

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO: 1357
TO BE ANSWERED ON THE 22nd DECEMBER, 2017/PAUSHA 1, 1939 (SAKA)

QUESTION
BAN ON PROMOTERS FROM BIDDING FOR STRESSED ASSETS

1357: KUNWAR BHARATENDRA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has prohibited promoters of a company from bidding for the distressed assets of the company; and
- (b) if so, the details thereof?

ANSWER
To be answered by
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHIV PRATAP SHUKLA)

(a) and (b): Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 has been promulgated vide notification dated 23.11.2017 to amend Insolvency and Bankruptcy Code, 2016, in order to further strengthen the insolvency resolution process. Under the newly inserted section 29A of the Code, a person is ineligible to be a resolution applicant if he is an undischarged insolvent; is declared a wilful defaulter whose account is classified as a non-performing asset by RBI for the last one year or more; has indulged in preferential transactions, undervalued transactions, extortionate credit transactions or fraudulent transactions under the Code; is prohibited by SEBI from trading in securities or accessing securities market; is disqualified to be a director in a company under the Companies Act; has been convicted for any offence punishable with imprisonment for two years or more, or has been subject to corresponding disability under any law in any jurisdiction outside India. However, some categories of persons are exempt from such ineligibility subject to certain conditions.
