Media Coverage

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'Model cross-border insolvency law almost ready'

A robust regime expected to enhance India's image as the most improved jurisdiction for insolvency resolution

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The model law on cross-border insolvency is almost ready and is under consideration of the government, Ravi Mital, Chairman, Insolvency and Bank-ruptcy Board of India (IBBI), has said.

The enactment of the cross-border insolvency law will make India an even more at-tractive destination for crossborder investments as the Insolvency regime in India would become predictable for foreign companies, Mital said at an international webinar on Cross Border Insolvency and Global Lessons for India', organised by the Indian Institute of Insolvency Professionals of ICAI (IIIPI), jointly with the in-ternational Insolvency Institure, US

He also highlighted that as part of its 'Make in India' programme, the government

panies to set up manufactur-ing facilities. Mital said the government is keen to intro-duce a globally accepted and well-regulated cross-border in-solvency law.

Based on UNCTTRALlaw

The new comprehensive framework is likely to be largely patterned on the UN-CITRAL model law on cross-border insolvency, which has been adopted by the US, the UK, Japan and Singapore. The UN Model law is now proposed to be tweaked to suit the Incontext and

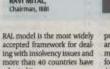
requirements.
"There is a clear need for a cross-border insolvency framework in India. Our country is considering adapting the model law (UNCITRAL model law) with certain India-specific modifications. We understand the model law will have great benefits for our country," Mital

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insolvency framework. India is considering adapting UNCITRAL model law with certain India-specific modifications

RAVI MITAL



He said that global experi-ence demonstrates that cross-border investment decisions are influenced by the insolv-

encylaws of a country.
The proposed Indian law will permit the country to re-fuse recognition of foreign

proceedings or provisions if anything is contrary to do-mestic public policy. There-sone, priority will be given to domestic proceedings and, thus, there will be protection of domestic creditors, he said.

'Will guide coordination'

"It will also empower Indian insolvency representatives to access foreign jurisdictions and get recognition and co-

operation. It will enable foreign representatives have the same benefits in India. The model law will guide coordina-tion between courts and insolvency professionals in for-eign jurisdictions," Mital said.

Mital noted that the IBC, as it exists, does cover situation of cross-border issues through Sections 234 and 235 of the Code. "Our adjudicating au-thorities have facilitated crossborder insolvency in several cases and Jet Airways is one of those cases that exemplify the need for a regime that deals with situations where a corporate debtor may have credit-ors and assets-dispersed across various jurisdictions. We have also seen issues of cross-border in the Videocon Industries case," he said.

Debashis Mitra, ICAI President, said that cross-border inolvency has a great future and highlighted that more than 50. sionals in India are chartered accountants. He said the IIIPI in the law-making process re-lating to cross-border

Fair, transparent law Ashok Haidia, Chairman, IIIFI, said that the intensity of col-laboration between trade and industry in India and the USex-tends even to small and medium enterprises. That being the case, there is is a desperate need for resolution of cross-border insolvency in an effectborder insolvency in an effective manner—Balty and transparently. The IBC does provide the framework for cross-boder insolvency. That has, however, hardly been taken recourse to, "he said." The Corporate Affairs Ministry has already received public comments on the proposed legal framework for cross-boder insolvency under the IBC. The adoption of a cross-border insolvency regione is expected.

insolvency regime is expected to enhance India's image as the most improved jurisdic-tion for insolvency resolution.

