



## IIPI Newsletter

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Knowledge SBU Initiative

### **RBI takes it forward from where FM Sitharaman left, announces 40 bps repo rate cut, loan freeze extension**

The RBI Governor Shaktikanta Das announced a slew of measures aimed at further easing the liquidity conditions and providing relief to borrowers just a few days after the government concluded unveiling its five tranches of Rs 20 lakh crore worth of stimulus. Staying true to what he had said earlier about calibrated intervention, the RBI Governor came out for the third time with a set of measures to alleviate distress in the economy.

### **IBC deferral plan and absence of loan rejig put banks in a fix**

Banks are in a quandary over the resolution of stress among corporate borrowers as they find themselves caught between the government's proposal to suspend the bankruptcy code for a year and the Reserve Bank of India's reluctance to allow a one-time loan restructuring in the absence of adequate information and data.

Legal experts and some of the resolution professionals are learnt to have sent feelers to senior government officials that deferring the admission of cases under the Insolvency and Bankruptcy Code (IBC) would not only prevent orderly resolution in the banking system, but could also be viewed as a retrograde step, two senior bankers told ET.

### **NCLAT quashes NCLT order to make MCA party in all insolvency cases**

The National Company Law Appellate Tribunal (NCLAT) quashed an order of the National Company Law Appellate Tribunal (NCLT) directing that the Ministry of Corporate Affairs (MCA) be made a party to every case under the Insolvency and Bankruptcy Code (IBC) on Monday.

According to the appellate tribunal, the NCLT's order, was beyond the power of the tribunal as it was tantamount to the imposition of a new rule in a compelling fashion.

## POINT TO PONDER

*"It does not matter how slowly you go, so long as you do not stop."*

*- Confucius.*

### Govt looks at dedicated NCLT benches for insolvency, Companies Act-related matters

In view of a huge backlog of cases at the NCLT, the government will start identifying benches to specifically deal with insolvency and Companies Act-related matters, an official in the corporate affairs ministry said on Saturday.

In this regard, the ministry will start with the NCLT benches of Delhi and Mumbai, where more than half of the country's incorporated firms are registered, K V R Murty, joint secretary in the Ministry of Corporate Affairs, said while addressing an ASSOCHAM webinar on 'Regulators' Web-Confluence on Corporate Restructuring, M&As and Joint Venture'.

### Increased Threshold To Trigger Insolvency Doesn't Apply Retrospectively, Says NCLT Kolkata

The Kolkata bench of the National Company Law Tribunal ruled that the revised minimum threshold to trigger insolvency proceedings against companies will not apply on a retrospective basis. The bench comprising judicial member Jinan KR also said that the increased default threshold of Rs 1 crore wouldn't be applicable for insolvency applications that have been filed and are pending admission. The order came after Om Besco Rail Products Ltd. challenged an insolvency resolution application by its operational creditor Foseco India Ltd., on the grounds that the increased thresholds applied on a retrospective basis.

### IBC Suspension: Reforms That Can Fill The Gap

The suspension of the Insolvency and Bankruptcy Code proceedings is grounded in preventing many liquidations which could burden the National Company Law Tribunal process, putting further stress on the efficacy of its functioning. However, the move glosses over some structural issues inherent in the framework and preamble of the code.

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