



## Insolvency and Bankruptcy Code



## 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

- ❑ To consolidate and amend all existing insolvency laws in India
- ❑ To simplify and expedite the Insolvency and Bankruptcy Proceedings in India
- ❑ 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**

PDF Referenece URL: <https://www.drishtias.com/printpdf/insolvency-and-bankruptcy-code-mindmap>

