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Updates on Insolvency and Bankruptcy Code

Govt ramps up capacity of the NCLT Benches to boost decision-making

The government is ramping up the capacity of the National Company Law Tribunal (NCLT) Benches to boost decision-making and reduce delays. It will set up dedicated Benches for insolvency and bankruptcy cases and add 40 new positions for NCLT, said Injeti Srinivas, secretary, corporate affairs ministry to the standing committee on finance.

"When the NCLT was set up, IBC was never in the picture. It was only set up as a company law court. The IBC has now sort of dominated," Srinivas said. Because of the increase in IBC cases, which are getting primacy at the NCLT, company cases are getting badly delayed.

Source: Business Standard

Please find the full news at:

https://www.business-standard.com/article/economy-policy/govt-ramps-up-capacity-of-the-nclt-benches-to-boost-decision-making-120031601566_1.html

Government mulls review of bankruptcy code

Looking to address the issue of non-adherence to timelines under the Insolvency and Bankruptcy Code (IBC), the government is set to conduct a full review of the process. "The government is doing a complete review of the IBC (to reduce time taken for resolution). The leadership of the National Company Law Tribunal (NCLT) is also seized of the matter," a government official told the paper.

At present, the norms state that the resolution process of an insolvent company should be completed within 330 days. The government wants to reduce the average time taken for the CIRP by 60 days. Lenders have often raised the issue of non-adherence to timelines after a company is taken to the bankruptcy court.

Source: Money control

Please find the full news at:

<https://www.moneycontrol.com/news/economy/policy/government-mulls-review-of-bankruptcy-code-report-5037491.html>

Limitation period under IBC will not be extended by part payment: NCLAT

The National Company Law Appellant Tribunal (NCLAT) in the recent judgment Bimal Kumar Manubhai Savalia Vs. Bank of India held that part payment by guarantor will not extend the limitation period under Insolvency Bankruptcy Code (IBC or Code) (i.e. three years).

NCLAT critically examined the relevance and applicability of Limitation Act, 1963 ("Limitation Act") on Code, for which NCLAT place its reliance on the landmark judgement of Hon'ble Supreme Court in B.K. Educational Services Pvt. Ltd. Vs. Parag Gupta & Associates passed in Civil Appeal No. 23988 of 2017 reported in (2019) 11 SCC 633, wherein Apex Court discuss in detail the applicability of provision of Limitation Act on Code and held that Article 137 of Limitation Act, will be applicable on the Code.

Source: Taxguru

Please find the full news at:

<https://taxguru.in/corporate-law/limitation-period-ibc-extended-part-payment-nclat.html>



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