

# THE INSOLVENCY AND BANKRUPTCY CODE, 2016



The Insolvency and Bankruptcy Code, 2016 (IBC) received the assent of the President on 28 May 2016 and regulations related to Corporate Insolvency were notified in November 2016. The IBC is a landmark financial sector reform initiated by the Government of India. Key highlights of the IBC are as below

- **Independent regulator** (Insolvency & Bankruptcy Board of India) to monitor & oversee the process of insolvency & bankruptcy.
- The regulator is focusing on **controlling the service providers** viz., Insolvency Professionals and Information Utility.
- It can be **triggered by** Financial Creditors, Operational Creditors or the Corporate Borrowers.
- **Empowering the Creditors** with “Creditor in Possession approach”. Insolvency professionals appointed by
- Creditors to take over management during the Resolution Process
- IBC is a **Consolidated Act** so as to avoid conflicts and confusion

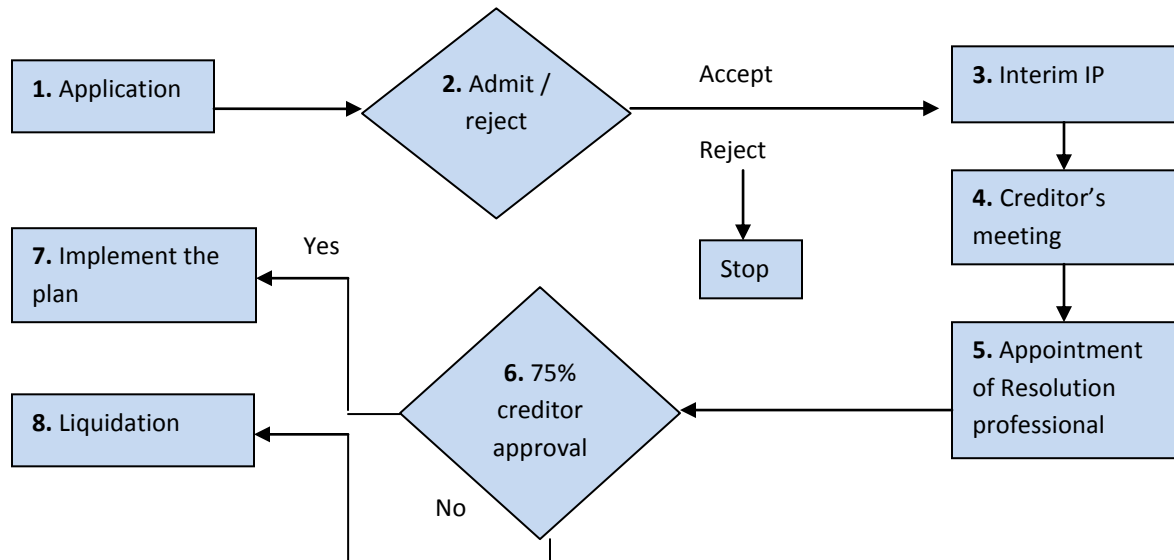
prevailing earlier and thereby adversely affecting credit recovery

- **‘Payment default’** and cash flow is main criteria for Insolvency instead of “erosion of net worth” to identify and revive businesses at an early stage



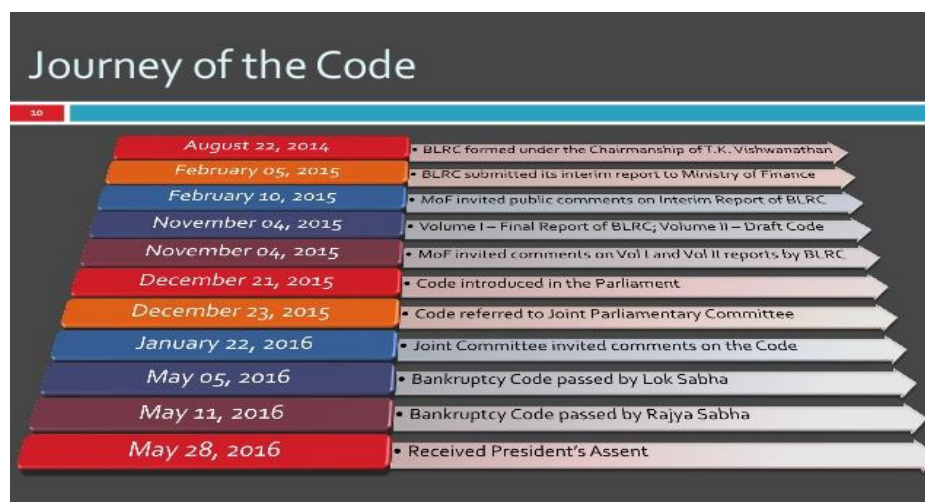
- **Time bound resolution** process at each stage
- **Defined distribution** of recovery proceeds
- **Government dues** given priority below other creditors
- Separate process defined for **voluntary winding up** of the companies not in default
- Regulations for **Individuals and Partnership** firms

