

# Insolvency and Bankruptcy Hotline

July 09, 2020

## OPERATING WITHOUT A CODE: SUSPENSION OF IBC OKAY, BUT THERE'S SCOPE FOR FURTHER FINE-TUNING

This article was originally published in the 23<sup>rd</sup> June 2020 edition of

### FINANCIAL EXPRESS

On June 5, an Ordinance was promulgated barring initiation of the corporate insolvency resolution process for defaults committed within six months (extendable up to one year) from March 25, 2020. The Ordinance states that no application can ever be filed in respect of such defaults, thereby, giving a permanent immunity to such defaulting companies under the Insolvency Code. Although it was important for the government to provide relief to businesses which have been severely impacted by the pandemic and continue to reel under the global crisis. However, there is a possibility for creditors to still take action against borrowers through other methods and means to recover their dues or prosecute the defaulting companies under other applicable laws or merely defer the requirement for payment beyond the exempted period.

Please click [here](#) for an article published in the Financial Express providing a detailed analysis of the Ordinance and its impact on various categories of creditors and borrowers.

– Arjun Gupta & Alipak Banerjee

You can direct your queries or comments to the authors

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