

Personal guarantors of corporate debtors: PSBs directed to initiate IBC process

By TIOL News Service

NEW DELHI, SEPT 20, 2020 The Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 empowering creditors to file insolvency application against personal guarantors to corporate debtors before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016. This was stated by Union Minister of State for Finance & Corporate Affairs in a written reply to a question in Lok Sabha yesterday.

In this context, the Department of Financial Services had issued as advisory dated 26.8.2020 to Public Sector Banks that they may consider putting in place a mechanism for monitoring the cases which may require initiation of individual insolvency process before NCLT against personal guarantors to corporate debtors, and that they may also consider setting up an information technology system to collate data regarding personal guarantors to corporate debtors for requisite follow-up and consequential action, the Minister stated in the written reply.

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