CS (Dr.) M. S. Sahoo, Former Secretary, The ICSI,
Distinguished Professor, National Law University Delhi and Former Chairperson, IBBI

CS (Dr.) M. S. Sahoo presently serves the National Law University Delhi as a Distinguished Professor. He earlier served as the Chairperson of the Insolvency and Bankruptcy Board of India, a Member of the Competition Commission of India, the Secretary of the Institute of Company Secretaries of India, a Whole-time Member of the Securities and Exchange Board of India, and the Economic Adviser with the National Stock Exchange of India Limited.

The Insolvency and Bankruptcy Code of 2016 (Code/IBC) is seen as a game changer. What has it changed over the last seven years?

IBC is a game changer from several perspectives. It had its genesis in the twin balance sheet problem, namely, the balance sheets of both companies and banks were under stress. Today after seven years, there is a twin balance sheet advantage, namely, the balance sheets of both companies and banks are in pink.

Let us see it from the perspective of companies. The Code provides for the resolution of their stress in two ways, namely, resolution plan and liquidation. Till September 2023, the Code has resolved the stress of 808 companies through resolution plans, and of 2249 companies through liquidations. The Code is resolving 26% of stressed companies, in terms of number, through resolution plans, and the balance through liquidations. However, it is resolving 75% of stressed assets, in terms of value, through resolution plans, and the balance through liquidations. Interestingly, of the companies resolved through resolution plans, one-third were either sick/ defunct and of the companies resolved through liquidations, three-fourths were either sick/ defunct. A recent study of the IIM, Ahmedabad has found that the average sales of the companies, which were resolved by resolution plans, increased by 75% in three years post-resolution. Similarly, the market capitalisation of these companies tripled from ₹2 lakh crore to ₹6 lakh crore during the same period. Thus, the companies are moving out of sick beds through IBC and leading a healthy and active life post-resolution.

Now from the perspective of creditors. As the IBC process commences, the company moves from the possession of debtor to creditors' control. If the stress is resolved by a resolution plan, the company most often moves further to a resolution applicant. If it is resolved by liquidation, the company disappears. In either case, the company does not remain with the existing management and promoters. This credible threat has changed the debtor-creditor relationship forever. Stressed companies are borrowing, begging, and stealing to avoid the IBC process. This is yielding handsome realisations for creditors. The Code has realised ₹3.16 lakh crore for creditors through resolution plans, which arise at the end of the IBC process. The realisation is much more if we consider the resolution of stress at different stages of the resolution process, before the end of the process.

Thousands of companies are resolving stress in the early stages- when the default is imminent, on receipt of a notice for repayment but before filing an application for initiation of the IBC process, after filing an application but before its admission, and even after admission of the application. Till September 2023, about 26000 applications for initiation of insolvency proceedings of companies having an underlying aggregate default of ₹9.33 lakh crore were withdrawn before admission. This enduring change in the debtor-creditor relationship prompted the apex court to observe in *Swiss Ribbons* in January 2019: "*The defaulter's paradise is lost*". A visible and tangible outcome of this is a decline in the NPA of banks from its peak of 14.8% in September 2018 to a low of 3.9% by March 2023. The banking system today is probably the healthiest ever, with a record aggregate profit of ₹2,22,135 crore in 2022-23 as against a loss of ₹32,438 crore in 2017-18.

After all, IBC is an economic reform. The biggest gainer, therefore, is the Indian economy and the people of India. The economic reform over decades has been promoting competition and innovation, which are two main sources of growth in a market economy. However, a firm gets into stress mostly on account of competition and innovation. In competition, efficient firms drive out inefficient ones, while in innovation, new order drives out the old ones. The higher the intensity of competition and innovation, the higher the incidence of stress of firms. Thus, the stress of firms is routine and inherent in a market economy. When a firm is under stress, the resources at its disposal are underutilised, which limits growth. The IBC process puts the failing, but viable firms at the disposal of the more dynamic, efficient, and credible management, through resolution plans. It releases the underutilised resources stuck up with failing and unviable firms for efficient use elsewhere through liquidation. This improves the productivity of resources, which, coupled with the twin balance sheet advantage, is powering the growth of the Indian economy.

