

## ‘ADOPT UNCITRAL FOR CROSS-BORDER INSOLVENCY’

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

The Economic Survey 2021-22 has called for a standardised framework for cross-border insolvency as the Insolvency and Bankruptcy Code (IBC) at present does not have an instrument to restructure firms involving cross-border jurisdictions.

The proposal to frame a robust cross-border insolvency framework has already been highlighted in the report of the Insolvency Law Committee, which had recommended the adoption of the United Nations Commission on International Trade Law (UNCITRAL), with certain modifications to make it suitable to the Indian context. “UNCITRAL on Cross-Border Insolvency, 1997 has emerged as the most widely accepted legal framework to deal with cross-border insolvency issues,” the Survey said.

It has been adopted by 49 countries so far, such as Singapore, the U.K., the U.S., South Africa and Korea.

This law works on four main principles: access, recognition, cooperation and coordination.

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