

1. DIFFERENTIATE BETWEEN INSOLVENCY AND BANKRUPTCY. DISCUSS THE CHANGES PROPOSED IN INSOLVENCY AND BANKRUPTCY CODE 2016 AND ITS EXPECTED OUTCOMES.

Bankruptcy and insolvency refers to almost similar state where individual(s) or a company is unable to pay off its outstanding debts or dues. The former is a legal designation given to a person lying in debt trap.

The legislative framework in India has been suffering from the want of a comprehensive and organised singular legal system to deal with insolvencies. Multiple regulatory and legal mechanisms to deal with the issues linked to insolvency used to take a great toll of time and were dilatory in nature. The new Bankruptcy Code passed by Parliament in 2016 addresses these problems by providing a singular law to overcome them. It brings all stakeholders under one forum for the purposes of handling insolvencies and liquidation within strict timelines under transparent processes.

The new code has brought certain changes in the modalities for effective management and control of insolvency-related matters. The new code provides for new institutional mechanisms like the IBBI (Insolvency and Bankruptcy Board of India) and the NCLT (National Company Law Tribunal) to deal with regulation or control and adjudication respectively. It provides for a time bound insolvency resolution and restructuring process. It provides for a defined timeframe for resolution of insolvencies and liquidation of corporate. It enables the government to enter into bilateral arrangements to deal with the cross-border implications of insolvencies.