



## IIPI Newsletter

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Knowledge SBU Initiative

### **Fresh insolvency proceedings likely to be suspended for 6 months**

In a major relief for businesses, the government is considering the suspension of new insolvency proceedings under the IBC for six months.

An ordinance will have to be promulgated for the same and presidential approval would have to be sought to suspension of Section 7, 9 and 10 until further notice.

Last month, while announcing the increase in default threshold to Rs 1 crore, Finance Minister said that if the situation of coronavirus outbreak continued beyond April 30, then the ministry would consider suspending section 7, section 9 and section 10 of the IBC for a period of six months.

### **NCLT to start hearing urgent matters through video conferencing**

NCLT is set to start hearing urgent matters through video conferencing from Tuesday. *"In view of the seriousness of pandemic novel coronavirus (COVID-19) the urgent matters at NCLT Benches shall be heard through video conference w.e.f 21.4.2020 till the lockdown ends,"* the notice released on Monday said. According to the notice, all benches of the NCLT will function with a single-judge bench until the lockdown. The NCLT has asked that all advocates, litigants and others who would be part of the hearings to dress formally while addressing the video conference. Earlier last month, the company tribunal had announced that it would not accept any fresh filings from March 27 onward due to crowding at the filing centres. Only certain benches would accept filings of matters with limitation issues while other benches would consider filings through email, the NCLT has said in the earlier notification.

### **RBI moratorium: 10% provisioning may shave Rs 35,000 cr off bank profits**

The Reserve Bank of India's directive asking banks to make 10 per cent provisions on all moratorium loans will shave at least Rs 35,000 crore off their profitability in financial years 2019-20 and 2020-21. On Friday, the central bank, in its second set of liquidity-enhancing measures announced Rs 1 trillion specifically targeted fund infusion to small- and mid-sized shadow banks, home financiers and micro-lenders, which will ultimately go a long way in offering some succour to the small and medium enterprises.

## POINT TO PONDER

*"If I have seen further, it is by standing on the shoulders of giants."  
– Isaac Newton"*

### Further suspension of enrolments for the Limited Insolvency Examination and the Valuation Examinations extended till 3rd May 2020

In view of the Advisory on Social Distancing Measure in view of spread of COVID-19 disease and lock-down announced by the Central Government, all enrolments for the Limited Insolvency Examination and the Valuation Examinations from 21st March 2020 to 14th April 2020 were suspended. In view of the lock-down being extended all enrolments made earlier till 3rd May 2020 have been suspended. The candidates will be allowed option to reschedule their enrolments. It may also be noted that candidates will not be able to make fresh enrolments during this period. The date of resumption of examinations after the end of lockdown will be notified separately.

### Just a few IBC tweaks would give businesses the breather they need

Recently, the Indian economy took its tentative first steps to emerge from its month-long deep freeze. Businesses will now aim to bounce back from the battering their cash flows and balance sheets have taken these past several weeks. But, the ongoing public health imperatives require that the opening of businesses be partial, with necessary measures such as social distancing in place. For individual businesses, recovery will likely be gradual. As businesses get back on their feet, it is imperative that they be protected from being knocked right back by a spate of proceedings started by creditors, operational and financial. The government recognizes this. Last month, it relaxed the operation of the IBC by raising the threshold to institute insolvency proceedings from the existing ₹1 lakh to ₹1 crore to protect micro, small and medium enterprises (MSMEs).

### Covid-19: Lockdown period not to be counted for liquidation process related tasks timelines

The insolvency regulator IBBI has now ruled that the 40-day nationwide lockdown imposed by the Centre in the wake of COVID-19 outbreak will not be counted for the purpose of computation of timeline for any tasks under liquidation process.

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