

**PRELIMS EDGE 2025****04-07-2025**

INSOLVENCY AND BANKRUPTCY CODE (IBC), 2016

Context: An article regarding the insolvency process in India highlights the associated challenges with the IBC code that the companies face.

About the IBC Code 2016

- **Insolvency** refers to a situation where individuals or companies cannot repay back their outstanding debt obligations.
- **Bankruptcy** refers to a legal status declared by a court of competent jurisdiction for a person or entity that is insolvent i.e. unable to pay off debts.
- The court issues appropriate orders to resolve the insolvency and protect the rights of creditors.
- IBC 2016 is the bankruptcy law of India which seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy.
- It provides for a time-bound process to resolve insolvency.
- **Applicability:** The provisions of the Code are applicable to companies, limited liability entities, firms, and individuals (i.e. all entities other than financial service providers)

Timeframe for completion of the exercise:

- Companies have to complete the entire insolvency exercise within 180 days under the IBC. The deadline may be extended if the creditors do not raise objections to the extension.
- For smaller companies, including startups with an annual turnover of Rs 1 crore, the whole exercise of insolvency must be completed in 90 days, and the deadline can be extended by 45 days.
- If debt resolution doesn't happen, the company goes for liquidation.

Institutional Mechanism of IBC

- **Insolvency Professionals (IPs)** are a specialized cadre of licensed professionals who administer the process of insolvency resolution, manage the debtors' assets, and provide information for creditors to assist them in decision-making.
- **Insolvency Professional Agencies** are tasked with conducting examinations to certify the Insolvency Professionals (IPs) and enforcing a code of conduct for their performance.
- **Adjudicating Authorities**
 - The proceedings of the resolution process are to be adjudicated by
 - **National Companies Law Tribunal (NCLT)** in case of companies; and

- **Debt Recovery Tribunal (DRT) in case of individuals.**

- The duties of the authorities includes the approval to initiate the process of resolution, appointing the insolvency professional, and approving the final decision of creditors.

Committee of Creditors (CoC)

- During the insolvency resolution process, a committee of lenders is formed to make decisions on the resolution process through voting.
- The CoC may either decide to restructure the debts of the debtors by preparing a resolution plan or liquidate the assets of the debtors.
- However, such a decision must be approved by at least 66% of the total votes in the Committee of Creditors (CoC).

Insolvency and Bankruptcy Board

- The Insolvency and Bankruptcy Board is mandated with regulating the Insolvency Professionals (IPs), Insolvency Professional Agencies (IPAs), and Information Utilities (IUs).
- The Board would comprise of representatives of the **Reserve Bank of India (RBI)**, along with the Union Ministries of Finance, Corporate Affairs and Law.

Source : 'Unrealistic' price bands hampering relisting of insolvent firms (The Hindu)

TERMS IN NEWS

Bonalu Festival



About Bonalu Festival:

- Bonalu is a **Hindu Festival where Goddess Mahakali is worshiped.**
- It is an **annual festival celebrated in the twin Cities Hyderabad and Secunderabad** and other parts of Telangana state, India.
- Bonalu is celebrated usually during **Ashada Masam that falls in July/August.**
- Special poojas are performed for **goddess Yellamma** during the first and last day of the festival.
- The festival is considered as a form of **thanksgiving to the Goddess** after the fulfillment of vows.
- Bonam literally means Meal in Telugu, which is an offering to the Mother Goddess.

Celebrations:

- Every year, the festival starts at Golconda Fort, and on the second Sunday, it moves to the Balkampet Yellamma temple in Balkampet, and the Ujjaini Mahakali Temple in Secunderabad. On the third Sunday, it moves to the Pochamma and

Katta Maisamma temple of Chilkalguda and the Mateshwari temple of Lal Darwaza in Hyderabad

Apache combat helicopters



- It is the **world's most advanced multi-role combat helicopter**.
- Country of Origin: **United States**
- Manufacturer: **Boeing**
- It is also known as the Apache Guardian.
- The AH-64E attack helicopter is the latest version of the Apache used by the US Army.
- Other purchasers: India, Egypt, Greece, Indonesia, Israel, Japan, South Korea, Kuwait, Netherlands, Qatar, Saudi Arabia, Singapore, UAE, and UK.