The Code has revolutionised insolvency resolution: established the supremacy of markets and the rule of law in insolvency resolution and professionalised the process

of resolution. From providing freedom of exit to rescuing companies in financial stress to releasing entrepreneurs and idle resources stuck up in inefficient uses to helping creditors realise their dues and, most importantly, bringing about a behavioural change amongst the debtors and creditors alike, the list of achievements is a long one. The improvement in India's rank in the World Bank's resolving insolvency parameter from 136th to 52nd position in three years is testimony of the remarkable journey.

Talking of IBC, 2016, one cannot help but talk of the brigade entrusted with the responsibilities- the Insolvency Professionals. How has been the transformation in the roles of professionals, their responsibilities, and the expectations?

Insolvency profession is a profession of professions. It is not because an insolvency professional (IP) hires and supervises professionals from several disciplines, or she wields extraordinary powers, including the powers of a Board of Directors of a company. It is because of the kind of responsibilities she is entrusted with. Among others, three responsibilities stand out. First, the insolvency law typically overwrites the pre-insolvency rights and entitlements of parties and prioritises their rights in a hierarchical order (priority rule). This priority rule overrides every other law. Overwriting and overriding are essential features of insolvency frameworks worldwide. An IP jealously guards the rights of parties, while dealing with many competing and conflicting interests. Second, the resolution process is turbulent and distressing for the company and its stakeholders. It affects the lives, and livelihood of creditors, debtors, and other stakeholders. An IP is the beacon of hope for the distressed company and its stakeholders. Third, while conducting an insolvency proceeding, she discharges a whole array of statutory and legal duties/powers. He takes important business and financial decisions that have critical ramifications for the distressed company and all its stakeholders.

Considering the role, the legal framework laid down the strong DNA of the profession. For the first time in the history of any profession in India, it required a professional to be a fit and proper person to be enrolled as an IP, and two regulators, namely, the Insolvency and Bankruptcy Board of India (IBBI) and an Insolvency Professional Agency (IPA) to have simultaneous oversight over her work. To start with, professionals with certain years of experience in specified disciplines were allowed to join the insolvency profession, subject to passing a rigorous examination, and undergoing pre-registration training. They were also required to undergo continuing professional education to ensure that they do not run out of time, context, and relevance. Beyond these, IPs benefited from participation in several high-end capacity development programmes dished out by regulators and the market.

The Code was rolled out when there was no insolvency profession. Nor was there a body of knowledge that could be imparted to individuals before admitting them into the insolvency profession. Nevertheless, exceptionally talented professionals from disciplines of law, chartered accountancy, company secretary, and cost accountancy enthusiastically volunteered to join the insolvency profession. They learned quickly on the job and codified the learning which formed the knowledge base of the profession. Over time, IBBI led an industry initiative to launch a two-year programme for young talented professionals to join the profession. Today, the profession boasts of a 5000-strong brigade.

To my understanding, the brigade has performed exceptionally well, and often much beyond expectations. We started with a modern, market-led insolvency regime on ground zero, where every stakeholder needed professional support and guidance, and every proceeding required professional anchors. In no time, the insolvency profession professionalised insolvency services. IPs were the first to understand, interpret and apply the law. Such interpretation and application got at best refined through the hierarchy of agencies. For example, an IP conducts the resolution process and submits the resolution plan to the Adjudicating Authority (AA) for approval. The first plan under the Code was approved on 2nd August 2017. This plan dealt with several issues for the first time, and these were fiercely contested by stakeholders for years at various levels. The interpretation and application of the law by the IP was ultimately found to be in order. Further, every resolution process is unique and hence poses unique challenges. IPs have handled every such challenge deftly. The profession has emerged as a robust institution that the IBC ecosystem is proud of. The IBC owes what it is today to the enterprising brigade of IPs.

