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Decoding the IBC (Amendment) Bill 2025:

Key reforms and implications

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Introduction

The Insolvency and Bankruptcy Code, 2016 (IBC/Code) is a landmark legislation which was enacted in 2016 to put in place a consolidated and holistic legal framework for resolution of stressed assets in India. Since its enactment, IBC has been one of the most dynamic legislations which has undergone several revisions on account of various learnings arising out of resolution of large volume of stressed assets in its initial phases. While the Indian Parliament has amended the provisions of IBC four times in the past, the Government of India, through the Insolvency and Bankruptcy Board of India (IBBI), has made several amendments to the IBBI (Insolvency Resolution for Corporate Persons) Regulations, 2016 (CIRP Regulations), to quickly address several teething issues throughout the journey of IBC, with the intention to keep the regime effective and robust for timely resolution of stressed assets. This includes addressing critical issues have emanated from various courts, including not only the insolvency tribunals, being National Company Law Tribunal (NCLT), the appellate tribunal (NCLAT); but even the Hon'ble Supreme Court of India. In addition, with over a decade of experience gained by the courts, tribunal, the regulator, and various stakeholders, the time has come to make next generation of substantive reforms in IBC to cover nuanced aspects like group insolvency, cross-border insolvency which have often posed challenge in effective and quick resolution where the material assets of a stressed business enterprise are sometimes held not only through multiple entities but even across jurisdictions.

In the aforesaid background, the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 was recently introduced in the Lok Sabha on 12 August 2025 (the "**Bill**"). It is, arguably the most exhaustive and comprehensive amendment, proposed to the scheme of the IBC since its inception, in so far, as it seeks to address issues which pose a challenge to effective implementation of the law, while aiming to speed up resolution processes and protect the interests of key stakeholders by enabling more comprehensive resolutions for the stakeholders.

In this write up, the Authors discuss and analyse the key modifications proposed to be introduced to the IBC by way of this Bill.

1. Key modifications introduced into the framework of Corporate Insolvency Resolution Process (CIRP)

A. **Security Interest can only be created by way of a bilateral contract and not by operation of law:**

- ***Existing legal position:*** Section 3(31) of the IBC defines the expression "*security interest*" as any right, title or interest or a claim to property, created in favour of, or provided for a secured creditor ***by a transaction*** which secures payment or performance of an obligation, including any mortgage, charge, hypothecation, assignment, encumbrance etc. However, the Hon'ble Supreme Court, while deciding the status of government dues which enjoy a statutory charge, interpreted the definition of the expression "security interest" to include any charge created over the assets of a corporate debtor by operation of law. in *State Tax Officer* v. *Rainbow Papers Limited* 2022 SCC OnLine SC 1162 (*Rainbow Papers*) The observations of the Hon'ble Supreme Court in *Rainbow Papers* had the unintended consequence of bringing several statutory/governmental authorities at par with secured financial creditors both in CIRP as well as in the liquidation process. The aforementioned position

was in deviation to one of the core principles of IBC that secured financial creditors stand ahead of statutory creditors in priority of distribution of resolution or liquidation proceeds. In fact, the very preamble of IBC stipulates that the one of the objectives of IBC was to introduce an *"alteration in the order of priority of payment of Government dues"*.

- ***Proposed Amendment:*** The Bill proposes to introduce an Explanation to Section 3(31) of the IBC to clarify that a "security interest" under this provision is created only when a right, title or interest or a claim to a property is created pursuant to ***an agreement or arrangement, by the act of 2 (two) or more parties***, and ***shall not include a security interest created merely by operation of any law for the time being in force.*** This effectively restores the original position with which IBC was introduced. The proposed change is consistent with the suggestion contained in the Discussion Paper issued by the Ministry of Corporate Affairs (MCA) on 18 January 2023 (Discussion Paper) on changes being considered to the Insolvency and Bankruptcy Code, 2016, and in line with the industry expectation, more specifically that of financial creditors like banks, financial institution and private creditors.

