INSOLVENCY AND BANKRUPTCY CODE, 2016

Arrangement of Sections

SECTION		PAGE
	PART I	
	PRELIMINARY	
1.	Short title, extent and commencement	13
2.	Application	13
3.	Definitions	14
	PART II	
	INSOLVENCY RESOLUTION AND LIQUIDATION FOR CORPORATE PERSONS	
	CHAPTER I	
	PRELIMINARY	
4.	Application of this Part	18
5.	Definitions	18
	CHAPTER II	
	CORPORATE INSOLVENCY RESOLUTION PROCESS	
6.	Persons who may initiate corporate insolvency resolution process	22
7.	Initiation of corporate insolvency resolution process by financial creditor	22
8.	Insolvency resolution by operational creditor	23
9.	Application for initiation of corporate insolvency resolution process by operational creditor	24

SECTION		PAGE
10.	Initiation of corporate insolvency resolution process by corporate applicant	25
11.	Persons not entitled to make application	25
12.	Time-limit for completion of insolvency resolution process	26
13.	Declaration of moratorium and public announcement	26
14.	Moratorium	26
15.	Public announcement of corporate insolvency resolution process	27
16.	Appointment and tenure of interim resolution professional	28
17.	Management of affairs of corporate debtor by interim resolution professional	28
18.	Duties of interim resolution professional	29
19.	Personnel to extend co-operation to interim resolution professional	30
20.	Management of operations of corporate debtor as going concern	30
21.	Committee of creditors	31
22.	Appointment of resolution professional	32
23.	Resolution professional to conduct corporate insolvency resolution process	32
24.	Meeting of committee of creditors	33
25.	Duties of resolution professional	33
26.	Application for avoidance of transactions not to affect proceedings	34
27.	Replacement of resolution professional by committee of creditors	34
28.	Approval of committee of creditors for certain actions	34
29.	Preparation of information memorandum	35
30.	Submission of resolution plan	36
31.	Approval of resolution plan	37
32.	Appeal	37
	CHAPTER III	
	LIQUIDATION PROCESS	
33.	Initiation of liquidation	37
34.	Appointment of liquidator and fee to be paid	38

SECTION

	INSOLVENCY AND BANKRUPTCY CODE, 2016	S. 59
ION		PAGE
35.	Powers and duties of liquidator	39
36.	Liquidation estate	40
37 .	Powers of liquidator to access information	42
38.	Consolidation of claims	42
39.	Verification of claims	43
40.	Admission or rejection of claims	43
41.	Determination of valuation of claims	43
42.	Appeal against the decision of liquidator	43
43.	Preferential transactions and relevant time	43
44.	Order in case of preferential transactions	44
45.	Avoidance of undervalued transactions	45
46.	Relevant period for avoidable transactions	46
47.	Application by creditor in cases of undervalued transactions	46
48.	Order in cases of undervalued transactions	46
49.	Transactions defrauding creditors	47
50 .	Extortionate credit transactions	47
51.	Orders of Adjudicating Authority in respect of extortionate credit transactions	47
52 .	Secured creditor in liquidation proceedings	48
53.	Distribution of assets	49
54.	Dissolution of corporate debtor	50
	CHAPTER IV	
	FAST TRACK CORPORATE INSOLVENCY RESOLUTION PROCESS	
55.	Fast track corporation insolvency resolution process	50
56.	Time period for completion of fast track corporate insol-	51

	RESOLUTION PROCESS
55.	Fast track corporation insolvency resolution process
56.	Time period for completion of fast track corporate insolvency resolution process
57 .	Manner of initiating fast track corporate insolvency res-

CHAPTER V

VOLUNTARY LIQUIDATION OF CORPORATE PERSONS

51

51

51

59 .	Voluntary	liquidation	of corporate persons	
-------------	-----------	-------------	----------------------	--