Features of AH-64E Apache:

- It is designed and equipped with open systems architecture to incorporate the latest communications, navigation, sensor, and weapon systems.
- It has greater thrust and lift, joint digital operability, improved survivability, and cognitive decision aiding.
- The AH-64E includes a new integrated infrared laser that allows for easier target designation and enhanced infrared

imagery that blends infrared and night vision capabilities.

- Apache for Indian defence forces: The Indian Air Force has a fleet of 22 AH-64E Apache attack helicopters, and in 2020, Boeing signed an agreement with the Government of India for the acquisition of six more Apache helicopters for the Indian Army

Endocrine-Disrupting Chemicals (EDCs)

- The endocrine system, which regulates the body's hormones, may be mimicked or interfered with by a variety of chemicals, both natural and man-made.
- The endocrine system is a complex network of glands and organs. It uses hormones to control and coordinate your body's metabolism, energy level, reproduction, growth and development, and response to injury, stress, and mood.
- These substances, often known as endocrine disruptors, have been associated with developmental, reproductive, brain, immunological, and other issues.
- Endocrine-Disrupting Chemicals can obstruct the steps involved in hormone signaling.
- By imitating a hormone, they can deceive a receptor, activating an incorrect hormonal response and hormonal processes.
- The appropriate hormonal processes cannot occur if they bind to a hormone's receptor and impede activation.

Endocrine-disrupting chemicals

- **Bisphenol A (BPA)** is used to make polycarbonate plastics and epoxy resins, which are found in many plastic products including food storage containers

- **Dioxins** are produced as a byproduct in herbicide production and paper bleaching, they are also released into the environment during waste burning and wildfires
- **Perchlorate** is a by-product of aerospace, weapon, and pharmaceutical industries found in drinking water and fireworks
- Perfluoroalkyl and Polyfluoroalkyl Substances are used widely in industrial applications, such as firefighting foams and a non-stick pan, paper, and textile coatings
- **Phthalates** are used to make plastics more flexible, they are also found in some food packaging, cosmetics, children's toys, and medical devices
- **Phytoestrogens** are naturally occurring substances in plants that have hormone-like activity, such as genistein and daidzein that are in soy products, like tofu or soy milk
- **Polybrominated diphenyl ethers (PBDE)** are used to make flame retardants for household products such as furniture foam and carpets
- **Polychlorinated biphenyls** are used to make electrical equipment like transformers, and in hydraulic fluids, heat transfer fluids, lubricants, and plasticizers
- **Triclosan** may be found in some anti-microbial and personal care products like liquid body wash.

RECLAIM Framework



- **The Coal Ministry** is set to launch the RECLAIM framework on 4th July, 2025
- It is a **community engagement and development framework designed specifically for mine closures**.
- The Coal Controller Organization, under the Ministry of Coal, in partnership with the Heartfulness Institute, has developed this comprehensive Community Development Framework.
- It recognizes that mine closures significantly impact both landscapes and local livelihoods; this framework is a key step toward ensuring a just and sustainable transition for communities that have developed alongside mining operations over decades.

Features of the RECLAIM Framework

- The framework—referred to as the RECLAIM—serves as a structured guide for inclusive community engagement and development throughout the mine closure and post-closure phases.
- It offers a practical, step-by-step approach to institutionalizing community participation in the transition process.
- It is supported by a suite of actionable tools, templates, and field-tested methodologies tailored to the Indian

context. Special emphasis is placed on gender inclusivity, the representation of vulnerable groups, and alignment with Panchayati Raj Institutions, ensuring that the transition is equitable and locally relevant.

- Ultimately, the RECLAIM Framework aspires to facilitate a seamless and resilient transition for mining communities—grounded in trust, ecological restoration, and long-term socio-economic well-being.

