

Govt plans to extend suspension of fresh insolvency proceedings till March

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- **Government has taken several measures, including deferment of tax payment date, to help businesses and people, Nirmala Sitharaman said.**
- **The corporate affairs ministry, which is implementing the IBC, has suspended Sections 7, 9 and 10 to provide relief to companies.**

New Delhi: Finance Minister Nirmala Sitharaman on Monday said the government is planning to extend the suspension of fresh insolvency proceedings for another three months, a move which will provide major relief to corporate borrowers hit by the coronavirus pandemic.

Addressing the Bangalore Chamber of Industry and Commerce (BCIC), she said the government has taken several measures, including deferment of tax payment date, to help businesses and people.

"Not only the compliance but even the payments for the taxation related payment which companies have to do were all postponed so that nobody is put to difficulty," Sitharaman, who also holds the corporate affairs portfolio, said.

As part of the 'Aatmanirbhar Bharat' package, the government raised the minimum threshold to initiate insolvency proceedings to ₹1 crore from ₹1 lakh, which largely insulated micro, small and medium enterprises (MSMEs) from bankruptcy on defaulting on loans.

"Gradually even the suspension of the IBC (Insolvency and Bankruptcy Code)... further from 25th of December, I think...it can be up to March 31, 2021.

"So the entire year IBC (has been) suspended, rightfully so because every industry has gone through major stress because of the pandemic. And nobody could be drawn towards insolvency process which may have occurred during the pandemic," she said.

An ordinance was promulgated in June for suspension of fresh insolvency proceedings and the same came into effect from March 25 - the day when the nationwide lockdown had come into effect.

A bill to replace the ordinance that had amended the IBC was cleared by Parliament in September.

The corporate affairs ministry, which is implementing the IBC, has suspended Sections 7, 9 and 10 to provide relief to companies reeling under the impact of the pandemic.

Sections 7, 9 and 10 deal with initiation of corporate insolvency resolution process by a financial creditor, operational creditor and corporate debtor, respectively.