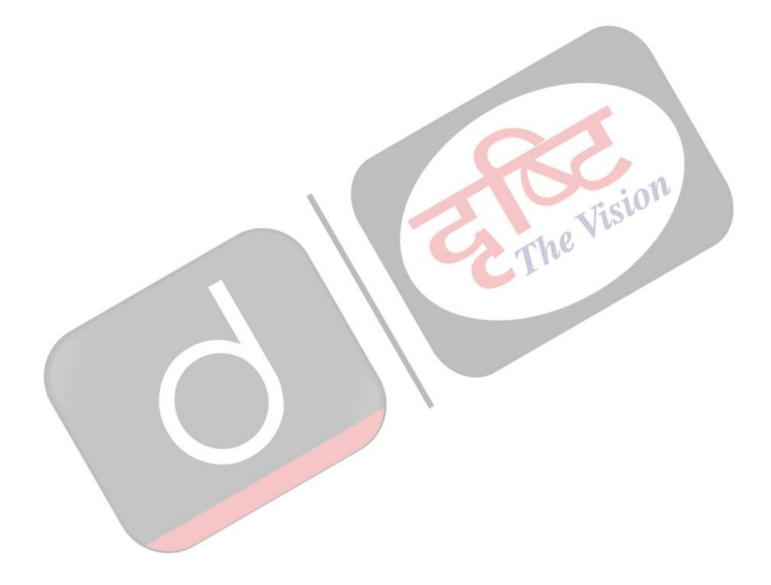


Insolvency and Bankruptcy Code



Introduction

 Insolvency and Bankruptcy Code (IBC), 2016 provides a time-bound process for resolving insolvency in companies and among individuals

- Provides for speedier resolution and higher recoveries
- Insolvency: individuals or companies are unable to repay their outstanding debt
- Bankruptcy: a legal declaration of one's inability to pay off debts

Objectives of IBC

Insolvency and Bankruptcy Code laws in India
To simplify and expedite the Insolvency and Bankruptcy Proceedings in India

To consolidate and amend all existing insolvency

- To protect the interest of creditors including stakeholders in a company
- □ To revive the company in a time-bound manner
- To promote entrepreneurship
- To get the necessary relief to the creditors and consequently increase the credit supply in the economy
- To work out a new and timely recovery procedure to be adopted by the banks, financial institutions or individuals
- To set up an Insolvency and Bankruptcy Board of India

IBC: Salient Features

- Covers all individuals, companies, Limited Liability Partnerships and partnership firms.
- Adjudicating authority:
 - National Company Law Tribunal (NCLT) for companies and LLPs
 - **Debt Recovery Tribunal (DRT)** for individuals and partnership firms
- Insolvency and Bankruptcy Board of India to exercise regulatory oversight over insolvency professionals (IPs), insolvency professional agencies (IPAs) and information utilities (IUs)
- □ **IPs** handle the commercial aspects of insolvency resolution process
- IPAs develop professional standards, code of ethics
- IUs collect, collate, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings
- Enabling provisions to deal with cross border insolvency





<u>For TTP</u>

PDF Refernece URL: https://www.drishtiias.com/printpdf/insolvency-and-bankruptcy-code-mindmap

