation and generation of reports that shall help quantify the impact of the policy

A successful formal personal insolvency regime also has to recognise that different individuals struggling with debts have different characteristics which a single process is highly unlikely to be able to accommodate. It seems appropriate, therefore, that there should be a number of different routes by which individuals can access debt relief depending on their circumstances.



For the purpose of implementation of the policy, the IBBI shall have to develop information technology infrastructure, a broad outline of which is as follows:

- Website with full features below
- Mobile application
 - Registration of pre-insolvency resolution applications
 - Checking status
 - Participating in mediation
 - Uploading documents and forms where necessary
 - Chat bot for information and grievance redressal
 - Online confirmation of settlement agreements
- Back-end case management software with following features:
 - Allocation of insolvency professional
 - Allocation of mediator
 - Uploading of documents by debtors and creditors
 - Filing of forms by insolvency professional/mediator to IBBI/ DRT
 - Tracking of status of application
 - Maintaining case status after every meeting by mediator
 - Maintaining case status after every meeting by insolvency professional
- Front end software for online pre-insolvency mediation
 - Separate interface for IBBI
 - Separate interface for mediator
 - Separate interface for parties

The technological ecosystem has multiple components and shall require commensurate supporting physical infrastructure. The implementation framework's success shall depend on accessibility, affordability, and efficiency of the system.

Use of Blockchain

We recommend the use of blockchain technology in case management going forward for the following reasons:

- Blockchain ensures authenticity of information
- Where parties agree to a settlement and need enforcement, blockchain shall make summary proceedings possible
- It shall lead to creation of a decentralised database that automatically distributes data across all the nodes thereby increasing availability of data
- Will ensure data integrity and combat fraud
- Does not require extensive investment to scale up data hosting

Accessibility

Pertaining to the Online Dispute Resolution Kiosks, arrangements shall have to be made to install them at various places where people can readily access them like at Debt Recovery Tribunals, Local Insolvency Professional offices. Tie-ups can be explored with other regulators like Reserve Bank of India to install ODR Kiosks at their regional offices. A mobile based app can be designed to further expand the outreach of the framework.

Affordability

The affordability of the whole process is vital to the sustenance of the personal insolvency regime. Taking the process on an online platform is the first step towards ensuring the physical and social costs are reduced. The implementation of an online mechanism shall also require the supporting mechanisms for case management and resolution of personal insolvency. By bringing in mediation process to resolve insolvency the process has become more affordable, whereby the costs of the mediator are borne equally by debtor and the creditor. For lowering the costs of case management, back end case management software shall significantly reduce the manpower required to fill out and track the progress of an application. However, there shall be still a requirement to deploy the manpower on site to man and operate the ODR Kiosks and case management units. To lower the costs of the manpower requirement it is essential to allocate the work to the existing human resource under IBBI's ecosystem.

Case Study in the United Kingdom

Due to ill health, an individual and his wife in the North West got into serious debt which further exacerbated their health problems. Having recently sought advice from a debt adviser after suffering a serious breakdown, they were advised to go bankrupt due to their age and ill health. Despite bankruptcy being the most appropriate solution for their circumstances, they are unable to find £1400 to pay for their bankruptcy fees (£700 each). Their debt problems are getting worse, including visits from bailiffs, which has led to further health issues and severe depression. As they cannot afford to go bankrupt, they are now being forced to seek alternative debt relief solutions when bankruptcy would be more appropriate.¹

Efficiency

The efficiency of the whole framework depends on its ability to combat the three challenges of the personal insolvency framework, viz. Moral Hazard, Debtor Fraud, and Stigma. All three of the challenges can be overcome by the use of technology. The usage of technology shall increase the number of users which would result in increased acceptance of the process as a regular business affair, instead of a debtor's personal failure. By ensuring the building up of a robust monitoring and evaluation framework at every stage the risks of moral hazard and debtor fraud shall also be lowered.