For a moment, I am not ignoring a few black sheep in the profession. However, IBBI and IPAs have been unsparing in their dealing with the misconduct of IPs. I am also cognisant of the hostile environment where an IP works. Every action of an IP affects someone's interest and hence triggers baseless allegations from vested interests. Therefore, the allegations against IPs need to be taken with a pinch of salt.

As the founder Chairperson of the IBBI, what do you believe has been the most important part of your role towards the insolvency and bankruptcy regime in India? What have been the biggest challenges and your biggest support systems in dealing with these?

As the first Chairperson, my task was cut. I was appointed as Chairperson of the IBBI on 1st October 2016 to set up the IBBI which would groom the ecosystem and lay down the regulatory framework required for implementation of the corporate insolvency provisions by 1st December 2016. This required nothing short of a miracle. The immediate tasks included: market volunteering to set up IPAs; individuals with the right calibre to enrol with IPAs and seek registration with the IBBI as IPs; regulations relating to IPs, IPAs, Corporate Insolvency Resolution Process (CIRP), and Liquidation Process to be in place; advocacy to spread the message of the Code and make the stakeholders aware of their role, and the IBBI to have

the capacity to work on these. The law was to be laid down; infrastructure to be created; capacity to be built; professions to be developed; the markets and practices to emerge; and stakeholders to understand the change in the offing, accept it, and learn to use it to their advantage.

I did not have any resources whatsoever in hand - no place to sit, no money, no computer, and not even a glass for fetching drinking water, leave aside human resources to steer the reform. The institutions required for the implementation of a modern and robust insolvency regime did not exist. As if this was not enough, there was tough resistance from some quarters to accept the change. Yet, the entire regulatory framework in respect of service providers and corporate insolvency, and the entire ecosystem for corporate insolvency was put in place, which made commencement of corporate insolvency proceedings possible by 1st December 2016.

The IBBI is a novel experiment, having no parallel either in the Indian regulatory milieu or in the insolvency space elsewhere. Its authority over the registered entities and its relationship with the AA was often misunderstood. For example, in the early years, some regulations were struck down by the AA, and some others were challenged in Court on the grounds of the competence of IBBI. However, on appeals, these regulations have been restored. It is now settled that the legality and propriety of any regulation cannot be considered by tribunals, and the competence of IBBI has been upheld by the High Court and Supreme Court. Nowadays, the AA or the NCLAT calls upon the IBBI to make regulations/guidelines to address the gaps noticed by them and the IBBI makes the best effort to address them, expeditiously.

IBBI was, however, blessed with incredible goodwill and the tremendous appetite of the stakeholders for the much-awaited insolvency reform in the country. The reforms very quickly attracted talented and aspirational employees to IBBI, the best professionals in insolvency and valuation professions, and capable and empowered market participants to undertake transactions. Many eminent citizens joined Working Groups and Advisory Committees of the IBBI and provided their precious time to guide the IBBI in laying down an appropriate regulatory framework in a virgin area. The Governing Board of IBBI moved away from playing the traditional role. They motivated out-of-box thinking, lent their expertise, and extended firm support for the successful implementation of the IBC. These people together ensured that IBC was up and running in the shortest time, unprecedented in the history of any economic legislation in the country, and that of the insolvency laws around the world.

The Code plays a significant role in promoting ease of doing business. What can further enhance the outcomes or bring about the necessary changes in the Indian business?

Business is typically carried on through two types of organisations, namely, proprietorship and partnership firms, and companies. The partnership and proprietorship firms are breeding grounds for entrepreneurship. There is at least one entrepreneur behind each of the six crore such firms. The failure rate is much higher in such firms. They need insolvency law the most to release entrepreneurs as well as other resources stuck up in failed firms. This benefit is not available, since the provisions of the Code relating to insolvency resolution of partnership and proprietorship firms are yet to come into force. Implementation of these provisions would promote entrepreneurship and thereby fire up business. As these are implemented, some kinks would surface which need to be straightened.

