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Knowledge SBU Initiative

Germany aims to avoid any firm becoming insolvent due to coronavirus

The German government's aim is to avoid any business falling into insolvency as a result of the coronavirus, spokesman Steffen Seibert said on Monday.

"The government will do everything to support businesses and workers in this great economic challenge," Seibert told a regular government news conference.

"Our goal is that ideally no business in Germany will fall into insolvency due to the coronavirus outbreak, and ideally no job will be lost," he added. An Economy Ministry spokeswoman said some firms had already sought liquidity support from the government, and that businesses from the tourism and trade fair sectors in particular were informing themselves about aid options.

NCLAT clears insolvency resolution framework for IL&FS proposed by govt

In its final judgement on the insolvency proceedings against Infrastructure Leasing & Financial Services (ILFS), the National Company Law Appellate Tribunal (NCLAT) approved the resolution framework proposed by the government, on Thursday.

Rejecting the opposition of the creditors, the two-judge bench headed by Justice SJ Mukhopadhaya said the money invested in IL&FS by the Life Insurance Corporation (LIC), State Bank of India (SBI), Central Bank of India and the ILFS Employees.

The appellate tribunal noted that taking advantage of the interim order, resolution plans worth Rs 40,000 crore have already been approved for various group entities of ILFS and there was likelihood of another Rs 20,000 crore being cleared.

Parliament passes amendments to Insolvency and Bankruptcy Code Bill, 2020

Parliament on Thursday passed amendments to the insolvency law that will help ring-fence successful bidders of insolvent companies from risk of criminal proceedings for offences committed by previous promoters.

Replying to a short debate on the Bill, Finance Minister Nirmala Sitharaman said amendments are sync with time and also adhere to a Supreme Court order in "letter and spirit." The Minister said need for amendment in the IBC arose because of "changing requirement" and "requirement of fine tuning" the law as several MPs wanted to know why the government was bringing in so many amendments to a new law.

POINT TO PONDER

"Great discoveries and improvements invariably involve the cooperation of many minds".

— Alexander Graham Bell.

Jet Airways' Committee Of Creditors To Seek Two Months Extension For Bids From NCLT

Committee of Creditors (CoC) of Jet Airways (India) Ltd on Thursday decided to approach the National Company Law Tribunal to seek two months extension of the deadline for submission of bids, which expired on Tuesday. The CoC may seek an extension in the deadline in the face of no potential bidder coming forward and also due to the ongoing coronavirus concerns as it feels that it may not get the desired results if it were to go for liquidation of assets at this stage, according to sources privy to the development. The committee of creditors had on Feb. 18 set the new deadline of March 10, for submission of bids for the grounded airline after South American conglomerate Synergy Group and New Delhi-based Prudent ARC failed to meet the deadline. According to sources, Synergy Group had backed out of the bidding process over the slot issues.

Exclusive | Construction of Jaypee projects may see delay as NBCC mulls NCLAT appeal

Jaypee homebuyers could be staring at a further delay in construction of flats with NBCC planning to move NCLAT over conditions related to payment to ICICI Bank and YEIDA for compensation to farmers in the March 3 order, sources told Moneycontrol. Sources also said that as per the resolution plan, the embattled Jaypee Infratech had to be managed and controlled by the Monitoring Agency but that is yet to see the light of day despite a week passing by since the order was passed. "This clearly indicates that NBCC may be planning to appeal in NCLAT," sources said, adding this may lead to delay in construction of housing projects. In its final bid, NBCC had offered 1,526 acre to lenders under a land-debt swap deal. It offered to transfer the road asset to lenders but before that, it would take a loan of around Rs 2,500 crore against toll revenue to fund construction spend.

***Feedback requested at ipa@icai.in**