B. **Clarification that a Resolution Plan may propose the sale of one or more assets of the Corporate Debtor during CIRP**

- ***Existing legal position:*** Presently, Section 5(26) of the IBC defines the phrase "resolution plan" as a plan proposed by a resolution applicant for the insolvency resolution of the corporate debtor as a going concern. Further, the explanation to the section clarifies that a resolution plan may include provisions for the restructuring of the corporate debtor, including by way of merger, demerger and amalgamation. Typically, a CIRP under IBC is a plan to restructure the affairs of the corporate debtor as a going concern and not a framework for the acquisition or resolution of one or more identified assets of the corporate debtor. However, this posed substantial challenges in case of insolvency resolution of large diversified companies (such as Dewan Housing and Finance Limited, Reliance Capital Limited, Jaypee Infratech Limited, Jai Prakash Associates Limited) which have assets and businesses spread across various sectors or projects which discourages proposals for resolution from resolution applicants who may have capability and experience to resolve assets forming one business or one project of the Corporate Debtor but not all the sectors or locations may not be in a position to underwrite risk across diversified projects and businesses. Particularly, the pool of resolution applicants having the financial and the technical wherewithal to acquire such companies as a whole was very small thereby limiting competition and value maximisation.

  Recognising these practical ground realities, the IBBI had introduced various enabling provisions in the CIRP Regulations which allow the sale/acquisition/ resolution of one or more assets of the corporate debtor subject to the approval of the Committee of Creditors (CoC) of a corporate debtor. For instance, Regulation 37(m) was introduced into the CIRP Regulations allowing a resolution plan to provide for the sale of one or more assets of corporate debtor to one or more successful resolution applicants and manner of dealing with remaining assets. Similarly, by way of a recent amendment, Regulation 36(1A) was introduced into the CIRP Regulations which allows a resolution applicant to issue invitation for expressions of interest (IEOI) inviting resolution plans for: (a) corporate debtor as a whole; (b) sale of on or more assets of the corporate debtor; or (c) both.

- ***Proposed Amendment:*** To further solidify the legislative intent to evolve from the traditionally followed approach in CIRP and allow for sale of assets of the corporate debtor even in the context of a resolution plan, the Bill proposes to clarify that in addition to restructuring the corporate debtor including by way of merger, demerger and amalgamation, ***a resolution plan may also provide for the sale of one or more assets of the corporate debtor.***

C. **Clarification that the Adjudicating Authority has no discretion to reject an application under Section 7 of the IBC if the application is complete**

- **Existing Legal Framework:** In terms of Section 7(5)(a) of the IBC, if the Adjudicating Authority is satisfied that the corporate debtor has committed a default in relation to a financial debt, then the Adjudicating Authority ***"may"*** by order, admit a secured creditor's application and commence the CIRP of the corporate debtor. While Section 7(5)(a) of the IBC used the expression "may", the Hon'ble Supreme Court in its very first judgment in IBC in the matter of *Innoventive Industries Limited* v. *ICICI Bank and Anr* [(2018) 1 SCC 407] (*Innoventive Industries*) *inter-alia* taking into account of the object and purpose sought to be achieved by IBC observed that *"the moment the adjudicating authority is satisfied that a default has occurred,* ***the application must be admitted.***

However, the Hon'ble Supreme Court in its subsequent decision in the matter of *Vidarbha Industries Power Limited v. Axis Bank Limited,* 2022 SCC OnLine SC 841 (*Vidarbha Industries*), interpreted the expression "may" in Section 7(5)(a) of the IBC in its literal sense and observed that while admitting an application under Section 7 of the IBC, the Adjudicating Authority can exercise its discretion by taking into account factors such as solvency and financial health of the corporate debtor. While the subsequent judgment of the Hon'ble Supreme Court in the matter of *Mr. Suresh Kumar Reddy* v. *Canara Bank and Ors* 2022 SCC OnLine SC 841 restricted the observations in *Vidarbha Industries* to the specific facts of the case, the MCA, *vide* its Notification observed that there was a lingering confusion in the market regarding the scope of Adjudicating Authority's discretionary powers in relation to admitting/rejecting a Section 7 Application.

