

# IBBI eases timelines within 330-day deadline for insolvency resolution process

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## **IBBI eases timelines within 330-day deadline for insolvency resolution process**

Providing leeway to resolution professionals amid the coronavirus outbreak, IBBI has relaxed the timelines to be followed under the overall 330-day deadline for completion of insolvency resolution processes.

Against the backdrop of the 21-day lockdown to curb spreading of coronavirus infections, the Insolvency and Bankruptcy Board of India (IBBI) has amended certain regulations.

### **Key Highlights**

- The lockdown period would not be counted for the purpose of timelines set under the IBBI regulations for Corporate Insolvency Resolution Process (CIRP), according to a notification.
- In view of the national lockdown, it may not be possible for an insolvency professional to continue to conduct the process, for members of committee of creditors to attend the meetings, and for prospective resolution applicants to prepare and submit resolution plans, within the specified timeline.
- Therefore regulations have been amended to provide that the period of lockdown shall not be counted for the purpose of timeline for any activity in a CIRP.
- It is clarified that the flexibility is subject to the overall time limit available under the Code.

There is a deadline of 330 days for completion of a resolution process.

- There is no change to timelines given in the Code and it is “relaxation of timeline given in the regulations.

## **About IBBI**

The Insolvency and Bankruptcy Board of India (IBBI) is the regulator for overseeing insolvency *proceedings* and entities like Insolvency Professional Agencies (IPA), Insolvency Professionals (IP) and Information Utilities (IU) in India. It was established on 1 October 2016 and given statutory powers through the Insolvency and Bankruptcy Code, which was passed by Lok Sabha on 5 May 2016.

It covers Individuals, Companies, Limited Liability Partnerships and Partnership firms. The new code will speed up the resolution process for stressed assets in the country. It attempts to simplify the process of insolvency and bankruptcy proceedings. It handles the cases using two tribunals like NCLT (National company law tribunal) and Debt recovery tribunal.

**SOURCE:** *Business Standard, Wikipedia*