



Chartered accountants' perception in Haryana towards insolvency and bankruptcy code, 2016

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Abstract

The Insolvency and Bankruptcy Code, 2016 was presented in India in 2016 to resolve the problem of bankruptcy. This code solves the cases within a time bound way that is 180 days and this time is extended up to 90 days. There is a different process for companies and individuals to solve the cases. The comparatively perception is checked on various statements through the questionnaire. To fulfil the objectives, the non-parametric test should be used. The study finds that the chartered accountants of Sirsa district are more positive attitude on most of the statements than Rohtak district.

Keywords: insolvency, bankruptcy, companies, non-parametric, questionnaire

Introduction

Insolvency is when an individual or organization is unable to meet its outstanding financial debt towards its lender as it become due. If it cannot be resolved, then a legal action may lie against the insolvent and its assets will be sold to pay off the outstanding debts (Sharma & Vyas, 2017) ^[18]. A bankruptcy is when a person voluntarily declares himself as an insolvent and goes to the court. On declaring him as 'bankrupt', the court is responsible to liquidate the personal property of the insolvent and hand it out to its creditors. It provides a fresh lease of life to the insolvent (Sharma & Vyas, 2017) ^[18].

The liability of directors and other company officers for the debts of companies is a relatively recent phenomenon. Singapore's original insolvent trading regime reflected Australia's historical legislative framework as it existed in the early 1960s, but the laws in the two countries began to diverge from the mid-1960s onwards due to amendments to the Australian laws—particularly the reforms that introduced section 588G in the early 1990s. This divergence in legislative approaches still remains following the 2017–19 reforms in both jurisdictions. Australia introduced a carve-out for directors from liability (described as a “safe harbour”) in 2017 and Singapore redesigned its insolvency laws and added provisions setting out liability for “wrongful trading,” as part of wide-ranging insolvency law reforms in the IRDA (Steele, Ramsay, & Webster, 2019) ^[26].

Applicability of the Code

1. Any Company (New or Old)
2. Other Company governed by any special act, like NGO
3. Limited Liability Partnership, 2008
4. Other bodies incorporate as apprise by Central Government
5. Partnership Firms, and
6. Individuals

Review of Literature

Posada and Mora (2014) ^[4] found that Spain had, before the current financial disaster, one of the world's lowest commercial enterprise financial insolvency rates. This truth is determined by studying the behaviour of micro corporations, the bulk of Spanish enterprises which often file for bankruptcy while handling financial crises. The research study tested the hypothesis that efforts to clarify these experimental results. According to the hypothesis, submitting process for bankruptcy in Spain was extremely expensive for both small companies and their creditors.

Balasubramanian (2016) ^[6] examined the advantages of the Code and stated that the code would result in a position where each of the stakeholders together donates in growing an atmosphere encouraging to an efficient, honest, and better execution of the Code. For the ordinary man of India, Balasubramanian believed that the code would be an absolute win-win scenario.

Sharma and Vyas (2017) ^[18] explained the step taken by the RBI on 13 June 2017 to decreeing the banks to acquire the top twelve nonpayers to financial ruin codes as an effective result at the time when financial institutions missing all anticipates of enterprises. This step results in tough dealings amid banks and borrowers for the very first time. The latest bankruptcy and insolvency manner brought a system within a described point to

recuperate from nonpayers, contrasting the previous non-obligatory and non-transparent approaches. The old approaches were very hard without the appropriate IRP.

Fletcher (2018) ^[24] this paper explains the journey of IBC, how different acts related to Insolvency and bankruptcy were modified and later on consolidated under one umbrella i.e. IBC to address the problem of insolvency.

Research Gaps

As IBC is at its nascent stage, no comprehensive research has been done on the topic to the best of my knowledge. The attempts have been made to study the various factors of IBC in other states but, no study has been done yet to cover the perception of Chartered Accountants in Haryana. The study has attempted to fill this gap.

Objectives of the Study

- To comparatively analyse the perception of Chartered Accountants in Rohtak and Sirsa districts of Haryana towards various aspects of Insolvency and Bankruptcy Code, 2016.