- ***Proposed Amendment:*** The Bill proposes to introduce an Explanation to Section 7(5) of the IBC to clarify that in the event, the Adjudicating Authority makes a determination that the corporate debtor has committed a default in relation to a financial debt, the Adjudicating Authority ***cannot consider any other ground to reject the Section 7 Application*** and is required to admit the Section 7 Application. This can be reasonably expected to substantially reduce the admission time and also reduce the burden on the NCLT Benches.

D. **Revocation of the corporate debtor's ability to nominate a resolution professional while filing an application under Section 10 of the IBC:**

- ***Existing legal framework:*** In terms of Section 10 of the IBC, a corporate debtor may itself file an application for commencement of its CIRP (**Section 10 Application**). Section 10(3)(b) of the IBC stipulated that similar to an application filed by a financial creditor or an operational creditor, the corporate debtor itself, while filing a Section 10 Application, may propose a resolution professional who may be appointed as an interim resolution professional.

- ***Proposed Amendment:*** The Bill proposes to omit Section 10(3)(b) of the IBC disentitling a corporate debtor to propose an interim resolution professional along with its Section 10 Application. Further, the Bill proposes to introduce Section 16(3A) into the IBC which stipulates that in case of a Section 10 Application, the Adjudicating Authority shall make reference to the IBBI for recommendation of an insolvency professional who may act as an interim resolution professional. In other words, in case of an application filed by the debtor itself for commencement of insolvency, the power to nominate the interim resolution professional is retained by the NCLT (on IBBI's recommendation) and not with the corporate debtor itself. This is intended to increase transparency and significantly eliminate the possibility of undue influence of the erstwhile promoters of the corporate debtor at the initial stage of the CIRP, which is a crucial period, when the insolvency professional invites claims against corporate debtor and constitutes committee of creditors.

E. **Conferring the resolution professional with quasi-judicial powers to "determine" the claim in addition to mere "administrative" power to verify and collate the claims submitted by creditors.**

- ***Existing legal framework:*** In terms of Section 18(b) of the IBC read with Regulation 14 of the CIRP Regulations, the role of the resolution professional is limited to collating and verifying the claims. *Per contra,* in terms of Section 41 of the IBC, the liquidator has the power to make a "determination" viz the value of claims submitted to him. The Hon'ble Supreme Court in the matter of *Swiss Ribbons Private Limited and Anr* v. *Union of India and Ors* 2019 SCC OnLine SC 73 (*Swiss Ribbons*) underscored this distinction and observed that a resolution professional in a CIRP has only been conferred with administrative powers and not adjudicatory powers viz. admissibility of claims. On the contrary, a liquidator has been conferred with quasi-judicial powers to admit claims basis his determination and best judgment on the admissibility of claims.

- ***Proposed Amendment:*** The Bill proposes to introduce an Explanation to Section 18(b) of the IBC to clarify that the while collating the claims, the interim resolution professional is required to verify the claim and if required, "determine" the value of such verified claim. The present amendment is intended to align the two processes and reduce judicial delays on account of parties repeatedly approaching the Adjudicating Authority for adjudication of claims submitted by a creditor.

F. **Mandatory minimum amount payable towards dissenting financial creditors**

- ***Existing legal framework:*** Section 30(2)(b) of the IBC stipulates that the dissenting financial creditors are required to be paid an amount which is equal to the minimum liquidation value payable

to such dissenting financial creditors under Section 53(1) of the IBC in the event of liquidation of the corporate debtor (**Minimum DC Amount**).