PLACES IN NEWS

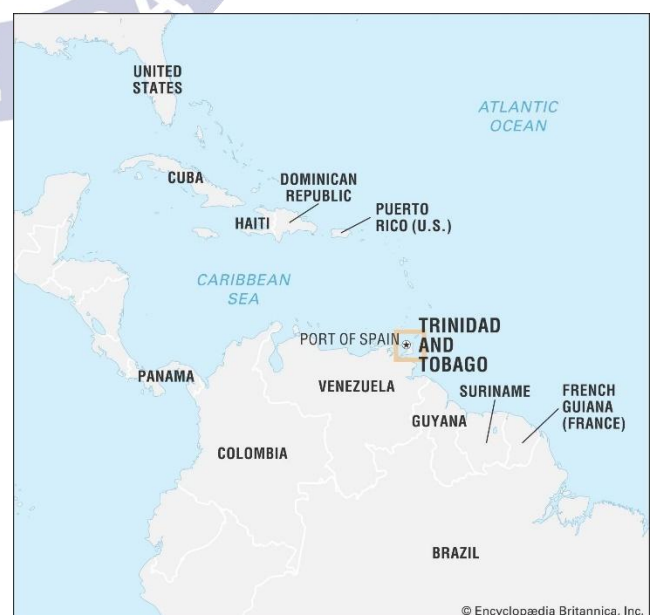
Ghana



- **Location:** It is located in West Africa and is sandwiched between Cote d'Ivoire (Ivory Coast) and Togo.
- **Bordering Countries:** The country shares its borders with three countries: Côte d'Ivoire to the west, Burkina Faso to the north, and Togo to the east.
- It is situated on the Gulf of Guinea and the Atlantic Ocean in the subregion of West Africa.

- **Mountains:** Mount Afadjato, Mount Jebobo, Mount Torogbani, all situated east of the Volta River near the Togo border.
- In Ghana Kwahu Plateau and Gambaga Scarp form major uplands and escarpments.
- **Lakes:** Lake Volta which is created by the Akosombo Dam and considered as one of the largest artificial lakes globally
- **Drainage System:** The drainage system is dominated by the Volta River basin, which includes Lake Volta and the Black Volta, White Volta, and Oti rivers.
- **Economy:** Gold, cocoa and more recently oil form the cornerstone of Ghana's economy and have helped fuel an economic boom.
- **Capital:** Accra

Trinidad and Tobago



- **Location:** Island nation in the southeastern West Indies, near Venezuela and Guyana
- **Capital:** Port of Spain.
- Gaining independence from the UK on 31st August 1962, and becoming a republic in 1976, the nation is a member of the Caribbean Community (CARICOM).

Geographical Features:

- **Highest Point:** Mount Aripo.
- **Major Rivers:** Ortoire and Caroni.
- **Natural Resource:** Pitch Lake, the world's largest asphalt reservoir.
- **Mountain Range:** Northern Range, part of the Andes extension.

Geo-Political Significance

- T&T is a major exporter of liquefied natural gas (LNG) and petrochemicals (methanol and ammonia), supplying markets in the U.S., Europe, and Latin America.
- It is positioned at the crossroads of the **Caribbean Sea and Atlantic Ocean**, serving as a gateway between **North and South America**.
- It is a founding member of the Caribbean Community (CARICOM) advocating for regional economic integration, disaster response, and collective security.
- It is a active member of the Commonwealth and the United Nations, pushing for climate change resilience and sustainable development initiatives.

PRACTICE QUESTIONS

Q1 : Which among the following countries share do not borders with Ghana?

- A. Togo
- B. Burkina Faso
- C. Côte d'Ivoire
- D. Liberia

Q2 : Trinidad and Tobago is an island nation located in which of the following region?

- A. Pacific Island Groups
- B. Caribbean Sea
- C. South China Sea
- D. North Sea

Q3 : The RECLIAM framework recently seen in the news is related to which of the following?

- A. Mangroves
- B. Coal Mines
- C. White Sand Beaches
- D. Deserts

Q4 : Consider the following chemicals in relation to their polluting effects

1. Bisphenol A
2. Perchlorate
3. Triclosan
4. Polychlorinated biphenyls

How many of the above are considered as endocrine disrupting chemicals?

- A. Only One
- B. Only Two
- C. All of the Above
- D. None of the Above

Q5 : Consider the following statements regarding the Insolvency and Bankruptcy Code of India 2016

1. Companies have to complete the entire insolvency exercise within 180 days under the IBC.

2. 'For smaller companies, including startups with an annual turnover of Rs 1 crore, the whole exercise of insolvency must be completed in 90 days
3. National Companies Law Tribunal (NCLT) is the adjudicating authority in case of companies
4. Debt Recovery Tribunal (DRT) is the adjudicating authority in case of individuals.

How many of the above statements are incorrect?

- A. Only One
- B. Only Two
- C. All of the Above
- D. None of the Above

Answers

1. D
2. B
3. B
4. C
5. D

