

# IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



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*"Continuous learning is the minimum requirement for success in any field." – Dennis Waitle*

## *Updates on Insolvency and Bankruptcy Code*

### ➤ IBC may need tweaks in provisions to iron out operational issues: Experts

A slew of petitions from a clutch of aggrieved operational creditors is currently before the Supreme Court. Arguments for and against the RBI circular that pushed several power companies into the insolvency process are being heard by the apex court. Questions are also being raised on how to maintain the legal sanctity of the bidding process, while at the same time maximise value for lenders. Two years after coming into force, the Insolvency and Bankruptcy Code may need some tweaks in its provisions to iron out operational issues, say experts.

Source: *Business- Standard*

Please find the full news at:

[https://www.business-standard.com/article/opinion/ibc-may-need-tweaks-in-provisions-to-iron-out-operational-issues-experts-118120200658\\_1.html](https://www.business-standard.com/article/opinion/ibc-may-need-tweaks-in-provisions-to-iron-out-operational-issues-experts-118120200658_1.html)

## ➤ [IBC outcome encouraging and disposal quite quick: IBBI chief](#)

While delivering the keynote address at the Bangalore Chamber of Industry and Commerce (BCIC) meet on Insolvency Resolution Process under IBC 2016 via video conferencing, MS Sahoo, Chairman, Insolvency and Bankruptcy Board of India (IBBI) said that the speed of resolution process has to improve so as to make the Insolvency and Bankruptcy Code (IBC) more responsive to the large number of corporate debtor cases pending. The IBC has been one of the biggest reforms the country has undertaken so far, and this grants the ultimate freedom to exit. The outcome has been very encouraging so far, and the disposal has been quite quick. The IBC provides a formal market mechanism to deal with failures.

*Source: Thehindubusinessline*

Please find the full news at:

<https://www.thehindubusinessline.com/news/insolvency-and-bankruptcy-code-outcome-very-encouraging-so-far-dr-m-s-sahoo/article25643130.ece>

## ➤ [NCLAT triggers insolvency against an unincorporated Joint Venture](#)

In yet another landmark ruling under the Insolvency and Bankruptcy Code, the NCLAT has held that insolvency can be triggered against an unincorporated joint venture between two companies. The appeal was filed against an NCLT order which disallowed initiating insolvency against two corporate debtors under a single application. The question which therefore arose before the NCLAT was, whether two companies which have entered into a joint venture, can be proceeded against under a single Section 7 application. The NCLAT held that “If the two ‘Corporate Debtors’ collaborate and form an independent corporate unit entity for developing the land and allotting the premises to its allottee, the application under Section 7 will be maintainable against both of them jointly and not individually against one or other.”

*Source: Barandbench*

Please find the full news at:

<https://barandbench.com/nclat-triggers-insolvency-against-an-unincorporated-jv/>

### ➤ Arvind Subramanian's idea to fight NPA mess: 'Allow majority private participation in PSBs'

Former Chief Economic Advisor Arvind Subramanian has said that fundamental reform of the PSBs (public sector banks) is facilitated by allowing majority private-sector participation in the PSBs. He also said that the recognition of the NPA crisis through the RBI's PCA framework initiated in June 2015 is further advanced by sanctioning financial institutions that are not classifying their loans properly, especially power-sector loans, at banks and other loans at non-banking finance companies (NBFCs). Besides, the asset resolution process, as enacted by the Insolvency and Bankruptcy Code, is accelerated by sending smaller assets to specialised distressed asset recovery firms, the power sector assets would be shifted to a new government-run holding company.

*Source: FinancialExpress*

Please find the full news at:

<https://www.financialexpress.com/industry/banking-finance/arvind-subramanians-idea-to-fight-npa-mess-allow-majority-private-participation-in-psbs/1401256/>

### ➤ IBC: A driver of debt recoveries

The IBC Code, which was conceived and rolled out as a one-stop solution for addressing defaults in the banking system, may be working well for successful resolution in case of large companies but it is often perceived as a hindrance in the way MSMEs function. One of the key issues that need to be addressed by the government under the code is the treatment of MSMEs during the resolution process. As per current law, there is no clear demarcation between MSMEs and other operational creditors who are all clubbed into a single category for payment of the liquidation value. However, there have been cases wherein the liquidation value is negligible and this essentially means that MSMEs practically get nothing and continue to operate in a precarious environment despite the IBC Code.

*Source: Fortuneindia*

Please find the full news at:

<https://www.fortuneindia.com/opinion/ibc-a-driver-of-debt-recoveries/102736>