2.3. Manpower Requirement

One of the most crucial components of the implementation framework of the policy is trained Human Resource. The personal insolvency framework has the potential of impacting the around billion people. This scale of policy implementation shall require a massive workforce at every stage of the process. At the pre-insolvency stage where the mediation is being used a workforce of mediators need to be made available across the country. To assess the financial capability of an individual to pay off the debts, neutral evaluators will have to be included as a part of the framework. The registered valuers of IBBI and Advocates shall also be a part of the ecosystem in the role of mediators and neutral evaluators to assist the debtor in various capacities and stages.

The following additional categories of professionals are required for implementation of this process:

- Mediators
- Neutral Evaluators
- Credit Counsellors
- Help Desk Assistants at Kiosks

Their capacity building requirement is discussed in succeeding chapters.

2.4. Monitoring and Reporting

The Insolvency and Bankruptcy Board of India (IBBI) shall be the monitoring and reporting authority till completion of mediation of personal insolvency cases. In the event of failure of mediation, the case shall be transferred to Debt Recovery Tribunal (DRT).

In this regard, it is necessary for IBBI to create framework for the following:

- Empanelment and accreditation of institutional mediation service providers
- Empanelment and accreditation of mediators
- Accreditation and Grading of mediators
- Empanelment of Neutral Evaluators
- Reporting by financial institutions and other utilities on number of mediations participated in and success rate

2.5. Data Collection

It is necessary for Insolvency and Bankruptcy Board of India (IBBI) to create reporting mechanism that allow data collection.

Data collection for insolvency cases could focus on:

- (i) General statistics on the number and type of insolvency proceedings with the aim of monitoring economic trends;
- (ii) Resolution of non-performing loans and the rate of credit recovery by banks;
- (iii) Measuring the effectiveness and efficiency of the insolvency system (including measuring the impact of reforms against a baseline); and
- (iv) Other purposes (e.g., for budgetary resource allocation for infrastructure and institutional improvements, key performance indicators for courts.).

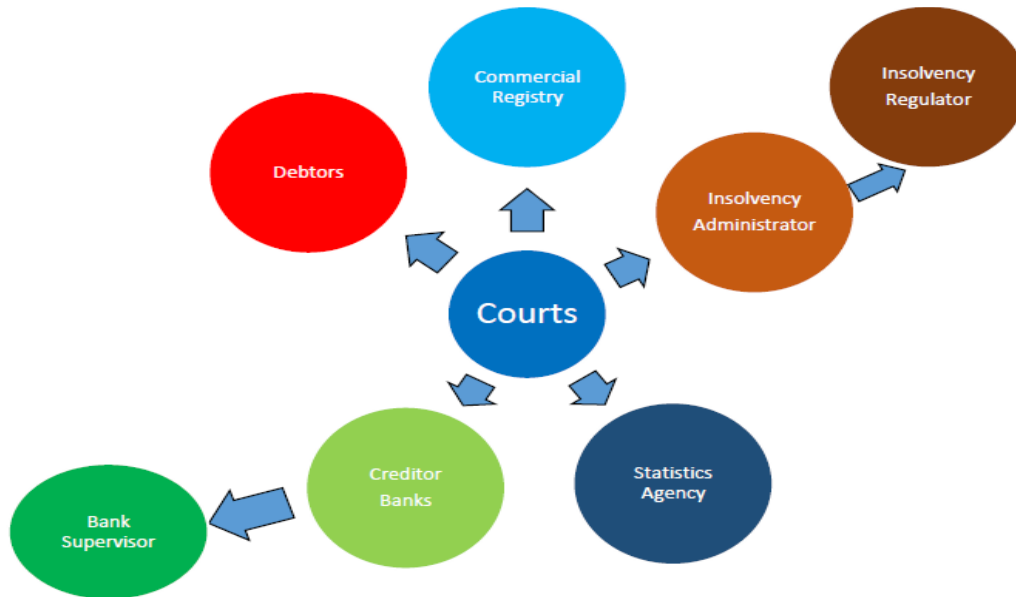
Of course, (i) to (iv) are not mutually exclusive: where data is collected for any one purpose, it could overlap with data collected for other purposes (for example: the indicator of time may be relevant for assessing the efficiency of the insolvency law as well as for judicial statistics)

National insolvency statistics do not provide sufficient granularity for policy making

