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"If you see someone without a smile, give 'em yours"

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➤ Builders can't use insolvency to evade penalties: Top court

The Supreme Court on Tuesday ruled that developers cannot evade monetary penalties imposed for consumer rights violations under the guise of insolvency proceedings, underlining that allowing such a practice would erode consumer trust and worsen the already vulnerable position of homebuyers due to possession delays and contract breaches.

A bench of justices Vikram Nath and PB Varale emphasised that penalties imposed by consumer courts serve a regulatory function and do not constitute "debt" under the Insolvency and Bankruptcy Code (IBC). Permitting a stay on regulatory penalties under the guise of insolvency proceedings, it said, would undermine the very purpose of the Consumer Protection Act (CPA) and embolden errant developers to escape liability through insolvency proceedings.

"Homebuyers, many of whom invest their life savings in purchasing residential units, are already in a precarious position due to delays in possession and breaches of contractual obligations. Staying penalties that serve as deterrence against such unfair practices would render consumer protection mechanisms ineffective and erode trust in the regulatory framework," the bench held.

The ruling came while the court dismissed an appeal filed by Saranga Anilkumar Aggarwal, proprietor of East & West Builders (RNA Corp Group Co), who had sought relief from penalties imposed by the National Consumer Disputes Redressal Commission (NCDRC). The NCDRC had in 2018 imposed 27 penalties on Aggarwal for failing to deliver possession of residential units within the agreed timeline, causing distress to homebuyers.

Source: Hindustan Times

Read Full news at: <https://www.hindustantimes.com/india-news/builders-can-t-use-insolvency-to-evade-penalties-top-court-101741114940426.html>

➤ **On hold: Plan to bring in cross-border, individual insolvency frameworks**

The government has put plans to introduce a cross-border insolvency framework and an out-of-court individual delinquency mechanism on the back burner, people familiar with the matter told ET. These provisions won't be part of the proposed amendments to the Insolvency and Bankruptcy Code (IBC) that the government intends to introduce this year, they said. However, both these frameworks could be explored at a later stage, based on fresh assessments of their necessity. "After extensive deliberations, it's decided that the cross-border and individual insolvency frameworks would be taken up later when the time is right. The focus currently should be on how to speed up and improve upon the corporate insolvency resolution process," said one of the persons, who did not wish to be identified.

A cross-border insolvency framework under the IBC, which was to be tailored around a model United Nations law, aims to ensure easier access for creditors to overseas assets of stressed companies. It is supposed to enable India to seek cooperation from foreign countries to bring defaulters' assets there under consideration for insolvency proceedings. Under the individual insolvency framework, a so-called "fresh-start process" for indebted poor people was to be launched.

The Centre fears the cross-border framework may be misused by Indian defaulters, who may invoke insolvency proceedings in a foreign country where the bankruptcy regime is more lax and suits their purpose better to short-change creditors' interests, according to the people.

Source: *The Economic Times*

Read Full news at: <https://economictimes.indiatimes.com/news/india/on-hold-plan-to-bring-in-cross-border-individual-insolvency-frameworks/articleshow/118716375.cms?from=mdr>