I am limiting my response to corporate insolvency which has been available since 1st December 2016. A corporate insolvency proceeding is like an orchestra where many constituents have specific roles. The AA, IPs, creditors, and committee of creditors, the corporate debtor and its erstwhile management, resolution applicants, professionals appointed by an IP to assist him, and other stakeholders including the Government, must play their roles actively and effectively, as envisaged in the Code. Further, the outcome of IBC is critically dependent on time. If the process starts early when there is value to be rescued, the likelihood of rescue of a company and realisation for creditors is much higher. If value has dissipated, IBC may yield dismal outcomes.

In particular, (a) all concerned must play by the rule book, have care for time and adhere to a timeline, consider the interests of all stakeholders, and avoid fruitless litigation; (b) the CoC must have commercial wisdom to distinguish viable firms from unviable ones and examine feasibility and viability of resolution plans. It must have concern for all stakeholders and its conduct must be above board; (c) the Government must submit claims in time and avoid litigation relating to claims post-resolution, and it must ensure a clean slate for successful resolution applicant; (d) the AA must have adequate bench capacity to admit applications for commencement of insolvency proceedings, approval of resolution plans and dispose of applications in respect of avoidance transactions, in a time bound manner, following a non-adversarial process and must not interfere in *bonafide* commercial wisdom; and (e) promoters and board of directors must avoid resistance to commencement of insolvency proceedings on frivolous grounds and extend all co-operation to the IP in running business as a going concern.

These must be complemented by tolerance for honest business failures, zero tolerance of contraventions of IBC provisions, a change in mindset from recovery to resolution, a robust and liquid market for distressed assets, keeping firms resolvable all the time, intensive use of information utility to facilitate processes and automation of resolution processes. Most of these do not require any legislative fix. Certain legislative fixes like an institutional framework for the valuation profession, cross-border insolvency, group insolvency, and regulatory jurisdiction over participants in the orchestra can enhance outcomes.

Good governance has been, now more than ever, occupying a place of prominence. How does IBC promote corporate governance?

The *raison d'être* of a company is that it must generate value and share the same among stakeholders, forever. It can do so only if it lives. The life of a company is in danger today more than ever. To me, corporate governance is something that prevents the premature death of a company or sustains the meaningful life of a company. By providing a lifeline to rescue a company, IBC has taken corporate governance to the next level.

The most fatal enemy to the life of a company is competition and innovation. It is the State policy to stimulate competition and innovation for higher growth. A company, however, loses life when it fails to compete with its peers in the industry for reasons such as poor organisation, inefficient management, malfeasance, etc. It also loses life when its business becomes unviable for reasons such as innovation, change in policy, change in social taste, or even black swan events like COVID-19. Creative destruction often destroys more companies than it creates!

IBC provides an insolvency resolution process to rescue a company when it experiences a serious threat to its life. It has conferred extra-ordinary powers on creditors of the company to do so: (a) they can take or cause a haircut of any amount to any or all stakeholders required for rescuing the company; (b) they seek the best resolution plan from the market, but from clean and credible persons unlike earlier mechanisms that allowed them to find a resolution only from existing promoters; and (c) the resolution plan can provide for several measures that may rescue the company. The resolution plan may entail a change of management, technology, or product portfolio; acquisition or disposal of assets, businesses, or undertakings; restructuring of organisation, business model, ownership, or balance sheet; strategies of turn-around, buy-out, merger, amalgamation, acquisition, or takeover; etc. that can rescue the company.

