UN Model for Cross-Border Norms

Recently, the government is looking at the possibility of adopting a United Nations Commission on International Trade Law (UNCITRAL) model for cross-border insolvency cases as it works on strengthening the insolvency resolution framework.

Background

- The existing Code in The Insolvency and Bankruptcy Code (IBC) provides for two sections i.e. 234 and 235 — relating to cross-border insolvency, which allows the Centre to enter into an agreement with a foreign country for enforcing the provisions of the Code, which is considered insufficient and time-taking.
- Moreover, these sections are yet to be made operational.
- In case the UN model is adopted for cross-border insolvency matters, then sections 234 and 235 could be dropped from the Code as they pertain to only bilateral pacts.
- The inclusion of cross-border insolvency framework will further enhance ease of doing business, provide a mechanism of cooperation between India and other countries in the area of insolvency resolution, and protect creditors in the global scenario.

Note:

- The United Nations Commission on International Trade Law (UNCITRAL), established in 1966 as a subsidiary body of the United Nations General Assembly.
- UNCITRAL Model Law on Cross-Border Insolvency was adopted in 1997.
- Key provisions of UNCITRAL Model Law on Cross-Border Insolvency focus on four elements identified as key to the conduct of cross-border insolvency cases: access, recognition, relief