For the most part, the national bureaus on statistics which publish data on insolvency collect data at a very high level of generality. The purpose of these statistics is intended to give a broad-brush view on the financial health of the economy. The data on gross numbers of liquidations or debt restructurings does not, however, provide insight on how the legal and institutional framework for insolvency is performing.³

Substantive data on the debtors, creditors, and size of claims, could be extracted from the initial insolvency petitions, the confirmed reorganization plan, and the final insolvency professional's report. The insolvency professional's report is a particularly valuable source of information for the costs of the process, and for calculating the rate of recovery of creditors. Although insolvency petitions or insolvency professional reports approved by the courts have a wealth of information in them, either court clerks (for paper filings) or software applications (for electronic filings) are needed to pull this data and render it usable for policy analysis. Such efforts require training of court personnel and/or investment in automated IT systems and specialized applications.

³The Use of Data in Assessing and Designing Insolvency Systems – IMF Working Paper



2.6. Implementing Bodies

The implementation of this framework shall require a network of institutions which shall effectively implement the policy without putting the burden on the regulator.

2.6.1. Mediation Service Provider

IBBI should tie up with various Institutional Mediation Service Providers across the country through MoUs. The MoU arrangement shall include the use of infrastructure facilities of the service provider, and maintaining of a panel of mediators for personal insolvency arrangements. Through this tie up, the mediation service provider shall be responsible for providing mediators, case management and other record keeping activities on behalf of IBBI. The service provider shall also be responsible to submit reports on the performance of mediators and grading.

The Legal Services Authority is successfully implementing this model for mediation of commercial disputes under Commercial Courts Act, 2015.

The Working Committee Report on making Singapore an International Debt Restructuring Hub recommends use of mediation in insolvency resolution. It further recommends use of existing institutional mediation service providers like Singapore International Mediation Centre and Singapore Mediation Centre to be given scope to develop and promulgate rules and protocols that cater specifically for insolvency related matters to attract potential users. The existing mediation centres are also given the mandate to include expert mediators with experience in cross-border restructuring and insolvency on their panel to fulfil the policy requirement.⁴

2.6.2. Awareness and Advocacy

As per the National Strategy for Financial Education, Securities and Exchange Board of India had launched Resource Person Training. It is not a full-time job but an exercise to enlist experienced persons having good communication skills, including effective

⁴ Committee to Strengthen Singapore as an International Centre for Debt Restructuring

presentation ability and passion for social work to spread the message of importance of financial literacy among masses identified in their areas of operations.

An effort on the same lines needs to be taken to as a part of personal insolvency framework. The initiative shall play a dual role. Firstly, it will educate the general public about financial literacy and the insolvency and bankruptcy framework. Secondly it shall act a s coping mechanism for those who have already undergone the insolvency and bankruptcy proceedings thereby combating the stigma.

2.6.3. Capacity Building, Awareness & Accreditation

IICA was conceived under the Ministry of Corporate Affairs as a world class centre of excellence and think tank to advise the government on various issues impacting corporate functioning, and for holistic treatment of matters impacting on corporate functioning and provide instruction and capacity building in the subject to a wide range of stakeholders drawn from the government, regulators, professionals and public. It is visualised as a State-of-the-art Knowledge Management system for creation, collation and dissemination of knowledge. Since IICA is a capacity building body for Ministry of Corporate Affairs, it is suggested that the following activities be conducted through IICA:

- Capacity Building
- Advocacy and Awareness
- Accreditation and Grading of Professionals such as mediators

3. Awareness and Advocacy

Apart from a robust legal framework and implementation action plan, there is a need to educate and create awareness among the people as a capacity building measure so that they can cope up with the insolvency and its procedures. An effort to build the financial capabilities of the citizens has to be taken to improve the understanding of the citizens on management of credit and finances.

Financial Capability Concepts			
Knowledge <ul style="list-style-type: none"> • Knowledge of Financial Concepts • Awareness of financial products and services • Practical Know how (how to open a bank account) 	Skills <ul style="list-style-type: none"> • Numeracy Skills • Literacy Skills 	Attitudes <ul style="list-style-type: none"> • Reasons for or for not saving, borrowing , investing etc. • Attitudde towards future • Confidence in own plans for old age • Proclivity towards, budgeting saving, lending etc. 	Behaviour <ul style="list-style-type: none"> • Money Management (managing day to day finances) • Long term planning (preparing for emergencies, retirement etc.) • Financial decision making (ability to choose financial products) • Seeking finacial advice

What is Financial Capability?

