

Select Proposals from Draft Valuation Bill, 2020 (Pending approval in Parliament)

The Insolvency and Bankruptcy Board of India (IBBI) submitted a draft of the Valuation Bill 2020 in the parliament in April 2020 and is pending approval in the parliament. This draft bill was issued by IBBI for the following reasons:

- While several committees have recommended regulation of the profession, regulation and development of the profession were never dealt holistically.
- Till recently, there was no comprehensive institutional framework that imparted legitimacy to the valuation profession while holding the valuation professionals accountable for their services.
- Several attempts made to provide an institutional framework in the past fizzled out as not all stakeholders could be on the same page. The attempt, which came closest to fruition, was the draft Valuation Professionals Bill, 2008 (Valuation Bill), which did not reach Parliament.
- The Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules) made under the Companies Act, 2013 provides a centralized institutional framework for development and regulation of valuation profession, though its remit is limited to valuations required under the Insolvency and Bankruptcy Code 2016 (Code) and the Companies Act, 2013.
- The recent Bill is in contra aimed at covering all valuation related services in the country. Therefore, for the purposes of such unification, section 247 of the Companies Act, which provides for valuation by registered users, will have to be modified and the pre existing valuation rules will have to be rescinded.

Sr. No	Particulars	Current Regulatory Framework		Proposed Regulatory Framework
		Draft Valuation Professional Bill, 2008	The Companies (Registered Valuers and Valuation Rules), 2017	Draft Valuers Bill, 2020
1]	Regulatory Model	Statutory Self Regulation	Co-regulation (State + Market)	Co-regulation (State + Market)
2]	Governing law	Statute and Bye-laws	Statute and Bye-laws	Statute and Bye-laws
3]	Tiers (No. of agencies in a hierarchy to regulate the same object)	Two tier (CVP and Recognized Institutes)	Two-tier (Authority and RVOs)	Two-tier (NIV and VPOs)
4]	Principal regulator (1 st tier)	Council of Valuation Professionals (CVP)	Authority (IBBI)	National Institute of Valuers (NIV)
5]	Broad role of principal regulator	Develop and regulate the valuation profession, recognise institutes; monitor disciplinary proceedings, etc.	Develop and regulate of valuation profession, recognise RVOs, conduct examinations, undertake disciplinary action, etc.	Protect interests of users, develop and regulate valuation profession, register VPOs and educational institutes, conduct examinations, undertake disciplinary action, etc.
6]	Governing Body of Principal Regulator	Nominees of Recognized Institutes and of Central Government	Authority	Chairperson, Administrative Law Members (ALM), Whole-time Members (WTM), Part-time Members (PTM) and ex-officio Members; all appointed by Central Government.
7]	Accountability arrangement	Very detailed	Not very detailed	NA
8]	Supporting Structures of principal Regulator	Quality Review Board Academics and Standards Committee, and Professional and Ethical Standards Committees	Valuation Standards Committee	Committee of Valuers, Valuation Standards Committee, Advisory Committees
9]	Disciplinary Arrangement at Principal Regulator	NA NA	Investigation, Authorised Officer Authority	Inspection/Investigation, Panel of Adjudicators. Two layers of Appeal (ALM and High Court)
10]	Front-line Regulator (2 nd tier)	Recognized Institutes	Registered Valuers Organisations (RVOs)	Valuation Professional Organisations (VPOs)
11]	Role of Front-line regulator	Register professionals, impart education, conduct examinations, undertake disciplinary actions, etc.	Enrolment of members, conduct educational courses, monitor performance, and redress grievances	Promote professional development, monitor performance and compliance, and redress grievances.

Source: Report of the Committee of Experts on Institutional Framework for Regulation and Development of Valuation Professionals dated 24 June 2020 (<https://ibbi.gov.in/>)

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		Draft Valuation Professional Bill, 2008	The Companies (Registered Valuers and Valuation Rules), 2017	Draft Valuers Bill, 2020
12]	Governance of front line regulator	Provided in Byelaws & Regulations	Provided in Byelaws & Rules	Provided in Byelaws & Rules
13]	Disciplinary Arrangement at Frontline Regulator	Investigation, Board of Discipline/ Disciplinary Committee	Disciplinary Committee	NA
		Appellate Authority	Appeal to Appellate Panel	NA
14]	Education standards	CVP	Authority	NIV
15]	Delivery of Education	No long-term course, as professional become Valuers. Recognized Institutes provide preregistration course. Market offers training	No long-term course, as professionals become Valuers. RVOs provide preparatory course. Market offers training	Valuer Institutes, registered by NIV
16]	Admission to Course	NA	NA	NIV
17]	Examination for Entry to Profession	Recognized Institutes	Authority	NIV
18]	Fit & Proper person	NA	Yes	Yes
19]	Registration as a Professional	Recognized Institutes	Authority, after enrolment with an RVO	NIV, after enrolment with a VPO
20]	Entities as Professional	Not eligible	Registered Partnership Firms and Companies eligible subject to Conditions.	Registered Partnership Firms and Companies eligible subject to Conditions.
21]	Continuing Professional Education	NA	Yes	Yes
22]	Certificate of Practice	Yes	Yes	Yes
23]	Fee for service	Market determined	Market determined	Market determined
24]	Transitional Provision	NA	NA	Yes

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