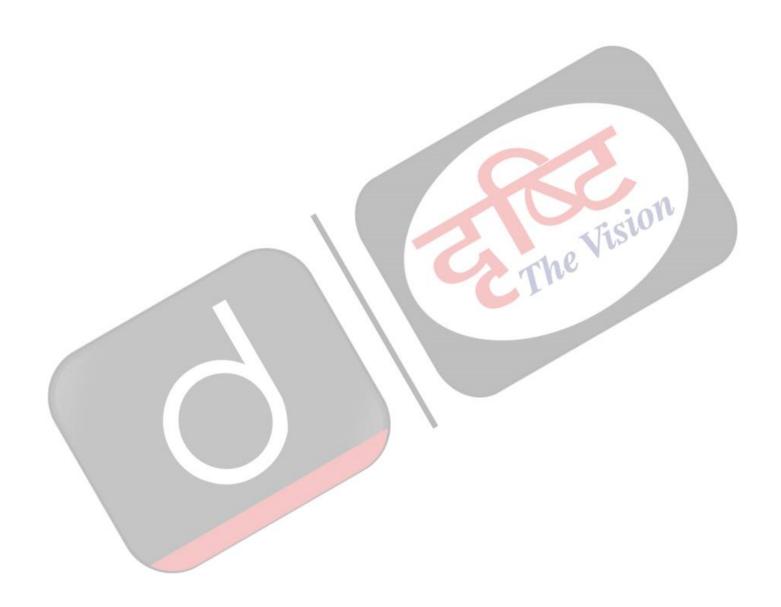


Insolvency and Bankruptcy Code



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

- ☐ 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**





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