

IBC: UN model eyed for cross-border norms

The government is looking at the possibility of adopting a United Nations legal model for cross-border insolvency cases as it works on strengthening the insolvency resolution framework, according to a senior official.

The Insolvency and Bankruptcy Code (IBC) has sections pertaining to cross-border insolvency matters but are yet to be made operational. The Insolvency Law Committee, headed by Corporate Affairs Secretary Injeti Srinivas, is studying the feasibility of introducing cross-border insolvency provisions. "The committee is looking at the adoption of the United Nations Commission on International Trade Law model on dealing with cross border insolvency," he said in the ministry's latest monthly newsletter.

He also noted the existing Code provides for two sections — 234 and 235 — relating to cross-border insolvency, which allows the Centre to enter into an agreement with a foreign country for enforcing the provisions of the Code, which is considered insufficient and time-taking.

An official said in case the UN model is adopted for cross-border insolvency matters, then sections 234 and 235 could be dropped from the Code as they pertain to only bilateral pacts.

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