

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1950
ANSWERED ON TUESDAY, THE 13TH MARCH, 2018**

TIGHTENING DUE DILIGENCE NORMS IN r/o CIRPRs

QUESTION

1950. SHRI K.R. ARJUNAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Government is considering to tighten due diligence norms in respect of Corporate Insolvency Resolution Process Regulations (CIRPRs);
- (b) if so, the details thereof;
- (c) whether it is also a fact that a resolution plan approved by the committee of creditors and the adjudicating authority does not require shareholders nod for implementation; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS

(SHRI P.P. CHAUDHARY)

(a) & (b)

The Government promulgated The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 on 23.11.2017 to amend Insolvency and Bankruptcy Code, 2016 (the 'Code') in order to further strengthen the insolvency resolution process by prohibiting certain persons from submitting a resolution plan who, on account of their antecedents, may adversely impact the credibility of the processes under the Code. The Ordinance was replaced by The Insolvency and Bankruptcy Code (Amendment) Act, 2018 on 18.01.2018.

Further, Insolvency and Bankruptcy Board of India (IBBI) also amended IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 so as to ensure that a resolution process ends up with a credible resolution plan which maximises the value of assets of the corporate debtor.

(c) & (d)

Ministry vide its circular no. IBC/01/2017 dated 25.10.2017 clarified that Section 30 and 31 of the Code provide a detailed procedure from the time of receipt of resolution plan by the resolution professional to its approval by the Adjudicating Authority and there is no requirement for obtaining approval of shareholders/members of the corporate debtor during this process.
