Insolvency & Bankruptcy code has been envisaged as a statutory provision to strengthen corporate governance structure & to resolve issues pertaining to non-performing assets (N.P.A) in Indian banking sector. It was formulated under Insolvency & Bankruptcy Act, 2015.

KEY PROVISIONS OF I.B.C

1) It aims at institutionalisation of resolution, arbitration of bankrupt organisations & entities under single statutory code.

2) It envisages role of ~~Insolvent~~ Insolvency professional for entities having breached 180 days under non-~~Pro~~ performing asset resolution programme.

3) It envisages setting up of Committee of Creditors to approve Insolvency proceeding prepared by Insolvency professional within 330 days

4) It envisages setting up of National Company law tribunal (N.C.L.T) & appellate tribunal (N.C.L.A.T) under these codes.

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5> It provides for liquidation of bankrupt entities in case of lack of approved resolution plan.

SIGNIFICANCE OF I.B.C

1> It would cut dispute resolution proceeding time & thus enhance ease of doing business.

2> It would lead to stricter contract enforcement culture.

3> It would clean balance sheets of creditors (Banks) by cutting down N.P.A's.

4> It would enable stream lining of bankruptcy resolution mechanism which is hitherto mired in complex & multiple laws.

5> It will ensure time bound (330 days) & certain & Predictable resolution proceedings.

Lately, Supreme court has given verdict on resolution of Essar steel, which has granted greater degree of clarity on functioning of I.B. Code.

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प्रश्न संख्या (Question No.)

U.P.S.C.

(Don't write anything in this part)

IMPORTANCE OF S.C JUDGEMENT ON ESSAR STEEL

1) Judgement has concluded that operational Creditor has a lower hand compared to financial Creditor.

2) It has paved the way for acquisition of ~~Ess~~ Essar steel, which is indeed first resolution proceeding under I.B.C.

3) Resolution window of 330 days is only applicable in ordinary cases, thus enabling proceeding of complex cases (Power Sector) in different manner.

4) The judgement has indeed lend constitutional legitimacy to I.B.C.

5) It has cleared the way for controversial scope of 60% voting approval by Committee of Creditors as valid vote instead of original 75%.

In a nutshell, I.B.C is a possitive Statutory code in India's bussiness reform. S.C's judgement on the same has given judicial backing to the same. Way forward lies in making I.B.C more dynamic & responsive to contemporary market demand.

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