

The Insolvency and Bankruptcy Code, 2016

PART III

Insolvency Resolution and Bankruptcy for Individuals and Partnership Firms

CHAPTER IV

Bankruptcy Order for Individuals and Partnership Firms

Section 124: Effect of application:

*124. (1) When an application is filed under sections 122 or 123,—

(a) an interim-moratorium shall commence on the date of the making of the application on all actions against the properties of the debtor in respect of his debts and such moratorium shall cease to have effect on the bankruptcy commencement date; and

(b) during the interim-moratorium period—

(i) any pending legal action or legal proceeding against any property of the debtor in respect of any of his debts shall be deemed to have been stayed;

(ii) the creditors of the debtor shall not be entitled to initiate any legal action or legal proceedings against any property of the debtor in respect of any of his debts.

(2) Where the application has been made in relation to a firm, the interim-moratorium under subsection (1) shall operate against all the partners of the firm as on the date of the making of the application.

(3) The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

Notifications & Circulars

*Only in so far as they relate to personal guarantors to corporate debtors, shall [come into force](#) w.e.f. 01.12.2019.