Research Design

In the present study, an “exploratory cum descriptive research” design has been used, as it explores the perception of Chartered Accountants of Haryana and describes the conceptual framework of IBC.

Sampling Profile

For the study, two districts of Haryana have been selected. The result of data has been grouped on the basis of demographic attributes such as- age, gender, income, marital status and residential status.

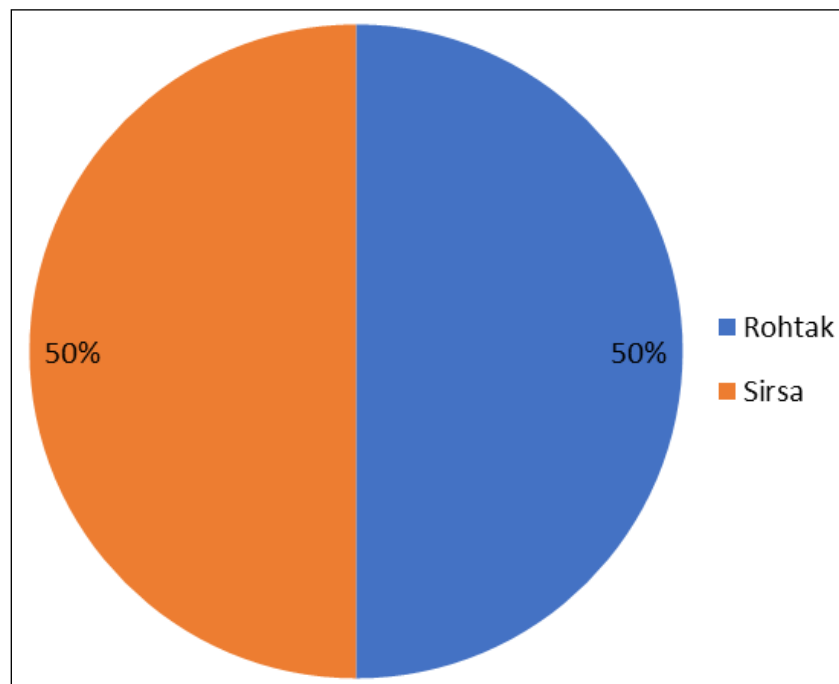
Independent variable wise sample profile

1. Residential status wise sample distribution

Table: 1 exhibits age wise sample distribution

Table 1: Respondents on the basis of Districts

Valid	Frequency	Percent	Valid Percent
Rohtak	40	50	50.0
Sirsa	40	50	50.0
Total	80	100	100.0



Graph 1: Respondents on the Basis of District

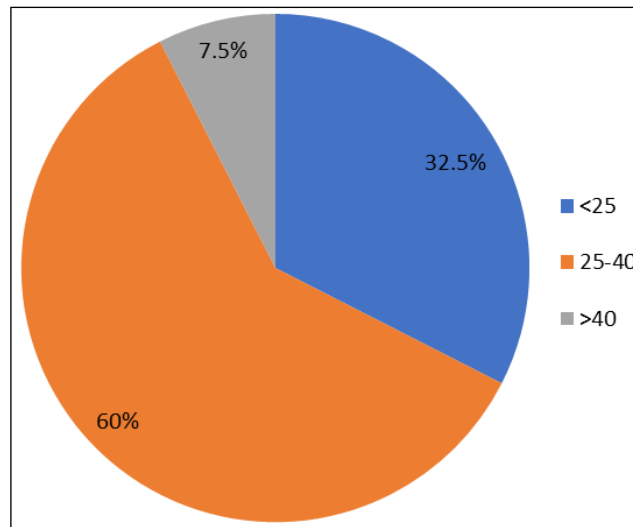
The table shows that the weightage of respondents from each district is equal, i.e. 50%

2. Age wise sample distribution

Table: 2 exhibits age wise sample distribution

Table 2: Respondents on the basis of age

Valid	Frequency	Percent	Valid Percentage
<25	26	32.5	32.5
25-40	48	60.0	60.0
>40	6	7.5	7.5
Total	80	100.0	100.0