58. Applicability of Chapter II to this Chapter

olution process

SECTION		PAGE
	CHAPTER VI	
	ADJUDICATING AUTHORITY FOR CORPORATE PERSONS	
60.	Adjudicating Authority for corporate persons	53
61.	Appeals and Appellate Authority	54
62.	Appeal to Supreme Court	54
63.	Civil court not to have jurisdiction	55
64.	Expeditious disposal of applications	55
65.	Fraudulent or malicious intiation of proceedings	55
66.	Fraudulent trading or wrongful trading	55
67.	Proceedings under section 66	56
	CHAPTER VII	
	OFFENCES AND PENALTIES	
68.	Punishment for concealment of property	56
69.	Punishment for transactions defrauding creditors	57
70.	Punishment for misconduct in courses of corporate insolvency resolution process	58
71.	Punishment for falsification of books of corporate debtor	58
72.	Punishment for wilful and material omissions from statements relating to affairs of corporate debtor	59
73.	Punishment for false representations to creditors	59
74.	Punishment for contravention of moratorium or the resolution plan	59
75.	Punishment for false information furnished in application	60
76.	Punishment for non-disclosure of dispute or repayment of debt by operational creditor	60
77.	Punishment for providing false information in application made by corporate debtor	60
	PART III	
	INSOLVENCY RESOLUTION AND BANKRUPTCY FOR INDIVIDUALS AND PARTNERSHIP FIRMS	
	CHAPTER I	

PRELIMINARY

78. Application

61

SECTION		PAGE
79.	Definitions	61
	CHAPTER II	
	FRESH START PROCESS	
80.	Eligibility for making an application	63
81.	Application for fresh start order	64
82.	Appointment of resolution processional	65
83.	Examination of application by resolution professional	65
84.	Admission ore rejection of application by Adjudicating Authority	66
85.	Effect of admission of application	66
86.	Objections by creditor and their examination by resolution professional	67
87.	Application against decision of resolution professional	68
88.	General duties of debtor	68
89.	Replacement of resolution professional	68
90.	Directions for compliances of restrictions, etc.	69
91.	Revocation of order admitting application	69
92.	Discharge order	70
93.	Standard of conduct	70
	CHAPTER III	
	INSOLVENCY RESOLUTION PROCESS	
94.	Application by debtor to initiate insolvency resolution process	70
95.	Application by creditor to initiate insolvency resolution process	71
96.	Interim-moratorium	71
97.	Appointment of resolution professional	72
98.	Replacement of resolution professional	72
99.	Submission of report by resolution professional	73
100.	Admission or rejection of application	74
101.	Moratorium	74
102.	Public notice and claims form creditors	75
103.	Registering of claims by creditors	75

SECTION		PAGE
104.	Preparation of list of creditors	75
105.	Repayment plan	76
106.	Report of resolution professional on repayment plan	76
107.	Summoning of meeting of creditors	76
108.	Cunduct of meeting of creditors	77
109.	Voting rights in meeting of creditors	77
110.	Rights of secured creditors in relation to repayment plan	77
111.	Approval of repayment plan by creditors	78
112.	Report of meeting of creditors on repayment plan	78
113.	Notice of decisions taken at meeting of creditors	78
114.	Order of Adjudicating Authority on repayment plan	79
115.	Effect of order of Adjudicating Authority on repayment plan	79
116.	Implementation and supervision of repayment plan	79
117.	Completion of repayment plan	79
118.	Repayment plan coming to end prematurely	80
119.	Discharge order	80
120.	Standard of conduct	81
	CHAPTER IV	
	BANKRUPTCY ORDER FOR INDIVIDUALS AND PARTNERSHIP FIRMS	
121.	Application for bankruptcy	81
122.	Application by debtor	81
123.	Application by creditor	81
124.	Effect of application	82
125.	Appointment of insolvency professional as bankruptcy trustee	83
126.	Bankruptcy order	83
127.	Validity of bankruptcy order	83
128.	Effect of bankruptcy order	84
129.	Statement of financial position	84
130.	Public notice inviting claims from creditors	84
131.	Registration of claims	85
132.	Preparation of list of creditors	85

