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MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 4*th May,* 2017*/Vaisakha* 14, 1939 *(Saka)*

THE BANKING REGULATION (AMENDMENT) ORDINANCE, 2017

No. 1 of 2017

Promulgated by the President in the Sixty-eighth Year of the Republic of India.

An Ordinance further to amend the Banking Regulation Act, 1949.

WHEREAS the stressed assets in the banking system have reached unacceptably high levels and urgent measures are required for their resolution;

AND WHEREAS the Insolvency and Bankruptcy Code, 2016 has been enacted to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets to promote entrepreneurship, availability of credit and balance the interest of all the stakeholders;

AND WHEREAS the provisions of Insolvency and Bankruptcy Code, 2016 can be effectively used for the resolution of stressed assets by empowering the banking regulator to issue directions in specific cases;

AND WHEREAS Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (*1*) of article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—

Short title and commencement.

1. (*1*) This Ordinance may be called the Banking Regulation (Amendment) Ordinance, 2017.

(*2*) It shall come into force at once.

Insertion of new sections 35AA and 35AB.

2. In the Banking Regulation Act, 1949, after section 35A, the following sections shall be inserted, namely:— 10 of 1949.

Power of Central Government to authorise Reserve Bank for issuing directions to banking companies to initiate insolvency resolution process.

'35AA. The Central Government may by order authorise the Reserve Bank to issue directions to any banking company or banking companies to initiate insolvency resolution process in respect of a default, under the provisions of the Insolvency and Bankruptcy Code, 2016. 31 of 2016.

Explanation.—For the purposes of this section, "default" has the same meaning assigned to it in clause (*12*) of section 3 of the Insolvency and Bankruptcy Code, 2016. 31 of 2016.

Power of Reserve Bank to issue directions in respect of stressed assets.

35AB. (*1*) Without prejudice to the provisions of section 35A, the Reserve Bank may, from time to time, issue directions to the banking companies for resolution of stressed assets.

(*2*) The Reserve Bank may specify one or more authorities or committees with such members as the Reserve Bank may appoint or approve for appointment to advise banking companies on resolution of stressed assets.'.

PRANAB MUKHERJEE,
President.

DR. G. NARAYANA RAJU,
Secretary to the Govt. of India.

P.R. 58
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