Often financial capability is expressed and measured in terms of behaviours that result from the interaction of internal capabilities and external factors. In surveys that measure financial behaviour, the objective is to identify weak areas of behaviour and the least capable subgroups of the population. The types of financial behaviour that are measured by surveys can usually be classified into four main areas: money management (managing day-to-day finances), long-term planning (preparing for emergencies and retirement), selecting financial products (ability to choose appropriate financial products), and seeking advice.

Survey questions about money management generally focus on people’s ability to budget and spend within their disposable income, pay bills, borrow within affordable limits, and use and manage their bank accounts. In order to measure people’s long-term planning behaviour, surveys ask respondents about their savings behaviour, including the frequency of savings, how they would adjust in case of an unexpected drop in income, and whether they have made any pension provisions or other plans for old age and other types of insurance.

The Financial Diaries study presents a unique approach to measuring financial behaviour by assessing poor households’ money management and long-term planning decisions on

a daily basis over an extended period of time. The study gathers information on how families living on less than \$2 US dollars a day in South Africa, Bangladesh, and India manage their cash flow, plan ahead, borrow and lend money, and manage emergencies.

Likewise, but on a less detailed level, studies like the World Bank Financial Capability and Consumer Protection survey (WB FCCP), the UK FSA study, the WB/Russia Trust Fund survey, and the Portugal Financial literacy survey measure dimensions of money management and long-term planning. The U.K. “Measuring Financial Capability: An Exploratory Study,” for example, is concerned with more general aspects of financial behaviour, such as making a budget, planning ahead, or dealing with unexpected expenses

Criterion	Australia	United States of America	Canada
Government Strategy	<ul style="list-style-type: none"> ➤ Financial Information Service (FIS), an independent service providing financial education and information run through CentreLink. CentreLink is an organisation which pays social security benefits and offers other support services on behalf of various Australian Government Departments ➤ The Service has three channels of delivery: a confidential freephone hotline, educational seminars which are organised around the country and face-to-face interviews with Financial Information Service Officers 	<ul style="list-style-type: none"> ➤ The promotion of general financial education at federal level began in May 2002, when the Department of the Treasury established the <i>Office of Financial Education</i>. ➤ The OFE’s mission is to ensure that Americans have access to financial education programmes, and that they obtain practical knowledge and skills to enable them to make informed financial choices throughout various life stages. It emphasises saving, credit management, home ownership and retirement planning 	<ul style="list-style-type: none"> ➤ The Federal Government’s financial capability strategy is led by the Financial Consumer Agency of Canada (FCAC). ➤ FCAC’s educational branch also works with other federal agencies and the third sector to provide outreach seminars, highlighting the responsibilities of the financial services industry to consumers and develops online interactive tools. ➤ The Investor Education Fund’s stated aim is to help people make effective use of financial information. They also provide information on the services and advice that the financial industry offers.
Industry	1) MoneyMinded	1) Citigroup	➤ Canada has several