SECTION		PAGE
133.	Summoning of meeting of creditors	85
134.	Conduct of meeting of creditors	86
135.	Voting rights of creditors	86
136.	Administration and distribution of estate of bankrupt	86
137.	Completion of administration	86
138.	Discharge order	87
139.	Effect of discharge	87
140.	Disqualification of bankrupt	87
141.	Restrictions on bankrupt	88
142.	Modification or recall of bankruptcy order	88
143.	Standard of conduct	89
144.	Fees of bankruptcy trustee	89
145.	Replacement of bankruptcy trustee	89
146.	Resignation by bankruptcy trustee	90
147.	Vacancy in office of bankruptcy trustee	90
148.	Release of bankruptcy trustee	91
	CHAPTER V	
	ADMINISTRATION AND DISTRIBUTION OF	
	THE ESTATE OF THE BANKRUPT	
149.	Functions of bankruptcy trustee	92
150.	Duties of bankrupt towards bankruptcy trustee	92
151.	Rights of bankruptcy trustee	92
152.	General powers of bankruptcy trustee	93
153.	Approval of creditors for certain acts	93
154.	Vesting of estate of bankrupt in bankruptcy trustee	94
155.	Estate of bankrupt	94
156.	Delivery of property and documents to bankrupt cy trustee	94
157.	Acquisition of control by bankruptcy trustee	94
158.	Restrictions on disposition of property	95
159.	After-acquired property of bankrupt	95
160.	Onerous property of bankrupt	95
161.	Notice to disclaim onerous property	96
162.	Disclaimer of leaseholds	96

SECTION		PAGE
163.	Challenge against disclaimed property	97
164.	Undervalued transactions	97
165.	Preference transactions	98
166.	Effect of order	99
167.	Extortionate credit transactions	99
168.	Obligations under contracts	100
169.	Continuance of proceedings on death of bankrupt	100
170.	Administration of estate of deceased bankrupt	101
171.	Proof of debt	101
172.	Proof of debt by secured creditors	102
173.	Mutual credit and set-off	102
174.	Distribution of interim dividend	102
175.	Distribution of property	102
176.	Final dividend	103
177.	Claims of creditors	103
178.	Priority of payment of debts	104
	CHAPTER VI	
	ADJUDICATING AUTHORITY FOR INDIVIDUALS AND PARTNERSHIP FIRMS	
179.	Adjudicating Authority for individuals and partnership firms	105
180.	Civil court not to have jurisdiction	106
181.	Appeal to Dobt Doggyowy Appellate Tribunal	100
103	Appeal to Debt Recovery Appellate Tribunal	106
102.	Appeal to Supreme Court	106 106
	v 11	
	Appeal to Supreme Court	106
	Appeal to Supreme Court Expeditious disposal of applications	106
183.	Appeal to Supreme Court Expeditious disposal of applications CHAPTER VII	106
183.	Appeal to Supreme Court Expeditious disposal of applications CHAPTER VII OFFENCES AND PENALTIES Punishment for false information, etc., by creditor in	106 106
183.	Appeal to Supreme Court Expeditious disposal of applications CHAPTER VII OFFENCES AND PENALTIES Punishment for false information, etc., by creditor in insolvency resolution process	106 106 106

