

President gives nod for IBC amendment

The President on Wednesday gave his assent to promulgate the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018.

“The ordinance provides significant relief to homebuyers by recognising their status as financial creditors,” the government said in a statement. “It will also enable homebuyers to invoke Section 7 of the Insolvency and Bankruptcy Code (IBC), 2016 against errant developers. Another major beneficiary would be micro, small and medium sector enterprises (MSME), which form the backbone of the Indian economy as the biggest employer, next only to the agriculture sector.

“Recognising the importance of MSME sector in terms of employment generation and economic growth, the ordinance empowers the government to provide them with a special dispensation under the code,” the statement added.

Promoter's bid

“The immediate benefit it provides is that, it does not disqualify the promoter to bid for his enterprise undergoing corporate insolvency resolution process (CIRP) provided he is not a wilful defaulter and does not attract other disqualifications not related to default.” “The amendment is a step in the right direction, which will provide relief to the homebuyers and micro, small and medium sector enterprises under the dispensation of IBC,” said Kalpesh J. Mehta, partner, Deloitte.

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