Further, IBC reverses irregular (preferential, under-valued, fraudulent, and extortionate transactions) to claw back the value lost through them. This increases realisation for creditors and therefore, the likelihood of rescue of the company through a resolution plan. Further, IBC requires the beneficiaries of irregular transactions to disgorge the value unlawfully appropriated by them through such transactions. These transactions could be considered criminal in certain circumstances, particularly when it is fraudulent, inviting criminal proceedings. If there is no way one can get away with these transactions with impunity, it does not make any sense for anyone to indulge in such transactions. In such a case, the value continues to reside in the company and consequently, the possibility of the company getting into stress is minimised. Thus, provisions relating to these transactions not only help rescue the company but also prevent the need for rescue.

IBC is liquidating more companies than it is rescuing. Is it not defeating the purpose of IBC?

It is important to remember that the IBC has only one objective, which is, stress resolution. It provides for stress resolution in either of the two ways, namely, resolution plan, and liquidation. Liquidation is not bad as such. As a resolution plan, it is an equally legitimate and efficacious means of resolution of stress.

Having said that, let us look at the numbers. These do not look that bad. 808 companies resolved by resolution plans had assets valued at ₹1.88 lakh crore, while the companies referred to for liquidation had assets valued at ₹0.60 lakh crore when they were admitted into CIRP. Thus, though in terms of number, three-fourths of companies were resolved by liquidations, three-fourths of distressed assets were resolved by resolution plans in value terms. In fact, of the companies resolved by resolution plans one-third were either sick or defunct.

Further, the rescue of 808 companies by resolution plans is only a part of the story. Over and above this, thousands of companies are rescued at different stages of the IBC process. For example, about a thousand companies were rescued upon resolution, by the withdrawal of applications after the commencement of CIRP. Thousands of companies are resolving distress in the early stages of distress. They are resolving when default is imminent, on receipt of a notice for repayment but before filing an application, after filing an application but before its admission, and even after admission of the application. Till September 2023, the stress of about 26000 companies was resolved after applications were filed for initiation of CIRP but before admission of the applications. If the universe of stressed companies is considered, the percentage of companies proceeding with liquidation is negligible, under 1%.

The incidence of liquidation under IBC is not different from that in advanced jurisdictions. In the USA, the stakeholders have the option of starting liquidation directly, without exploring a resolution plan. Of the insolvency proceedings they initiate, about 60% start with liquidation. An attempt is made to rescue companies through a resolution plan in case of balance of 40% of proceedings, of which some end up with liquidation. The sum of direct liquidations and liquidations on failure to have a resolution plan in the USA exceeds the liquidations under IBC.

It is important to note the kind of companies getting liquidated. Of the companies liquidated, three-fourths were either sick or defunct. At this stage, the value of the company is substantially eroded. The companies ending up with liquidation had assets, on average, valued at 4.8% of the outstanding debt, when they entered the CIRP. If a company has been sick for years and its assets have depleted significantly, the market is likely to liquidate it. More companies would be rescued if stakeholders initiated the proceeding in the initial

stages of stress. The companies that are getting rescued by resolution plans have assets, on average, valued at about 17% of the outstanding debt, when they entered the CIRP. IBC enables stakeholders to commence the process early and close it expeditiously for more rescues.

Even where a company is rescued by a resolution plan, creditors are recovering about one-third of their outstanding claims?

Please note that IBC is a mechanism for the recovery of the dues of creditors. The law provides for, and the Adjudicating Authority imposes huge penalties on the parties who trigger CIRP to recover their dues.

It must be noted that the companies, that have been rescued by resolution plans till September 2023, had assets valued, on average, at 18% of the amount due to creditors when they entered the IBC. This means that the creditors were staring at a haircut of 82% to start with. The IBC not only rescued these companies but also reduced the haircut to 68% for creditors. The haircut only reflects the extent of value erosion by the time the companies entered the CIRP. Despite the haircut, recovery under the IBC is the highest among all options available to creditors for recovery.