- ***Proposed Amendment:*** The Bill seeks to amend Section 30(2)(b) of the IBC and introduce a new Section 30(2)(ba) in terms of which the Minimum DC Amount payable under the resolution plan shall not be ***less than the lower of*** the amount: (a) to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53 (**Liquidation Value**); or (b) that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed, in accordance with the order of priority in Section 53(1) of the IBC (**Plan Liquidation Value**).

  As per the proposed amendment, where the Minimum DC Amount is linked not only to the liquidation value (as in the present form) but instead, linked to the lower of either the Liquidation Value or the Plan Liquidation Value, the dissenting financial creditors would be further disincentivised to dissent. Clearly, the cram down of minority is further strengthened through the proposed amendment and the majority decision making process in CoC gets a boost through these changes. Whether this will have any negative fall out on last mile funding remains to be seen.

G. **Continuation of the CoC during the liquidation process in lieu of Stakeholders Consultation Committee**

- **Existing legal framework:** The CoC consisting of unrelated party financial creditors of the corporate debtor is constituted in terms of Section 21 of the IBC to supervise the resolution process of the corporate debtor. In the event the corporate debtor is subjected to liquidation process, the CoC becomes functus officio. Instead, a Stakeholders Consultation Committee (SCC) consisting ***of all the creditors of the corporate debtor*** stands constituted and is responsible for supervising the liquidation process of the corporate debtor.

  Consequently, if a corporate debtor enters liquidation process from a CIRP process, the supervision of the affairs of the corporate debtor shifts from the CoC, a body which was completely cognizant of the affairs of corporate debtor and the issues pertaining to the insolvency resolution of the corporate debtor to a newly constituted body (being the SCC) whose composition is substantially different from that of the CoC. The SCC enters at a delayed stage when the corporate debtor is already facing liquidation as well as potential value erosion and is required to acclimatise itself with the various issues pertaining to the resolution of stress in the corporate debtor afresh. This invariably delays the liquidation process.

- ***Proposed Amendment:*** The Bill seeks to introduce Section 21(11) into IBC in terms of which the CoC constituted during a CIRP shall also supervise the conduct of the liquidation process of the corporate debtor. This provision also stipulates that the IBBI may specify any other class or classes of creditors who may attend the meetings of the CoC during the liquidation process. However, such creditors shall not have any right to vote in these meetings. Therefore, once again the Bill aims to align the CIRP and the liquidation process.

H. **Opportunity to the CoC to rectify defects in the Resolution Plan before Adjudicating Authority rejecting the resolution plan**

- **Existing legal framework:** In terms of Section 31(2) of the IBC, if the resolution plan is not in conformity with the provisions of IBC, then the Adjudicating Authority may pass an order rejecting the resolution plan. Further, in terms of Section 33(1)(b) of the IBC, in the event the Adjudicating Authority finds that a resolution plan is in contravention to the provisions of IBC, then the Adjudicating Authority is required to pass an order commencing the liquidation process of the corporate debtor.

- **Proposed Amendment:** The Bill proposes to introduce a new proviso to Section 31 of the IBC. In terms of this proviso, if the Adjudicating Authority is of the opinion that the resolution plan does not meet the mandatory requirements stipulated in the IBC, then before passing an order rejecting the Resolution Plan, the Adjudicating Authority may give notice to the CoC to rectify the defects in the Resolution Plan.

  The proposed amendment provides one more opportunity for the CoC to ensure that any defects in the resolution plan which makes the resolution plan contravene the mandatory provisions of the IBC are rectified so as to ensure that the debts of the corporate debtor are resolved while it is a going concern rather than pushing it into liquidation. This appears to be a clear intention to rule out

the scenario which was created on account of the Supreme Court judgment in the matter of JSW Steel-BPSL in terms of which the SC directed liquidation of BPSL, *inter alia*, on account of various lapses/irregularities which were identified by the SC in the resolution plan.

