

# Introduction

## Insolvency and Bankruptcy Code, 2016

### \* Insolvency

- State where the assets are not sufficient to pay off the liabilities
- $\text{Liabilities} > \text{Asset}$

### Bankruptcy

- word specifically used for individual & Partnership
- Order of Court where any individual / Partnership is not able to pay off their debt and now declared as Bankrupt.

\* State where the assets are not sufficient to pay off the liabilities

Order by Court

Co.  
(+LLP)

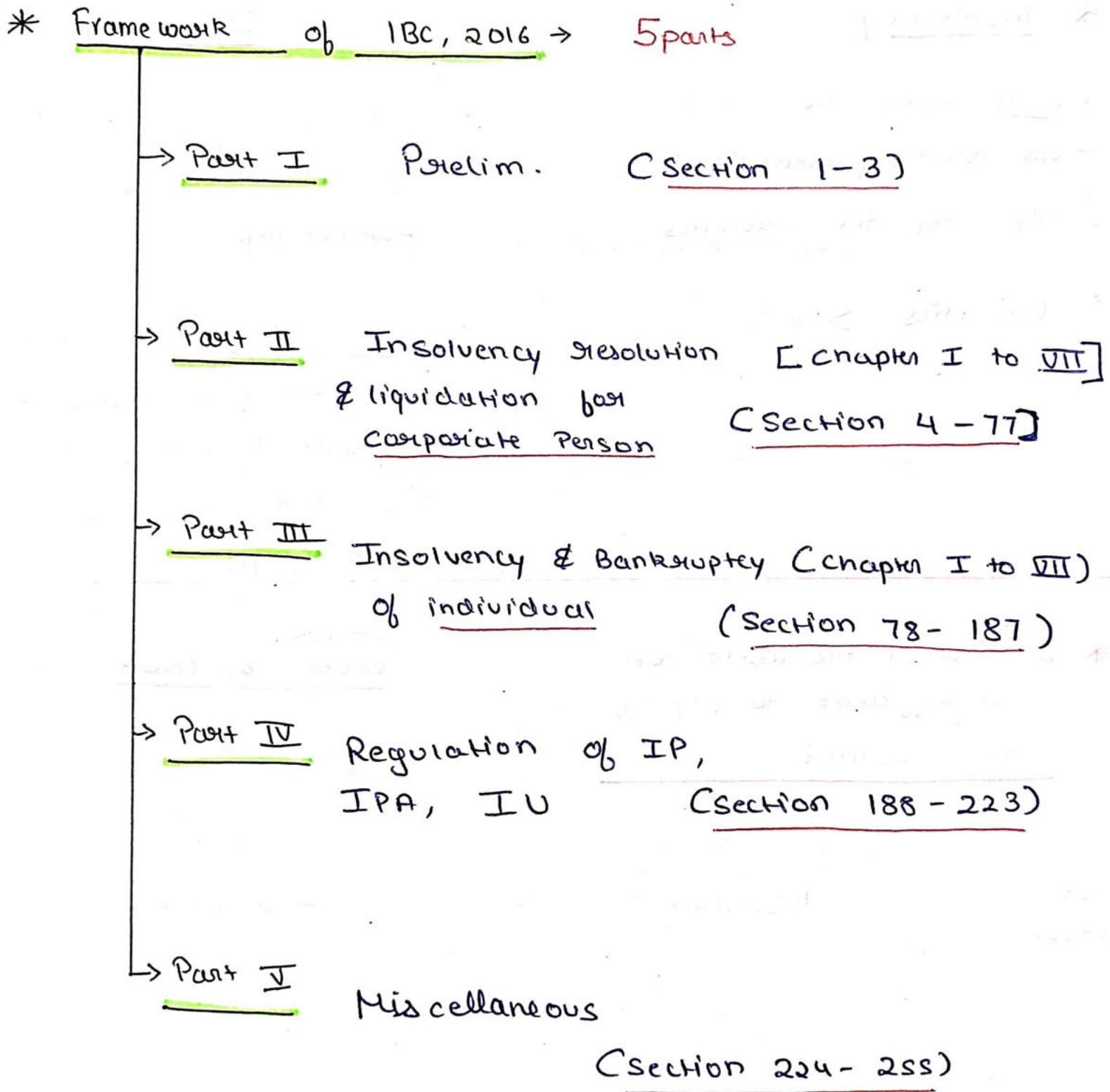
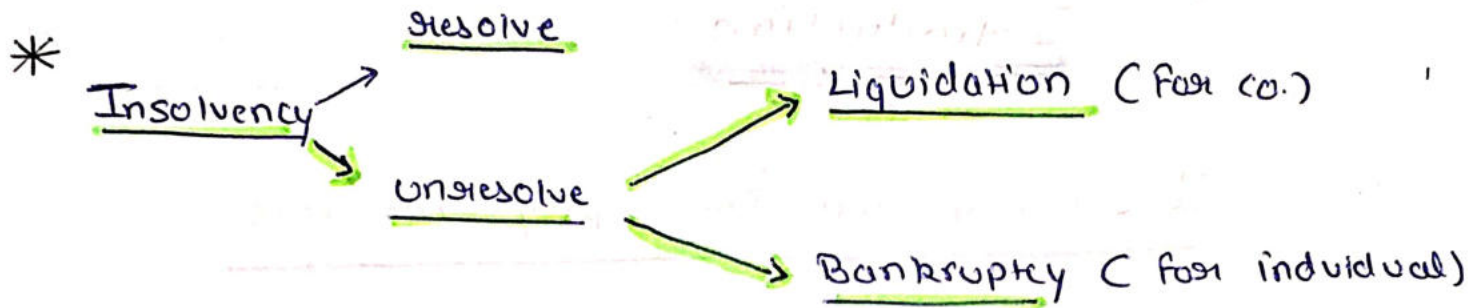
Insolvency ✓

