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Knowledge SBU Initiative

Companies under IBC process may get GST relief

The government may allow companies undergoing resolution under the Insolvency and Bankruptcy Code (IBC) to pay current levies of goods and services tax (GST) without the mandatory payment of past dues. This will remove a hurdle in the bankruptcy resolution process. Ministry of Corporate Affairs and Department of Revenue (DoR) officials have begun talks on the matter and a framework is likely to be unveiled soon.

Cabinet approves ordinance to further amend Insolvency and Bankruptcy Code: Javadekar

The Union Cabinet approved an ordinance to further amend IBC. With the changes, there would be no liability on a corporate debtor for an offence committed prior to commencement of the insolvency resolution process, an official release said.

Further, the corporate debtor would not be prosecuted for any such offence from the date of resolution plan being approved by the adjudicating authority.

The bill seeks to remove bottlenecks and streamline the CIRP, wherein successful bidders will be ring fenced from any risk of criminal proceedings for offences committed by previous promoters of companies concerned.

Amendment of having minimum 100 people makes IBC redundant for home buyers: FPCE

Expressing displeasure over the recent amendments made to the IBC that set a minimum benchmark on the number of home buyers taking a builder to the NCLT, the Forum for People's Collective Effort (FPCE) has said that the amendment makes the bankruptcy law practically redundant for the distressed home buyers.

Abhay Upadhyay, President of the home buyer association, FPCE, said that the amendment strips the home buyers of their rights as financial creditors. Now, above that it would be "nearly impossible" for them to drag an errant builder to the the National Company Law Tribunal for bankruptcy.

POINT TO PONDER

*"We choose what attitudes we have right now. And it's a continuing choice."
— John C. Maxwell*

Pass FRDI Bill to strengthen financial sector: IMF

The International Monetary Fund (IMF) has suggested India to bring in Financial Resolution and Deposit Insurance Bill to strengthen the financial sector of the country.

The RBI in 1999 had in a report on reforms in deposit insurance in India had recommended to give the Deposit Insurance and Credit Guarantee Corporation (DICGC) powers to act as receiver and liquidator of failed banks.

This RBI recommendation was the cornerstone of the Financial Resolution and Deposit Insurance (FRDI) Bill in Parliament in August 2017. It was, however, withdrawn a year later after concerns about the bail-in clause, according to which depositors of a failing financial institution would have to bear part of the resolution cost and this was hugely protested by the depositors.

NTPC to bid for Jhabua power plant facing IBC process

State-run power generation behemoth NTPC is preparing to bid for the 600-MW Jhabua power plant, which is facing insolvency proceedings, a top company official said. This is the first instance where the company is showing interest in brownfield expansion through stressed assets.

The power ministry has asked NTPC to bid for potentially viable projects that are being resolved under IBC and acquire them if valuations of the stressed assets are attractive. Power Finance Corporation, Rural Electrification Corporation, SBI, Union Bank of India and Axis Bank were the main lenders, with each of them having exposure of more than ₹3,000 crore in the project.

Tribhovandas Bhimji Zaveri & Sons Files For Bankruptcy After NCLT Order

TBZSR has filed for bankruptcy following an order from the NCLT. TBZSR's creditors have been asked to submit their claims to the interim resolution professional by January 3. The process is set to be completed by June 12, 2020. This firm is not connected to the listed Tribhovandas Bhimji Zaveri (TBZ).

To distance itself from TBZSR, TBZ clarified to the stock exchanges that it has nothing to do with the company which has filed for bankruptcy. *"We would like to clarify that TBZ Ltd is neither connected nor does it have any relation with TBZSR."*

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