I. **Extending the timelines for obtaining the prior consent of the Competition Commission of India (CCI) until the submission of the Resolution Plan to the Adjudicating Authority for approval**

- ***Existing legal framework:*** In terms of the proviso to Section 31(4) of the IBC, if the implementation of a resolution plan requires prior approval of the Competition Commission of India (CCI), then such approval is required to be obtained prior to the approval of the resolution plan by the CoC in terms of Section 30(4) of the IBC.

- ***Proposed legal framework:*** The Bill proposes to amend the proviso to Section 31(4) of the IBC in terms of which the resolution applicant is required to obtain the prior approval of the CCI before the resolution plan is submitted to the Adjudicating Authority for its approval.

  This amendment appears to have been proposed in light of the judgment of the Hon'ble Supreme Court in the matter of *Independent Sugar Corporation Limited* v. *Girish Sriram Juneja and Ors* 2025 SCC OnLine SC 181 whereby the Hon'ble Supreme Court overturned a resolution plan approved by the Adjudicating Authority on account of the fact that the resolution plan was not in compliance with the provisions of IBC in terms of which the approval of the CCI is required to be obtained prior to the approval of the resolution plan by the CoC, even though in that case the approval was already in place at the time of approval of the resolution plan by the Adjudicating Authority.

J. **Approval of Resolution Plan and the distribution framework by way of 2 (two) separate orders**

- ***Existing legal framework:*** Presently, the IBC envisages that a resolution plan in its complete form is required to be submitted for the approval of the Adjudicating Authority. The Adjudicating Authority, after satisfying itself that the mandatory provisions of IBC are satisfied, is required to pass an order under Section 31(1) of the IBC, approving the resolution plan as a whole, including the manner of distribution of the proceeds of the resolution plan.

- ***Proposed Amendment:*** The Bill proposes to introduce a proviso to Section 31(1)(a) of the IBC which allows for a staggered approval of resolution plan. The *proviso* stipulates that subject to an application made by a resolution professional with the prior consent of the CoC by 66%, the Adjudicating Authority may first approve a resolution plan for the corporate debtor. Thereafter, within a period of 30 days from the date of approving the resolution plan, the Adjudicating Authority may pass another order approving the manner of distribution of proceeds of the resolution plan.

  This amendment has been introduced in the context of substantial delays being encountered while adjudicating a Plan Approval Application, particularly on account of a multitude of litigations instituted by various stakeholders (such as operational creditors, erstwhile promoters, regulatory/governmental authorities and other creditors) contesting the manner of the treatment of their claims under the resolution plan and the distribution of proceeds of the Resolution Plan. Consequently, the aforesaid amendment is proposed to be introduced to ensure that judicial delays caused by claimants contesting the manner of distribution of proceeds of a resolution plan does not hold back the approval of the resolution plan. This is also in line with the amendments proposed in the Discussion Paper.

2. Key modifications introduced into the framework for Prepackaged Insolvency Resolution Process (PPIRP)

A. Opportunity to the CoC to rectify defects in the Resolution Plan before Adjudicating Authority rejecting the resolution plan

- ***Existing legal framework:*** Section 54L (2) provides for approval of Plan to have the same effect as approval of Plan under CIRP. Further, Section 54L (3) provides that the Adjudicating Authority may reject the Plan within 30 days of its receipt, if the Adjudicating Authority is satisfied it does not conform to the mandatory requirements of a resolution plan as stipulated under Section 54L(1), and in such an event, it shall pass an order terminating the PPIRP in terms of Section 54N of the IBC, leading to failure of PRIRP.

- ***Proposed Amendment:*** Similar to the modifications introduced in the context of CIRP, the Bill proposes to introduce a new proviso to Section 54L(3) of the IBC stipulating that if the Adjudicating Authority seeks to reject a resolution plan on account of compliance with mandatory requirements, then the Adjudicating Authority may first give notice/ opportunity to the CoC to rectify the defects in the Resolution Plan.