Criterion	Australia	United States of America	Canada
Action	<p>Scheme MoneyMinded’s primary goals are to improve financial knowledge and build confidence in managing both day-to-day and longer-term financial matters. This is achieved via its website, which provides a series of online learning resources covering budget planning, case studies and savings calculators</p> <p>2) Saver Plus Saver Plus is a programme to encourage personal savings. People who save into an ANZ Progress Saver Account have their savings matched (\$1 for every \$1 saved) up to a total of \$2,000. The account has other special features to encourage savings, such as limited withdrawal capability (one per month) but no minimum balance and unlimited deposits, until the \$2,000 mark is reached.</p> <p>3) Network of Financial Counsellors</p> <ul style="list-style-type: none"> ➤ Financial counsellors provide information to consumers in financial difficulty, based on a thorough 	<p>Citigroup have made a significant contribution in pioneering an affordable mortgage programme for low- and mid-income homebuyers, first time buyers and minority populations. Consumers are only eligible to buy these products if they have participated in financial education training and credit counselling</p> <p>2) Money Skill Money Skill is a personal finance course with an internet-based curriculum of 34 modules, aimed at high school students</p> <p>3) Credit Counselling</p> <ul style="list-style-type: none"> ➤ Credit Counsellors in the US provide online, telephone and face to face support for people with debt problems. ➤ Counsellors will go through a person’s income and expenditure, credit commitments and so on, often devising a Debt Management Plan (DMP) to help them repay their creditors, with the average duration 	<p>social development programmes aimed at young or disadvantaged groups which provide financial literacy education. Many are coordinated or delivered in partnership with Social and Enterprise Development Innovations (SEDI).</p> <ul style="list-style-type: none"> ➤ SEDI partnered with the Social Research and Demonstration Corporation (SRDC) to design and implement the Learn\$ave individual development account programme. Beginning in 2001, the fundamental objective of Learn\$ave is to deliver financial management training coupled with a matched savings element – very much like IDAs in the US. ➤ The Canadian Foundation for Economic Education CFE is a not for profit independent organisation which promotes financial capability

Criterion	Australia	United States of America	Canada
	<p>assessment of an individual or family's situation.</p> <ul style="list-style-type: none"> ➤ They are required to act in the paramount interests of consumers, free of any conflict of interest and free of any commercial benefit. ➤ They therefore provide a free, independent and confidential service and are based in community agencies funded largely by State or the Federal Governments. ➤ They can also assist in negotiating with people's creditors to reach amicable repayment agreements, as well as help people lodge complaints and refer people to other services they need 	<p>of consultations around 90 minutes.</p> <p>4) America Saves</p> <ul style="list-style-type: none"> ➤ America Saves is a national coalition of around 1,000 non-profit groups, employers, financial institutions, and government agencies working at the local, state, or national levels which campaign to promote savings. ➤ Wealth coaches are volunteers from the local community who receive training from America ➤ Saves local branches to provide guidance in decisions about money. A wealth coach can be anyone who has successfully completed training and is willing to volunteer two to four hours a month. They are then tasked with contacting newly enrolled savers and encouraging them to continue with their saving habits. 	<p>through a variety of projects and programmes, including developing a curriculum for schools; helping teachers improve their knowledge and teaching techniques in financial education; producing print and multimedia resources for use in classes across the country; and assisting government departments in their information and communication efforts.</p>
Overall Assessment of Schemes	Australia has a well developed multi-channel approach to	One of the most positive aspects of the American	Third sector activity to promote financial capability seems to be

Criterion	Australia	United States of America	Canada
	financial information, with face to face, seminar, web-based, literature and help-line models all working to provide as much coverage as possible.	approach is the commitment by both the federal government and financial services industry to promote financial literacy. However, there seems to be lack of coordination of effort, with several programmes running side by side at local, state and federal level, and no single federal department taking on a national financial literacy strategy.	very strong in Canada, and there are many examples of positive cooperation between government, industry and community organisations. However, It was also acknowledged that evidence indicates that disadvantaged subgroups are often seriously under-served by financial literacy programmes. Canadians with “decent” earnings and assets, appear to be served effectively by mainstream financial institutions and support. The group, with lower incomes and often on the fringes of society, are often excluded from the products and services they need.

3.1. Target Stakeholders

3.1.1. Who

The target stakeholders for the advocacy and awareness initiatives shall be the general public, professionals and banking and finance institutions. The programmes pertaining to the general public shall be for enhancing their financial capabilities. The programmes for the professional shall be to educate them and equip them with skills so that they can carry out activities for the general public. Banking and Financial institutions shall be made a part of sensitisation initiatives as well as imparted training on how to handle insolvencies in an effective manner and how to reengage with consumer insolvency.

