

Cabinet approves Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi approved the proposal to make amendments in the Insolvency and Bankruptcy Code, 2016 (code), through the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019. The amendments aim to remove certain difficulties being faced during insolvency resolution process to realise the objects of the code and to further ease doing of business.

Details of the Proposal: The Amendment Bill seeks to amend sections 5(12), 5(15), 7, 11, 14, 16(1), 21(2), 23(1), 29A, 227, 239, 240 and insert new section 32A in the Insolvency and Bankruptcy Code, 2016 (Code).

Impact:

- I. Amendments to the Code to remove bottlenecks, streamline the CIRP and protection of last mile funding will boost investment in financially distressed sectors.
- II. Additional thresholds introduced for Financial Creditors represented by an authorized representative due to large numbers in order to prevent frivolous triggering of Corporate Insolvency Resolution Process (CIRP).
- III. Ensuring that the substratum of the business of corporate debtor is not lost, and it can continue as a going concern by clarifying that the licenses, permits, concessions,

clearances etc. cannot be terminated or suspended or not renewed during the moratorium period.

- IV. Ring-fencing corporate debtor resolved under the IBC in favour of a successful resolution applicant from criminal proceedings against offences committed by previous management/promoters.

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Warm Regards,

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