

# PANEL FOR ADOPTING UN MODEL ON CROSS-BORDER INSOLVENCY

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

The Insolvency Law Committee (ILC), tasked with suggesting amendments to the Insolvency and Bankruptcy Code of India, has recommended that India adopt the United Nations' model to handle cross-border insolvency cases.

"The ILC has recommended the adoption of the United Nations Commission on International Trade Law (UNCITRAL) Model Law of Cross Border Insolvency, 1997, as it provides for a comprehensive framework to deal with cross-border insolvency issues," the government said in a statement. "The committee has also recommended a few carve-outs to ensure that there is no inconsistency between the domestic insolvency framework and the proposed cross border insolvency framework."

The UNCITRAL Model Law has been adopted in 44 countries and, therefore, forms part of international best practices in dealing with cross border insolvency issues, the government said.

## Public interest

"The advantages of the model law are the precedence given to domestic proceedings and protection of public interest," the statement added.

"The necessity of having a cross-border insolvency framework under the Insolvency and Bankruptcy Code arises from the fact that many Indian companies have a global footprint and many foreign companies have a presence in multiple countries, including India," the government said.

Sign up to receive our newsletter in your inbox every day!

Please enter a valid email address.

Our existing notification subscribers need to choose this option to keep getting the alerts.

**END**

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com