3.1.2. Why

The awareness and advocacy campaign at all three levels of the ecosystem, general public, professional and Banking and finance institutions is essential so that the framework is implemented smoothly as well as the process gets institutionalised. It is important that the insolvency and bankruptcy options are increasingly explored by the general public. The stigmatizing effect of insolvency and bankruptcy is a discouraging aspect. The whole process needs to be de-stigmatized. This will only happen if the public doesn't feel it is under duress during the whole process and is given a chance to

rehabilitate post the whole insolvency proceedings. The de-stigmatizing of the process will begin when people are educated about what insolvency under the current law is, how does it impact them, and how can they use the process to gain a fresh start in life. The professionals need to be trained on for doling out credit counselling as it is the supporting mechanism for the personal and consumer insolvency framework.

3.1.3. What

Twin mechanisms are required to promote the goal of financial capability. The first goal is to promote financial literacy and financial prudence among the general public through an extensive program of advocacy, awareness and training. The second goal is to build an ecosystem of Financial Institutions and Professionals to ensure a robust financial environment is built by prudent financial decisions and optimal use of credit instruments.

3.2. Key Areas of Advocacy

3.2.1. Subject wise and target stakeholder wise bifurcation

Stakeholder	Advocacy Programmes
Financial Institutions	<ul style="list-style-type: none"> • Why use mediation for insolvency resolution • How to prepare for mediation in insolvency resolution
General Public	<ul style="list-style-type: none"> • Financial Planning • Credit Accessibility • Planning Effective Credit Utilization • Evaluating financial position • Awareness about fresh start profess and insolvency resolution • How to avoid insolvency situations • Using mediation in insolvency situations • Reviving from bankruptcy

3.3. Suggested Mechanism

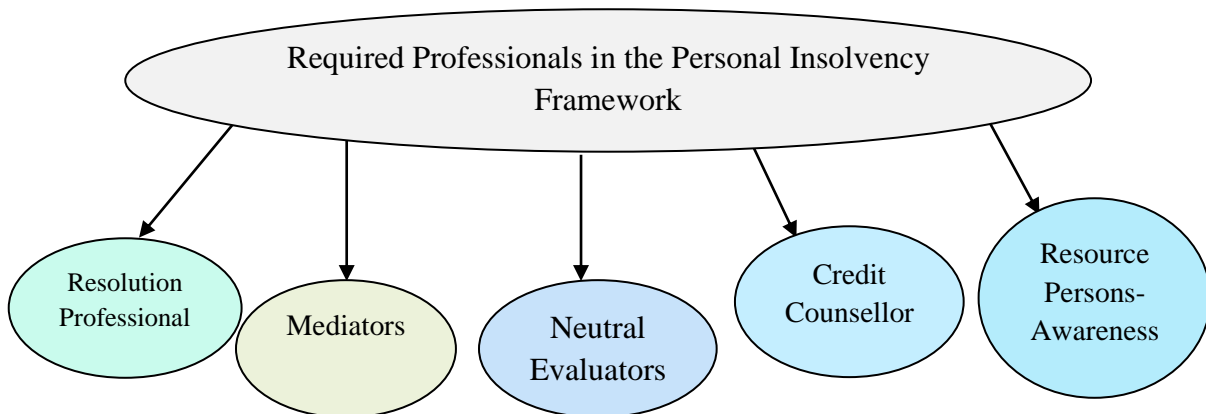
We propose for the following strategy to implement the financial capability initiative:

Establishing a Centre of Development of Financial Capabilities under the aegis of Indian Institute of Corporate Affairs (IICA) to conduct advocacy and awareness training programs with the partnership and sole proprietorship firms.

Utilising the existing network of Self-help groups, Banking Correspondents, and Resource Persons under SEBI's initiative of Investor Education to conduct training programs and capacity building for general population across 725 districts

4. Capacity Building

4.1. Who should be trained



4.2. What training is necessary

The human resource needed for the implementation of the framework shall have to be given appropriate training as a part of the capacity building initiative.

Mediators: For the matters to be mediated in the pre-insolvency regime, mediators will need to have specific skills that are necessary to mediate the matters. They will have to be aware of the provisions of the current framework and the possible options that can be generated as an outcome of the process.

Neutral Evaluators: Since personal insolvency involves the analysis and evaluation of a person's credit history, experiences individuals from the sector should be engaged with the process and should be educated with respect to the process of neutral evaluation.

