

# RP Insolvency and Bankruptcy Code 2016

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## INTRODUCTION

The Insolvency and Bankruptcy Code (IBC) is a single consolidated insolvency and bankruptcy law by NDA Government in India to resolve the banking issues as the debtor fled away after availing the loan and the debt become badly for which recovery process was lengthy. The Insolvency and Bankruptcy Code bill was introduced in Lok Sabha on 21<sup>st</sup> December, 2015 by the then former State Finance Minister Sh. Arun Jaitley and referred to Joint Parliamentary Committee on 23<sup>rd</sup> December, 2015. The committee submitted its recommendations based on suggestion on 26<sup>th</sup> April, 2016. The Lok Sabha passed this IBC Bill on 5<sup>th</sup> May, 2016 and Rajya Sabha passed the same on 11<sup>th</sup> May, 2016. The IBC Bill was assented by the President of India Sh. Pranab Mukherjee on 28<sup>th</sup> May, 2016.<sup>1</sup> The Insolvency and Bankruptcy Code, 2016 came into force from 5<sup>th</sup> August, 2016.

**AIMS:** The main aims of the IBC are to resolve long process insolvencies which were not economically viable arrangement. It aims to protect the interest of small investors and less cumbersome. The IBC contains 255 Sections and 11 Schedules. This code has repealed the Presidency Insolvency Act, 1909 and the Provincial Insolvency Act, 1920. It will not be out of order to mention that banking industry is facing very difficult phase. Merger and acquisition process is going on due to bad loan and this problem cannot be solved as the victim abscond remain untouched. It has been noticed that debtors fled away from the country as they are unable to repay the loan from creditor banks. The basic aims to protect the interest of stake holders of the company to enable them to avail credit. The creditors have to bear the loss on account of default by debtor

**OBJECTIVES:** The major objective of this Act are based on economic reform and focused on creditor insolvency. The aims of this code to protect the interest of small

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<sup>1</sup> Insolvency & Bankruptcy Code, 2016

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