3. Key modifications introduced into the framework of voluntary liquidation process

Introduction of provisions for the termination of voluntary liquidation process

- ***Existing legal framework:*** Presently, the scheme of the IBC does not contain a formal legislative framework for the termination/withdrawal of voluntary liquidation process following its commencement. There could be instances where the debtor initiates a voluntary liquidation process when its prospects are in the downside but due to subsequent developments, such as identification of new prospects which could substantially improve the financial prospects it may seek to terminate or withdraw from the voluntary liquidation process.

- ***Proposed Amendment:*** The Bill seeks to introduce a new sub-clause 5A into the scheme of the IBC which provides that at any time prior to the making of an application to the Adjudicating Authority for the dissolution of the corporate debtor in terms of Section 59(7) of the IBC, a voluntary liquidation process may be chosen to be terminated if the following conditions are satisfied:

  (a) a special resolution is passed by members for terminating the voluntary liquidation proceedings; and
  (b) creditors representing two-thirds in value of company's debt, consent to the termination within a period of 7 days from the date of passing of the aforesaid special resolution.

4. Key modifications introduced into the framework of liquidated process

A. Applicability of moratorium period even during the course of the liquidation of the corporate debtor

- ***Existing legal framework:*** Section 33(5) of the IBC stipulates that upon commencement of liquidation process of the corporate debtor, no suit or other legal proceeding shall be instituted by or against the corporate debtor. Further, a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, only with the prior approval of the Adjudicating Authority. It is noteworthy that apart from the limited stand still imposed in terms of Section 33(5) of the IBC, ***there is no moratorium during a liquidation process similar to Section 14 of the IBC which is applicable during insolvency resolution process.***

- ***Proposed Amendment:*** The Bill proposes to amend Section 33(5) of the IBC stipulating that upon commencement of liquidation process of the corporate debtor, a moratorium *pari materia* to Sections 14(1)(a) and 14(1)(c) of the IBC shall come into force excluding certain transaction exceptions as may be notified by the Government. In other words, liquidation process, now akin to CIRP, shall prohibit (a) the institution or continuation of suits or proceedings against the corporate debtor; and (b) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property. Even where the secured creditors are permitted to enforce their security in terms of section 52 of the IBC, they would be required to enforce their security within 14 days failing which the liquidator would be solely allowed to sell the assets of the corporate debtor *(as elucidated hereinbelow)*.

B. Introducing enabling provisions for dissolution of the corporate debtor without going through the liquidation process.

- ***Existing legal framework:*** As per Section 33(2), the CoC can, at any time during CIRP but before the approval of the Plan by NCLT, resolve by 66% majority to liquidate the corporate debtor. The same needs to be intimated by the RP to the Adjudicating Authority which will then subsequently pass the liquidation order. Subsequently, in terms of Section 54 of the IBC read with Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (Liquidation Regulations), the liquidator may then file an application for dissolution of the company either upon completion of the liquidation process or if the liquidator deems it to be a fit case for early dissolution of the corporate debtor.

However, presently the IBC does not envisage the CoC passing a resolution to directly dissolve the corporate debtor without the rigours of first going through the liquidation process or appointment of a liquidator.

- ***Proposed Amendment:*** The Bill proposes to modify Section 33(2) which grants the power to CoC to directly take decision to dissolve the corporate debtor provided the CoC meets prescribed conditions. The Bill also introduces consequential amendments to Section 54 of the IBC which stipulates that the CoC may make an application to the Adjudicating Authority praying for the dissolution of the corporate debtor without putting the corporate debtor through the liquidation process. Further, if the corporate debtor has any asset, the CoC may decide the manner of disposal of such assets and the distribution of proceeds thereof.

C. Allowing restoration and reinstatement of CIRP

- ***Existing legal framework:*** The present provisions do not provide for powers of Adjudicating Authority to restore or reinstate the CIRP. Further, the Adjudicating Authority may pass a liquidation order basis an application made by an aggrieved party (other than the corporate debtor) (**Aggrieved Party**) resulting from the corporate debtor contravening the approved Plan.