SECTION PAGE

PART IV

REGULATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES

CHAPTER I

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

188.	Establishment and incorporation of Board	108
189.	Constitution of Board	109
190.	Removal of member from office	109
191.	Powers of Chairperson	110
192.	Meetings of Board	110
193.	Member not to participate in meetings in certain cases	110
194.	Vacancies, etc., not to invalidate proceedings of Board, Officers and employees of Board	110
195.	Power to designate financial sector regulator	111
	CHAPTER II	
	POWERS AND FUNCTIONS OF THE BOARD	
196.	Powers and functions of Board	111
197.	Constitution of advisory committee, executive committee or other committee	113
198.	Condonation of delay	113
	CHAPTER III	
	INSOLVENCY PROFESSIONAL AGENCIES	
199.	No person to function as insolvency professional agency without valid certificate of registration	114
200.	Principles governing registration of insolvency professional agency	114
201.	Registration of insolvency professional agency	114
202.	Appeal to National Company Law Appellate Tribunal	115
203.	Governing Board of insolvency professional agency	115
204.	Functions of insolvency professional agencies	115
205.	Insolvency professional agencies to make bye-laws	116

SECTION		PAGE
	CHAPTER IV	
	INSOLVE NCY PROFESSIONALS	
206.	Enrolled and registered persons to act as insolvency professionals	110
207.	Registration of insolvency professionals	116
208.	Functions and obligations of insolvency professionals	116
	CHAPTER V	
	INFORMATION UTILITIES	
209.	No person to function as information utility without certificate of registration	117
210.	Registration of information utility	117
211.	Appeal to National Company Law Appellate Tribunal	118
212.	Governing Board of information utility	118
213.	Core services, etc., of information utilities	118
214.	Obligations of information utility	118
215.	Procedure for submission, etc., of financial information	118
216.	Rights and obligations of persons submitting financial information	119
	CHAPTER VI	
	INSPECTION AND INVESTIGATION	
217.	Complaints against insolvency professional agency or its member or information utility	119
218.	Investigation of insolvency professional agency or its member or information utility	119
219.	Show cause notice to insolvency professional agency or its member or information utility	120
220.	Appointment of disciplinary committee	120
	CHAPTER VII	
	FINANCE, ACCOUNTS AND AUDIT	
221.	Grants by Central Government	121
222.	Board's Fund	121
223.	Accounts and audit	121

SECTION

PAGE

PART V

MISCELLANEOUS

224.	Insolvency and Bankruptcy Fund	122
225.	Power of Central Government to issue directions	122
226.	Power of Central Government to supersede Board	123
227.	Power of Central Government to notify financial service providers, etc.	123
228.	Budget	123
229.	Annual Report	124
230.	Delegation	124
231.	Bar of jurisdiction	124
232.	Members, officers and employees of Board to the public servants	124
233.	Protection of action taken in good faith	124
234.	Agreements with foreign countries	124
235.	Letter of request to a country outside India in certain cases	124
236.	Trial of offence's by Special Court	125
237.	Appeal and revision	125
238.	Provisions of this Code to override other laws	125
239.	Power to make rules	125
240.	Power to make regulations	128
241.	Rules and regulations to be laid before Parliament	132
242.	Power to remove difficulties	132
243.	Repeal of certain enactments and savings	132
244.	Transitional provisions	133
245.	Amendments of Act 9 of 1932	134
246.	Amendments of Act 1 of 1944	134
247.	Amendments of Act 43 of 1961	134
248.		134
249.	Amendments of Act 51 of 1993	134
250.	Amendments of Act 32 of 1994	134
251.	Amendments of Act 54 of 2002	134
252.	Amendments of Act 1 of 2004	134
253.	Amendments of Act 51 of 2007	134

SECTION	PAGE	
254. Amendments of Act 6 of 2009	134	
255. Amendments of Act 18 of 2013	134	
THE FIRST SCHEDULE	135	
THE SECOND SCHEDULE	135	
THE THIRD SCHEDULE	135	
THE FOURTH SCHEDULE	135	
THE FIFTH SCHEDULE	135	
THE SIXTH SCHEDULE	130	
THE SEVENTH SCHEDULE	130	
THE EIGHTH SCHEDULE	137	
THE NINTH SCHEDULE	137	
THE TENTH SCHEDULE		

INSOLVENCY AND BANKRUPTCY CODE, 2016

12

137

145

Sch. XI

THE ELEVENTH SCHEDULE

Subject Index