**Graph 2:** Respondents on the Basis of Age

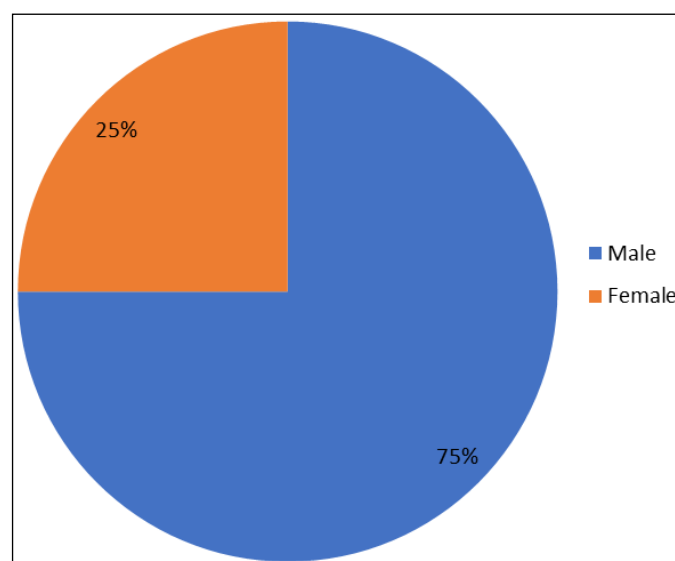
The table reveals that the largest number of respondents lies in the age group of 25- 40, it is 60% of total respondents.

3. Gender wise sample distribution

Table: 3 exhibits gender wise sample distribution

Table 3: Respondents on the basis of gender

Valid	Frequency	Percent	Valid Percent
Male	60	75.0	75.0
Female	20	25.0	25.0
Total	80	100.0	100.0

**Graph 3:** Respondents on the Basis of Gender

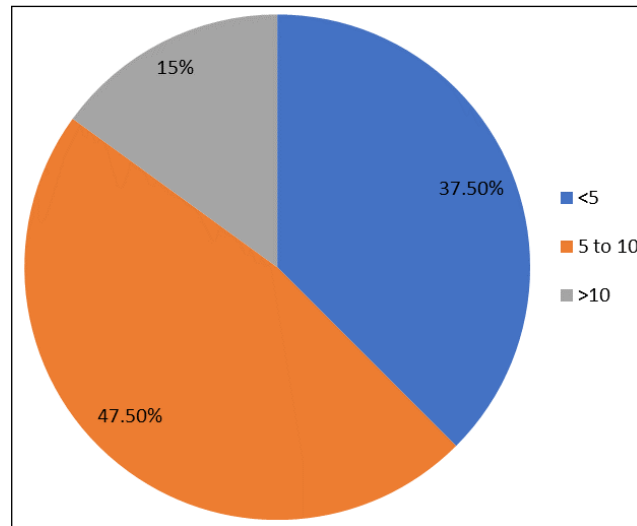
As shown above 60 out of 80 respondents i.e. 75% of the respondents were males while 20, out of 80 respondents i.e. 25 % respondents were females, which clearly indicate that males significantly outnumbered females.

4. Income wise sample distribution

Table: 4 exhibits income wise sample distribution

Table 4: Respondents on the basis of income

Valid	Frequency	Percent	Valid Percent
<5	30	37.5	37.5
5-10	38	47.5	47.5
>10	12	15.0	15.0
Total	80	100.0	100.0



Graph 4: Respondents on the Basis of Income

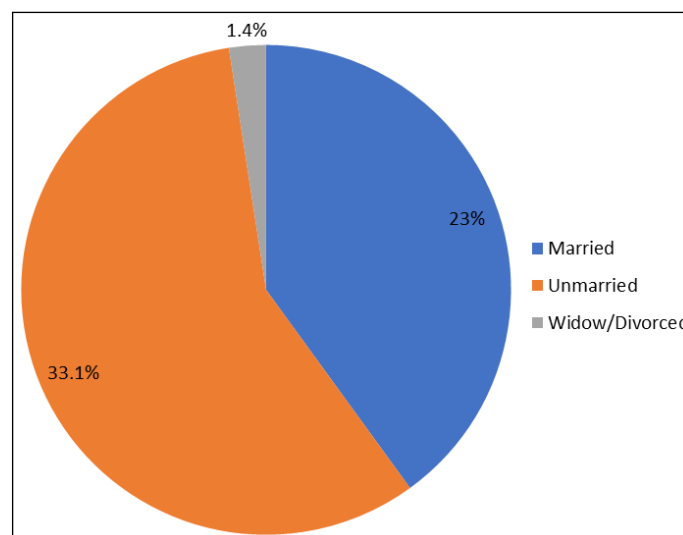
As shown above, 38 out of 80 respondents (47.5% of the respondents) lies in income group of 5-10 lakh, while 30 out of 80 respondents i.e. 37.5% of respondents were <5 lakh income category and remainder 12 respondents (15% to total respondents) belong to >10 lakh income category.