Credit Counsellors: Credit counsellors are certified professionals who are into advising people on the prudent use of their finances, investments and effective debt management. They will have to be trained in how to counsel a person post the insolvency process and how to cope financially and emotionally with the loss.

Resource Persons for Awareness and Advocacy: Resource persons shall be responsible for financial literacy programme as a part of awareness and advocacy initiatives. They shall be like field agents for last mile delivery of financial capability goals. These resource persons shall have to be trained in what to teach, how to teach and whom to teach.

Insolvency Professionals: Insolvency Professionals are an important part of the personal insolvency framework as they are responsible for assessment of the repayment capability of a debtor. During mediation process, Insolvency Professional shall have an important task of representing the debtor and neutrally evaluating their income and expenses. IPs shall have to be trained in how to effectively represent the debtor in mediation.

Stakeholder	Illustrative Target Programme	Target individuals	International precedent
Mediator	40 hour training programme in Mediation for handling pre-insolvency mediation	Lawyers, insolvency professionals and other professionals	USA, France , Germany, Netherlands, Singapore have actively adopted the concept of mediation in insolvency and debt restructuring.
Credit Counsellors	<ul style="list-style-type: none"> • Financial Planning • Credit Accessibility • Planning Effective Credit Utilization 	Insolvency Professionals	Australia and US
Neutral Evaluators	<ul style="list-style-type: none"> • Evaluating financial position • Suggesting budgetary modifications • Creating repayment projections 	Lawyers, insolvency professionals, registered valuers and other professionals	
Resource Persons – Awareness initiative	<ul style="list-style-type: none"> • Awareness about fresh start profess and insolvency resolution • How to avoid insolvency situations • Using mediation in insolvency situations • Reviving from bankruptcy 	People who have a background in financial management and an active interest in social service	Australia, USA, and Canada In India SEBI had a similar initiative for investor education

5. Accreditation and Grading

Accreditation and Grading of professionals is an important exercise to maintain the quality of services and policy implementation. It is important that the professionals are periodically graded and given accreditation as per the industry and international standards of the profession.

5.1. Who to accredit

The mediators, neutral evaluators and credit counsellors shall require grading and accreditation.

5.2. How to accredit

Mediators, Neutral Evaluators and Credit Counsellors shall be given accreditation as per the standards set by IBBI. The accreditation process can be carried out by the nodal agencies who shall also be responsible for maintaining the database of professionals such as institutional mediation service providers and capacity building organizations.

IICA shall be responsible for accreditation of mediators, Neutral Evaluators, and Credit counsellors and reporting the information to IBBI for maintenance of repository.

The Institutional Mediation Service Providers (IMSP) shall be responsible for maintaining a panel of mediators and neutral evaluators from the database of IICA. IMSPs shall also be responsible for gradation of the mediators and neutral evaluators based on their performance, which shall be periodically reported to the regulator.

IICA shall be responsible for maintenance of the database of credit counsellors and also be the monitoring and reporting agency for the financial capability programme.

It is recommended that the following data collection flow should be followed while IBBI maintains repository and monitoring.

IICA shall receive the data from three sources:

- 1) Institutional Mediation Service Providers: They shall be reporting IICA on number of cases handled, and other vital information on cases like number of matters settled, non-starter cases etc. they shall collate the information and send the data to IICA periodically. IMSP shall also be responsible for sending data to IICA on the number of mediators empanelled with them. They shall be updating IICA on the performance of mediators for grading and accreditation purpose.
- 2) Mediators: Mediators shall submit their report on the cases handled to IICA. IICA shall also be maintaining a database of number of mediators trained under it.
- 3) Mediation Participants: IICA shall be collecting data from the participants of mediation process as a part of feedback mechanism for the mediation process, mediator and the institutional Mediation service provider.

Post the data collection and collation IICA shall be submitting data to IBBI along with accompanying reports to assess the implementation of the framework.

IICA to collect data from mediators and mediation software to collate various statistics of mediators, conduct annual appraisal, obtain feedback from participants and provide data to IBBI.

An illustration of data flow for accreditation and grading is provided below. We have taken example of mediators.