It is appropriate to see the haircut in relation to the assets available on the ground and not the claims of the creditors. Because the market offers a value in relation to what a company has on the table, and not what it owes to creditors. IBC maximises the value of the assets at the commencement of the process history. The realisable value of the assets available with the 808 companies rescued, when they entered the CIRP, was ₹1.87 lakh crore. The resolution plans realised ₹3.16 lakh crore, which is around 169% of the liquidation value of these companies. Any other option of recovery or liquidation would have recovered at best ₹100 minus the cost of recovery/liquidation, while the creditors recovered ₹168 under the Code. The excess recovery of ₹69 is a bonus from the Code for the creditors while rescuing the companies.

It is axiomatic that a company coming to IBC does not have adequate assets to fully repay all its creditors. About two years ago, *Ghotaringa Minerals Limited, and Orchid Healthcare Private Limited* caught media attention. They together owed ₹8,163 crore to creditors, while they had absolutely no assets when they entered the IBC process. Creditors had to take a 100% haircut. On the contrary, *Binani Cements and MBL Infrastructure* have yielded zero haircuts, in addition to rescuing the companies. The question arises why does IBC yield zero haircut in one case and 100% in another? It depends on several factors, including the nature of the business, business cycles, market sentiments, and marketing efforts. It, however, critically depends on at what stage of stress, the company enters the IBC, as much as at what stage a patient arrives in the hospital. The best hospital can do little if the patient reaches with a substantial haircut to his health. Similarly, if the company has been sick for years, the IBC may yield a huge *haircut* or even liquidation.

There are serious issues in the way haircut is being computed. It is typically total claims minus the amount of realisation divided by the amount of claims. This formulation does not tell the complete story. The amount of realisation often does not include the amount that would be realised from equity holding post-resolution, and through a reversal of avoidance transactions and insolvency resolution of guarantors. The amount of claim often includes NPA, which may be completely written off, and interest on such NPA. It may include loans as well as guarantees against such loans. These deflate the numerator and inflate the denominator and therefore, project a higher haircut than it is. That is why the World Bank finds realisation of 71.6 cents on a dollar, implying a haircut of only 28%.

Some of your statements in the context of IBC have become famous quotes like The best use of the IBC is not using it at all; IBC has changed the narrative from hopeless end to endless hope; IBC provides a market mechanism to rescue a firm wherever possible and close a firm wherever required; IBC has been a reform of the stakeholders, by the stakeholders and for the stakeholders; IBC is a road under construction; IBC has taken corporate governance to the next level; IBC is a kind of 'Swachhta' drive for business; Insolvency profession is a profession of professions; IBBI is a regulator like no other; IBC is not CBI; IBC response to Covid is a keyhole surgery; in etc. Can you please elaborate on these in two sentences each?

Very briefly, they are as under:

The best use of the IBC is not using it at all: Stakeholders are doing everything possible in their command to resolve stress well in time, through measures that are typically part of resolution plans, to avoid the IBC process and its consequences. Consequently, the stress of lakhs of companies is being resolved, which is the sole objective of IBC, without using it.

IBC has changed the narrative from hopeless end to endless hope: Earlier, underutilised resources and failed entrepreneurs remained trapped in *chakravyuha* of inefficient and defunct firms, without any hope in sight. Now, IBC is liberating the entrepreneurs and releasing resources from such firms, for continuous recycling, without any end in sight.

IBC provides a market mechanism to rescue a firm wherever possible and close a firm wherever required: IBC provides a market mechanism where players are driven by their interests. They are likely to rescue a firm that is failing, but viable, as it has a going concern surplus, and close a firm that is failing and unviable.

IBC has been a reform of the stakeholders, by the stakeholders, and for the stakeholders: IBC was a journey into unchartered territory. Its implementation required the creation of the rules of the game, acceptance of the said rules, and development of capacity in the ecosystem to use it. Stakeholders most enthusiastically took this responsibility on their shoulders and turned out to be the most valuable resource of the IBC.