5. Marital Status wise Sample Distribution

Table 5 exhibits marital Status wise sample distribution

Table 5: Respondents on the Basis of Marital Status

Valid	Frequency	Percent	Valid Percent
Married	32	23.0	40.0
Unmarried	46	33.1	57.5
Widow/Divorced	2	1.4	2.5
Total	80	57.6	100.0



Graph 5: Respondents on the Basis of Marital Status

As shown above 46 out of 80 respondents i.e. 33.1% of the respondents were unmarried while 32, out of 80 respondents i.e. 23 % respondents were married, and 1.4% of total respondents were widow/divorced, which clearly indicate that unmarried are significantly outnumbered married and widow/divorced respondents.

Tools and Techniques

The percentage analysis and descriptive statistics (mean and Standard deviation) were used to analyse the data. Further, non- parametric test such as “Mann-Whitney U test” and “Kruskal H test” were used to make district wise, age wise, gender wise, income wise and marital status wise comparative analysis of perception of Chartered Accountant of Rohtak and Sirsa districts of Haryana.

Table 6: I consider that it is Less Time Consuming

District	Mean	N	Std. Deviation
Rohtak	3.9000	40	.70892
Sirsa	4.0500	40	.59700
Total	3.9750	80	.65555

The table shows that the mean score of Sirsa Chartered Accountants is 4.05 and Rohtak Chartered Accountants is 3.90. So we can say that the respondents of Sirsa are having a more positive attitude than that of Rohtak on the dimension “I Consider that it is Less Time Consuming”.

Table 7: I consider that it is a Single-Window Clearance System

District	Mean	N	Std. Deviation
Rohtak	3.9500	40	.81492
Sirsa	3.8500	40	.80224
Total	3.9000	80	.80505

The table exhibit that the mean score of Rohtak Chartered Accountants is 3.95 and Sirsa Chartered Accountants are 3.85. So we can say that the accountants of Rohtak are having a more positive attitude than that of Sirsa on the dimension “I Consider that it is Single Window Clearance System”.

Table 8: I consider that its Process is More Clear

District	Mean	N	Std. Deviation
Rohtak	3.8500	40	.86380
Sirsa	4.0500	40	.67748
Total	3.9500	80	.77786

The table expresses that the mean score of Sirsa Chartered Accountants is 4.05 and Rohtak Chartered Accountants is 3.85. So we can say that the accountants of Sirsa are having a more positive attitude than Rohtak on the dimension “I Consider that its Process is More Clear”.

Table 9: I consider that it as a Comprehensive Law

District	Mean	N	Std. Deviation
Rohtak	3.8000	40	.75786
Sirsa	3.6500	40	.86380
Total	3.7250	80	.81092

The table shows that the mean score of Rohtak Chartered Accountants is 3.80 and Sirsa Chartered Accountants are 3.65. So we can say that the accountants of Rohtak are having a more positive attitude than that of Sirsa on the dimension “I consider that it as a Comprehensive Law”.

Table 10: I consider that it will protect the Interest of Employees/Workforces

District	Mean	N	Std. Deviation
Rohtak	3.7000	40	.85335
Sirsa	3.6000	40	.59052
Total	3.6500	80	.73087

The table reveals that the mean score of Rohtak Chartered Accountants is 3.70 and Sirsa Chartered Accountants are 3.60. So we can say that the respondents of Rohtak are having a more positive attitude than that of Sirsa on the dimension “I Consider that it will protect the Interest of Employees/Workforces”.