- ***Proposed Amendment:*** The Bill proposes to insert Sub-Sections 1A and 1B to Section 33 of IBC, providing that the Adjudicating Authority, before passing the liquidation order, can consider an application by CoC if the CoC decided to restore the CIRP by 66% majority approval.

  In such cases, the Adjudicating Authority can pass following orders: (a) in case liquidation order was passed in consequence of no Plan having been received during the process, the Adjudicating Authority may restore the CIRP to be completed within a period not exceeding 120 days; and (b) in case liquidation order was passed in consequence of the Plan having been rejected for non-compliance, the Adjudicating Authority can restore the CIRP to the stage of Request for Resolution issuance and for such process to be completed within a period not exceeding 120 days. Further, such restoration would apply to all those CIRP cases where liquidation orders have not been passed. Further, the Bill clarifies that such CIRP restoration can only happen once.

  Additionally, the Bill also adds a proviso to Section 33(4), wherein even in case of applications instituted by an Aggrieved Party, the Adjudicating Authority may, if it deems fit, reinstate the CIRP, if it deems fit to reinstate the CIRP of such corporate debtor and pass appropriate orders.

D. Enabling creditors to file application for avoidance transactions

- ***Existing legal framework:*** In terms of Regulation 35A of the CIRP Regulations, the *onus* is on the Resolution Professional or Liquidator to determine whether a corporate debtor has entered into any transaction under Sections 43, 45, 50 and 66 of the IBC (collectively "**Avoidance Transactions**") and to initiate proceedings before the Adjudicating Authority for necessary directions.

  Further, in terms of Section 47 of the IBC, in the event an undervalued transaction has taken place and the liquidator or the resolution professional (as the case may be), has not reported it to the Adjudicating Authority, then a creditor, member or a partner of a corporate debtor, as the case may be, may make an application to the Adjudicating Authority to declare such transactions void and reverse their effect.

- ***Proposed Amendment:*** The Bill proposes to expand the ambit of this section to cover other Avoidance Transactions. In other words, if any Avoidance Transaction has occurred and the liquidator or the resolution professional, as the case may be, has not reported it to the Adjudicating Authority, then a creditor, either by itself or jointly with other creditors, a member, or a partner of the corporate debtor, as the case may be, may make an application to the Adjudicating Authority to pass suitable orders.

  The Bill further proposes that in the event the Adjudicating Authority passes an order reversing Avoidance Transactions pursuant to an application filed by the creditors then the Adjudicating Authority shall pass an order requiring the IBBI to initiate disciplinary proceedings against the concerned liquidator / resolution professional if the Adjudicating Authority is satisfied that the liquidator or the resolution professional, as the case may be, after having sufficient information or opportunity to avail information of such transaction or trading; did not report such transaction or trading to the Adjudicating Authority,

E. Realization of security interest by secured creditors in the liquidation proceedings within a period of 14 days

- ***Existing legal framework:*** As per Section 52(1) of IBC, a secured creditor has an option to either relinquish security interest and receive proceeds in accordance with Section 53 or realize the security interest. In this regard, in terms of Section 52(2) of the IBC read with Regulation 21A of the Liquidation Regulations, if the secured creditor wishes to realize security interest, it must inform the liquidator and identify the secured asset within a period of 30 days.

  While the scheme of the IBC prescribes timelines for intimation of the decision by secured creditors to enforce their security interest independently, it does not prescribe any minimum timelines for the actual enforcement of the security interest.

- ***Proposed Amendment:*** The Bill inserts a timeline under Section 52(2) to state that the secured creditor is required to inform the liquidator of the decision to realize security interest within 14 days from liquidation commencement date, failing which, the security interest would be deemed to be relinquished to the liquidation estate.

F. Disregarding inter-se priorities during the distribution of the proceeds of liquidation

- ***Existing legal framework:*** Section 53(2) of the IBC stipulates that any contractual arrangements amongst the creditors, if disrupting the order of priority under Section 53(1) of the IBC shall be disregarded by the liquidator. However, this provision did not specifically clarify whether such prohibition would also extend to *inter-se* arrangements between similarly placed class of creditors where the parties have agreed that one of the creditors enjoys a superior security/priority over the other creditor.