Liquidation

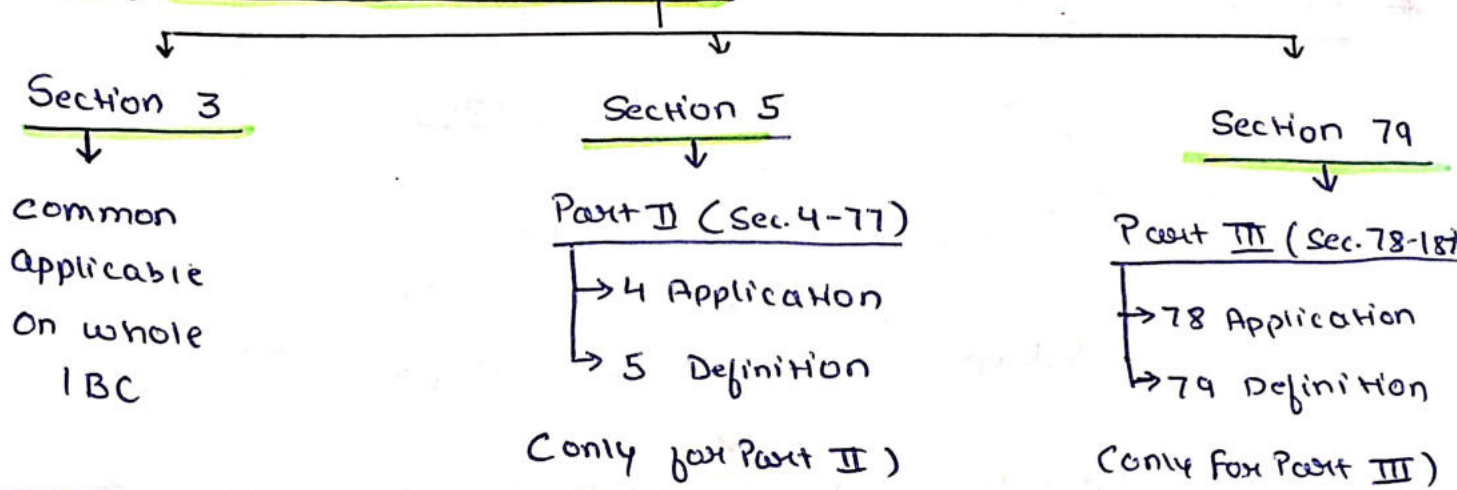
Individual  
(+ Partnership)

Insolvency ✓

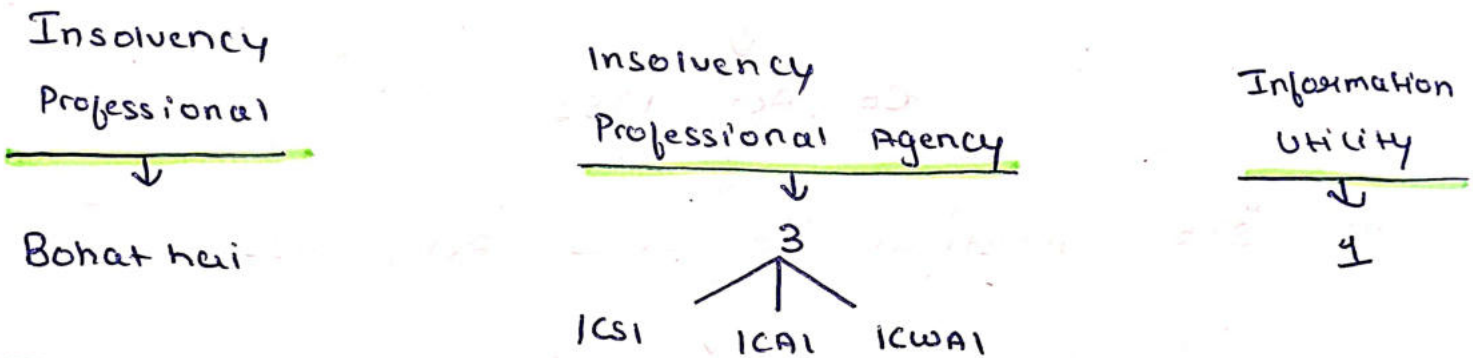
Bankruptcy



\* Definitions in IBC, 2016 -



\* Institute under IBC, 16 -



\* Need of IBC 2016 :->

2014 → World Bank → Ease of Doing Business Report.  
India was in 142 rank. Reason → weak and time consuming legal process to recover money.



Insolvency and Bankruptcy Code was passed



2019 → World Bank → Ease of Doing Business Report  
India was in 63 rank.

\* Historical Background :->

Govt. of India Act, 1800



Statute 9 in 1828



Indian insolvency Act, 1848



Presidency-town insolvency Act, 1909



Provisional insolvency Act 1920



Co. Act 1956



The Sick industrial companies Act, 1985



The recovery of Debt due to Bank & financial institutions Act, 1993



The securitisation and reconstruction of financial Asset and enforcement of securities interest Act 2002 (SARFAESI)



The Co. Act 2013



Insolvency and Bankruptcy Code, 2016

## \* Timelines for IBC, 2016 :->

- The code was passed by Lok Sabha → May 5, 2016  
Rajya Sabha → May 11, 2016
- The code receive president assent on May 28, 2016.

## \* Sec. 238 : IBC will override over all other laws.



## \* Institution under IBC, 2016 :->

- IBBI (Insolvency & Bankruptcy Board of India)
- AA (Adjudicating Authority)
- IP (Insolvency professional)
- IPA (Insolvency professional Agency)
- IU (Information Utility)