

SETTING UP OF BUSINESS ENTITIES & CLOSURE (AMENDMENTS FOR JUNE 2021 EXAM)

CHAPTER – 22 – INSOLVENCY & BANKRUPTCY CODE, 2016

PAGE NO. 270 – INTRODUCTION

1. First Para shall be substituted by the following Para:

Corporate insolvency resolution process (CIRP) can be commenced when a **corporate debtor** commits a default. The default should be **minimum of Rs. One Crore.**

2. Following New Para shall be added after the existing fourth para:

However, Insolvency and Bankruptcy Code, 2016 shall apply to following categories of Financial Service Providers (FSP):

- Non-Banking Finance Companies (NBFCs) with asset size of Rs. 500 crore or more, as per last audited balance sheet; and
- Housing Finance Companies (HFCs) with asset size of Rs. 500 crore or more, as per last audited balance sheet.

PAGE NO. 271-272 – RESOLUTION PROCESS

Following New Para shall be added at the last of the Topic:

It may be noted that for financial creditors, who are allottees under a real estate project, an application for initiating corporate insolvency resolution process against the corporate debtor shall be filed jointly by not less than 100 of such allottees under the same real estate project or not less than 10% of such allottees under the same real estate project, whichever is less.

PAGE NO. 272 – ADDITION OF FOLLOWING NEW TOPIC BEFORE SECTION 12

Suspension of Initiation of Corporate Insolvency Resolution Process [Section 10A]

Notwithstanding anything contained in Sections 7, 9 and 10, no application for initiation of corporate insolvency resolution process of a corporate debtor shall be filed, for any default arising on or after 25th March 2020 for a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf.

It may be noted that **no application shall ever be filed** for initiation of corporate insolvency resolution process of a corporate debtor for the said default occurring during the said period.

It may further be noted that the aforesaid provisions of **Section 10A shall not apply** to any default, committed under Sections 7, 9 and 10, occurred before 25th March 2020.

PAGE NO. 272-273 – TIME-LIMIT FOR COMPLETION OF INSOLVENCY RESOLUTION PROCESS [SECTION 12]

Following New Proviso shall be added at the last of the Topic:

Provided further that the corporate insolvency resolution process shall mandatorily be completed within a period of three hundred and thirty days (330 days) from the insolvency commencement date, including any extension of the period of corporate insolvency resolution process granted under this section and the time taken in legal proceedings in relation to such resolution process of the corporate debtor.