## RESOLUTION PROCESS:

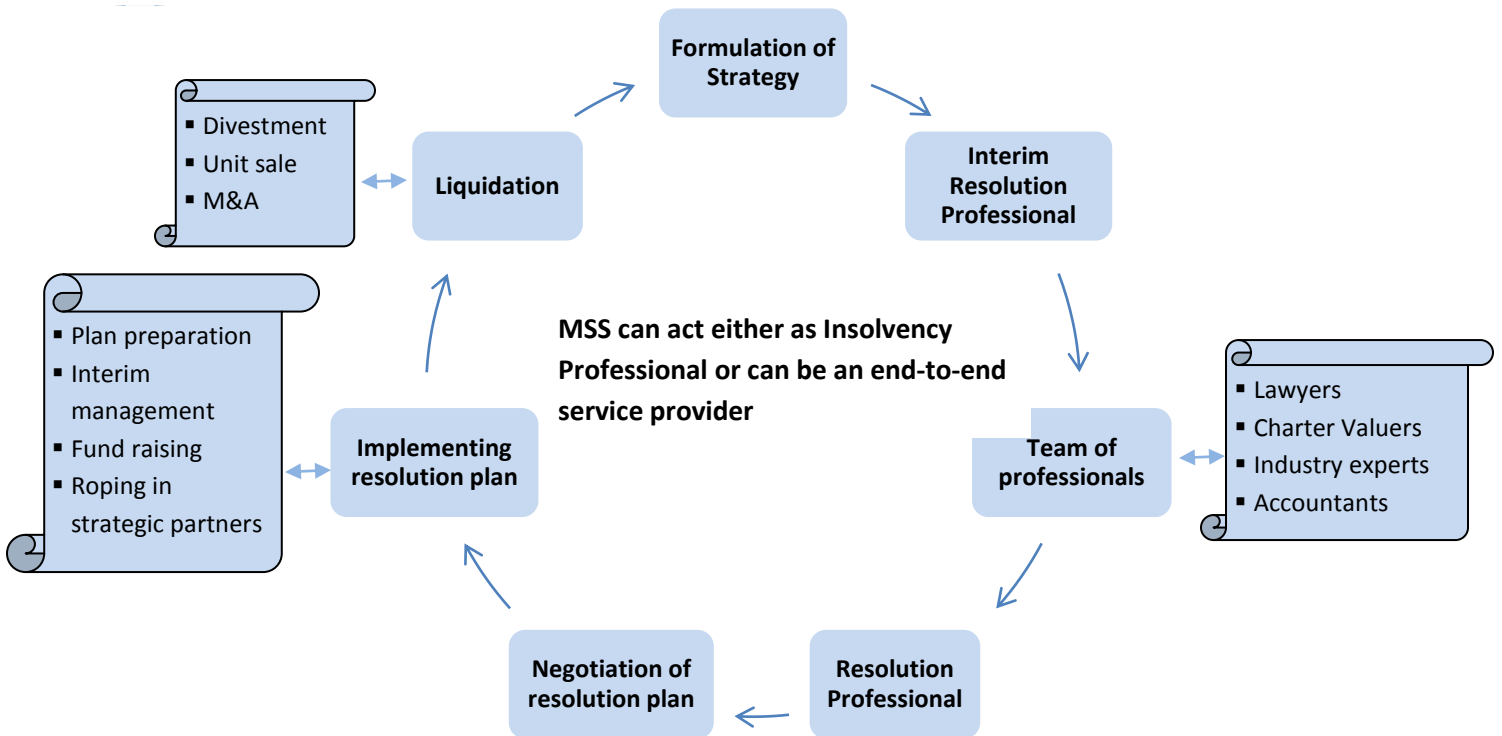


### Developments so far...

- So far 24 cases have been filed (7 by financial creditors, 8 by operational creditors and 9 by corporates) with NCLT (adjudicating authority).  
have been accepted. Operational creditor references are not getting approved as the same are not backed by proper default documents.
- Majority of the references of financial creditors and corporates



**MSS Service offerings under IBC**



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