

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA AMENDS THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (VOLUNTARY LIQUIDATION PROCESS) REGULATIONS, 2017

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

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.

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:

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.

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

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