Table 11: I consider that it will Increase the Availability of Credit

District	Mean	N	Std. Deviation
Rohtak	3.6000	40	.87119
Sirsa	3.6000	40	.87119
Total	3.6000	80	.86566

The table conveys that the mean score of Sirsa Chartered Accountants is 3.60 and Rohtak Chartered Accountants is also 3.60. So we can say that the respondents of Sirsa and Rohtak are the same attitude on the dimension "I Consider that it will Increase the Availability of Credit".

Table 12: I consider that it will promote the Entrepreneurship in India

District	Mean	N	Std. Deviation
Rohtak	3.2000	40	1.09075
Sirsa	3.7500	40	.63043
Total	3.4750	80	.92743

The table depicts that the mean score of Sirsa towards "I Consider that it will promote the Entrepreneurship in India" is 3.75 and Rohtak are 3.20. So we can say that the accountants of Sirsa are having a more positive attitude than that of Rohtak on the dimension "I Consider that it will promote the Entrepreneurship in India".

Table 13: I consider that it will Balance of all Stakeholders

District	Mean	N	Std. Deviation
Rohtak	3.5500	40	.98580
Sirsa	3.9000	40	.95542
Total	3.7250	80	.98051

The table exhibit that the mean score of Sirsa Chartered Accountants is 3.90 and Rohtak Chartered Accountants is 3.55. So we can say that the respondents of Sirsa are having a more positive attitude than Rohtak on the dimension "I Consider that it will Balance the All Stakeholders".

Conclusion

Comparative analysis of the perception of Chartered Accountants regarding IBC

1. The mean score of Chartered Accountants of Sirsa district towards "I Consider that it is Less Time Consuming" is 4.05 and of Rohtak is 3.90. So we can say that the Chartered Accountants belonging to Sirsa district are having a more positive attitude than that of Rohtak district on this dimension.
2. The mean score of Chartered Accountants of Rohtak district towards "I Consider that it is Single Window Clearance System" is 3.95 and of Sirsa is 3.85. So we can say that the Chartered Accountants of Rohtak are having a more positive attitude than Sirsa on this dimension.
3. The mean score of Chartered Accountants of Sirsa district towards "I Consider that its Process is More Clear" is 4.05 and of Rohtak is 3.85. So we can say that the Chartered Accountants of Sirsa are having a more positive attitude than Rohtak on this dimension.
4. The mean score of Chartered Accountants of Rohtak district towards "I consider that it as a Comprehensive Law" is 3.80 and of Sirsa is 3.65. So we can say that the Chartered Accountants of Rohtak are having a more positive attitude than Sirsa on this dimension.
5. The mean score of Chartered Accountants of Rohtak district towards "I Consider that it will protect the Interest of Employees/Workforces" is 3.70 and of Sirsa is 3.60. So we can say that the Chartered Accountants of Rohtak are having a more positive attitude than of Sirsa district on this dimension.
6. The mean score of Chartered Accountants of both districts towards "I Consider that it will Increase the Availability of Credit" is 3.60. So we can say that the Chartered Accountants of Sirsa and Rohtak are having the same attitude on this dimension.
7. The mean score of Chartered Accountants of Sirsa district towards "I Consider that it will promote the Entrepreneurship in India" is 3.75 and of Rohtak is 3.20. So we can say that the Chartered Accountants of Sirsa are having a more positive attitude than Rohtak on this dimension.
8. The mean score of Chartered Accountants of Sirsa district towards "I Consider that it will Balance the All Stakeholders" is 3.90 and of Rohtak is 3.55. So we can say that the Chartered Accountants of Sirsa are having a more positive attitude than Rohtak on this dimension.

Future Scope of the Study

After completing research work, researcher found that on following lines the present research can be extended.

1. In addition to Chartered Accountant, other stakeholders can be incorporated.
2. In addition to Rohtak and Sirsa districts, other districts of Haryana may also be studied.

3. An inter-state comparison can also be made by extending the area of research to all over India instead of confining it to the state of Haryana.
4. Other factors/variables can be included under the ambit of the research in addition to level of Awareness and Perception.

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