

Bankruptcy tribunal 'should be in place by December'

Richa Mishra / Surabhi



TK Viswanathan

New Delhi, November 17:

The government expects to have in place an insolvency tribunal and appellate authority by December, even as it prepares to get the proposed recovery of debts and bankruptcy legislation approved by Parliament this fiscal.

"We hope to have recruitments done in another one-two months... We hope to have the National Company Law Tribunal and Appellate Tribunal in place shortly. Once the proposed legislation is passed, hopefully in the Winter Session, then the government can issue notification to enforce it. But both have to be done in sync," TK Viswanathan, Head of Bankruptcy Law Reform Committee, told *BusinessLine*.

The Committee recently submitted its report to Finance Minister Arun Jaitley.

"Ideally, by the start of the Budget Session, the code (bankruptcy code) should be ready. Even if the Bill is introduced and not passed now (Winter Session), it should at least be passed in the Budget Session, which gives us sufficient time to implement it by the end of this fiscal," Viswanathan said.

The need to have reforms in bankruptcy law in place before Budget 2016-17 is because it was a key announcement the Finance Minister made in his 2015-16 Budget speech. Asked what prompted the merging of debt recovery tribunal and insolvency laws to deal with the issue of bankruptcy, Viswanathan said the government has been pushing for a consolidation of laws and reduction in the number of tribunals and, therefore, decided to use the existing set-up.

Besides, proposing a separate tribunal would have pushed back the implementation of the bankruptcy law.

While corporate insolvency, he said, will be dealt by the National Company Law Tribunals, cases of individual bankruptcy will be handled by the DRTs.

On the fate of the Sick Industrial Companies Special Provisions Repeal Act 2003, which was to wind up the Board for Industrial and Financial Reconstruction (BIFR), Viswanathan said that it is still alive and will stand repealed as soon as the new legislation comes into force.

On what will happen to existing bankruptcy cases that are before various tribunals, he said: "There are some cases in the district courts. We do not know the numbers. So those proceedings will keep continuing. There may not be many though."

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