

# The Insolvency Law Committee (ILC)

June 24, 2019

ILC constituted by the Ministry of Corporate Affairs has recommended the adoption of **The United Nations Commission on International Trade Law (UNCITRAL) Model Law of Cross Border Insolvency, 1997**, as it provides for a comprehensive framework to deal with cross border insolvency issues.

The Committee has also recommended a few carve outs to ensure that there is no inconsistency between the domestic insolvency framework and the proposed Cross Border Insolvency Framework.

The UNCITRAL Model Law has been **adopted in as many as 44 countries** and, therefore, forms part of international best practices in dealing with cross border insolvency issues. **The advantages of the model law are the precedence given to domestic proceedings and protection of public interest.**

The other advantages include greater confidence generation among foreign investors, adequate flexibility for seamless integration with the domestic Insolvency Law and a robust mechanism for international cooperation.

The model law deals with four major principles of cross-border insolvency:

- **Direct access to foreign insolvency professionals** and foreign creditors to participate in or commence domestic insolvency proceedings against a defaulting debtor.
- **Recognition of foreign proceedings** and provision of remedies.
- **Cooperation between domestic and foreign courts** and domestic and foreign insolvency practitioners.
- **Coordination between two or more concurrent insolvency proceedings** in different countries.

