

Insolvency and Bankruptcy Board of India

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Press Release

Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017

The Insolvency and Bankruptcy Board of India notified the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations, 2022 (Amendment Regulations) on 05th April, 2022.

2. The Insolvency and Bankruptcy Code, 2016 read with Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 provide mechanism for voluntary liquidation of solvent corporate person. It has been noticed that there has been substantial delay in completion of voluntary liquidation process, though the process, in general, involve nil or negligible claims of creditors, fewer assets, if any, to be realized and few litigations, if any, to be concluded. To curtail such delay and ensure faster exit for firms, the Amendment Regulations modify timelines for some stipulated activities undertaken during the process as under:

- The liquidator shall prepare the list of stakeholders within fifteen days (against the previously stipulated forty-five days) from the last date for receipt of claims, where no claim from creditors has been received till the last date for receipt of claims.
- The liquidator shall distribute the proceeds from realization within thirty days (against the previously stipulated six months) from the receipt of the amount to the stakeholders.
- It has been further provided that the liquidator shall endeavour to complete the liquidation process of the corporate person within two hundred and seventy days from the liquidation commencement date, where the creditors have approved the resolution under section 59(3)(c) or regulation 3(1)(c), and ninety days from the liquidation commencement date in all other cases (against the previously stipulated 12 months in all situations).

3. To provide summary of actions taken by the liquidator during the voluntary liquidation process, the Amendment Regulations specify a compliance certificate which is required to be submitted along with application under section 59(7) to the Adjudicating Authority, by the liquidator. It shall facilitate the Adjudicating Authority to adjudicate dissolution applications expeditiously.

4. The Amendment Regulations are effective from 05th April, 2022. These are available at www.mca.gov.in and www.ibbi.gov.in.
