

## **Insolvency and Bankruptcy Board of India**

### **Subject: Merging of Fast Track Corporate Insolvency Regulations with Corporate Insolvency Regulations.**

The Insolvency and Bankruptcy Code, 2016 (hereinafter, Code) is a comprehensive legislation that seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy. It outlines separate insolvency resolution processes for corporates, individuals and partnership firms.

2. Chapter II (Sections 6 to 32 of the Code) read with the Insolvency and Bankruptcy (Application to Adjudicating Authority Rules), 2016 and the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 govern the corporate insolvency resolution process. A key feature of the Code is time bound resolution process of the corporate debtor. It needs to be completed within 180 days which can be extended by the Adjudicating Authority by a maximum of 90 days.

3. Chapter IV (sections 55 to 58) of the Code read with the Insolvency and Bankruptcy (Application to Adjudicating Authority Rules), 2016 and the IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017 provide for an expeditious resolution process. It needs to be completed within 90 days which can be extended by the Adjudicating Authority by a maximum of 45 days. In terms of Government Notification dated 14<sup>th</sup> June, 2017, this process is available to:

- (a) a small company as defined under clause (85) of section 2 of Companies Act, 2013;
- (b) a Startup (other than the partnership firm) as defined in the notification of DIPP
- (c) an unlisted company with total assets, as reported in the financial statement of the immediately preceding financial year, not exceeding rupees one crore.

4. Except for the timeline and applicability, resolution process is broadly same under chapter II and chapter IV. In fact, section 58 of the Code reads: *“The process for conducting a corporate insolvency resolution process under Chapter II and the provisions relating to offences and penalties under Chapter VII shall apply to this Chapter as the context may require”*. In view of this, it is proposed to merge the two regulations to make a comprehensive regulation. This will help the professionals and market.

5. This is submitted for approval of the Board.