

CABINET APPROVES PROMULGATION OF THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) ORDINANCE, 2019

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Cabinet

Cabinet approves Promulgation of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi approved a proposal to promulgate an Ordinance and to amend the Insolvency and Bankruptcy Code, 2016.

The Amendment will remove certain ambiguities in the Insolvency and Bankruptcy Code, 2016 and ensure smooth implementation of the Code.

Under the Amendments, the liability of a corporate debtor for an offence committed prior to the commencement of the corporate insolvency resolution process shall cease, and the corporate debtor shall not be prosecuted for such an offence from the date the resolution plan has been approved by the Adjudicating Authority, if the resolution plan results in the change in the management or control of the corporate debtor to a person who was not:

- a. A promoter or in the management or control of the corporate debtor or a related party of such a person; or
- b. A person with regard to whom the relevant investigating authority has, on the basis of material in its possession, reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court.

Subject to relevant provisions the corporate debtor shall, as required, extend all assistance and co-operation to any authority investigating an offence committed prior to the commencement of the corporate insolvency resolution process.

VRRK/SC/SH

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