

## The Insolvency and Bankruptcy Code, 2016

### Part-V Miscellaneous

#### <sup>1</sup>[Section 240A: Application of this Code to micro, small and medium enterprises.

**240A.** (1) Notwithstanding anything to the contrary contained in this Code, the provisions of clauses (c) and (h) of [section 29A](#) shall not apply to the resolution applicant in respect of corporate insolvency resolution process <sup>2</sup>[or pre-packaged insolvency resolution process] of any micro, small and medium enterprises.

(2) Subject to sub-section (1), the Central Government may, in the public interest, by notification, direct that any of the provisions of this Code shall—

(a) not apply to micro, small and medium enterprises; or

(b) apply to micro, small and medium enterprises, with such modifications as may be specified in the notification.

(3) A draft of every notification proposed to be issued under sub-section (2), shall be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions.

(4) If both Houses agree in disapproving the issue of notification or both Houses agree in making any modification in the notification, the notification shall not be issued or shall be issued only in such modified form as may be agreed upon by both the Houses, as the case may be.

(5) The period of thirty days referred to in sub-section (3) shall not include any period during which the House referred to in sub-section (4) is prorogued or adjourned for more than four consecutive days.

(6) Every notification issued under this section shall be laid, as soon as may be after it is issued, before each House of Parliament.

*Explanation.*— For the purposes of this section, the expression "micro, small and medium enterprises" means any class or classes of enterprises classified as such under sub-section (1) of [section 7](#) of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).]

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#### Reference

1. Ins. by the [Insolvency and Bankruptcy Code \(Second Amendment\) Act, 2018](#), w.e.f. 06.06.2018.
2. Ins. by the [Insolvency and Bankruptcy Code \(Amendment\) Act, 2021](#), w.e.f. 04.04.2021.

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