IBC is a road under construction: IBC envisaged standard, plain vanilla processes to start with, but anticipated prompt course corrections. Such corrections arose from difficulties encountered while implementing the provisions of the Code and from the changes in the economic environment. The Code has witnessed six legislative interventions since its enactment, with some more in the offing.

IBC has taken corporate governance to the next level: Humans created companies to serve posterity with prosperity, which is possible if it lives in perpetuity. IBC prevents danger to the life of a company, rescues it when in danger, and ensures sustained life, post rescue. It provides a lifeline to a company when it is experiencing a serious threat to its life.

IBC is a kind of 'Swachhta' drive for business: Several elements in the IBC process drive cleanliness in business. A transparent market process discovers the value and its realisation. It prohibits persons with unclean hands from taking over a stressed firm. It claws back value lost by a firm through irregular transactions.

Insolvency profession is a profession of professions: Among all professionals, an IP has probably the highest responsibility and is most powerful, given the nature of her job. She substitutes for the Board of Directors of the largest company. She is the custodian of assets of distressed persons, guardian of the rights and interests of stakeholders, and has a duty of care for everyone around.

IBBI is a regulator like no other: There is no regulator like IBBI either in India or in the insolvency space elsewhere. It blends the duties of a regulator of the profession, a regulator of markets, and a regulator of utilities, having oversight over frontline regulators. It does not have jurisdiction over players in the insolvency space, instead relies on professionals to ensure good conduct of players. It does not have the opportunity to interpret the regulation it has made.

IBC is not CBI: IBC provides a transparent market process, which invites prospective resolution applicants to submit competing resolution plans to take over the company or prospective buyers to bid for assets in liquidation, as compared to earlier regimes where the parties concerned only worked out a bilateral restructuring deal.

IBC response to COVID-19 is a keyhole surgery: Most jurisdictions suspended initiation of insolvency proceedings during the Covid period. However, India suspended the initiation of insolvency proceedings for any default arising during the COVID-19 period only. It insulated a company, which did not have a default as of March 25, 2020, but committed a default during the COVID-19 period, from being pushed into an insolvency proceeding. It allowed insolvency proceedings for defaults that occurred before the Covid period.

How does the future of IBC look to you?

I am a great admirer of Victor Hugo and J M Keynes. I think IBC is an idea; it is about the ultimate economic freedom. Its time came in 2016 in India. The ideas encroach upon gradually as vested interests cede ground after fighting valiant battles. IBC is yielding some great outcomes today and will do better tomorrow.

What role do you think professionals and especially Company Secretaries are playing and expected to play in the future in strengthening the economy of our country and taking forward the initiatives of the Legislative bodies and Regulatory Authorities?

Transition to a market economy nudged increasing organisation of economic activity- the number of enterprises as well as their scale of operations is increasing at a rapid pace. The larger the scale and number, the higher the need for professionals to service the businesses. Professionals are called upon to structure complex, sophisticated, value-adding transactions. Further, a stakeholder takes a stance in relation to an enterprise based on audited financial statements. A professional prepares the financial statements; another audits them. In his address to chartered accountants in 2017, the Prime Minister of India underscored its importance: '*Your signature is more powerful than that of a Prime Minister'*. Professionals discharge second-order State functions such as audit, reporting, monitoring, due diligence, and compliances, as extended arms of the State/ Regulator. Professions have emerged as a key institution of a market economy. Professionals to a large extent determine the competitive edge of nations and the sustainability of prosperity.

As regards company secretaries, I consider them to be governance professionals. They have several responsibilities under various laws, including company law and securities laws. While companies are racing ahead at breakneck speed to survive the neck-to-neck competition, the chance of slipping from the right path is high. Company secretaries must ensure that the company moves firmly on the ethical path, generates wealth ethically, and distributes the wealth so generated equitably, on a sustained basis. This is akin to the role of a mother in a family. Like God has created mothers to be present in every family, the Government has created company secretaries to be present in every company. CS