- ***Proposed Amendment:*** The Bill seeks to introduce an Explanation to Section 53(2) of the IBC clarifying that the prohibition under Section 53(2) of the IBC does not extend to inter-creditor/ subordination agreements entered into between the same class of creditors.

  The proposed amendment appears to have been proposed in light of the ongoing discussions on this subject both in the market and in the *judicial fora* regarding the recognition of *inter-se* priority among the same class of creditors. The NCLAT in the matter of *Technology Development Board* v. *Anil Goel* 2021 SCC OnLine NCLAT 349 extended the prohibition contained in Section 53(2) of the IBC even to inter-se arrangement between the same class of creditors. However, thereafter, the NCLAT judgment was stayed by the Hon'ble Supreme Court vide its order dated 29 June 2021. In view of this, there has been a lingering confusion in the market about *inter-se* ranking of similarly placed creditors.

  The amendment ensures that valid inter-creditor/ subordination agreements between secured creditors shall continue to govern their relationship during liquidation. The rationale for the same is that in an insolvency or liquidation process a creditor cannot enjoy greater rights than they would enjoy outside of it.

5. Key modifications introduced into the framework of Insolvency Resolution Process for personal guarantors

A. Excluding benefit of interim moratorium to personal guarantors

- ***Existing legal framework:*** Presently, in terms of Section 96 of the IBC, an "interim moratorium" comes into force upon the filing of an application for insolvency resolution of an individual and upto the stage of admission, during which period a creditor is prohibited from initiating any legal actions or proceedings against the debtor (**Interim Moratorium**). Similar protection is available to the debtor where an application is made in relation to the commencement of bankruptcy process of the debtor.

  The benefit of interim moratorium is available to the debtors irrespective of whether the application for initiation of insolvency resolution proceedings/bankruptcy proceedings was filed by the debtor itself or any creditor of the corporate debtor.

- ***Proposed Amendment:*** The Bill seeks to introduce Sections 96(4) and 124(4) into IBC which stipulates that the benefit of Interim Moratorium shall not be available to the debtor where an application has been filed for the insolvency resolution/bankruptcy process of personal guarantors of a corporate debtor.

  The Bill seeks to exclude a personal guarantor from the benefit of such Interim Moratorium since it was observed that in certain cases, a personal guarantors of a corporate debtor (who typically tend to be financially and legally proficient) will initiates proceeding for the commencement of insolvency resolution processes with the ulterior motive of availing the benefit of Interim Moratorium to stall debt recovery proceedings and enforcement proceedings initiated by creditors.

B. Mandatory convening of the meeting of the creditors of the personal guarantors of a corporate debtor

- ***Existing legal framework:*** The IBC envisages a resolution professional convening a meeting of committee of creditors of the corporate debtor to decide on critical issues, including voting on repayment plans. However, the scheme of the IBC does not specifically mandate convening of the meeting of creditors of a personal guarantor by the resolution professional. In fact, the IBC in its present form stipulates that the resolution professional may dispense with the requirement to summon a meeting of creditors subject to the resolution professional justifying the reasons for not convening the meeting of the creditors to the Adjudicating Authority.

- ***Proposed Amendment:*** The Bill proposes to introduce a new sub-clause 3A to Section 106 of the IBC stipulating that in case of insolvency resolution proceedings of a personal guarantor to a corporate debtor, the resolution professional is required to summon the meeting of the creditors for the purposes of approving a repayment plan. The amendment has been proposed by taking into consideration the fact that the insolvency resolution processes of personal guarantors can be more complex in high value cases. Accordingly, the legislative intent appears to be that in such complex and high value cases, convening the meeting of creditors is mandatory and that the repayment plan is mandatorily required to be approved by the creditors with the requisite majority before it is put for approval before the Adjudicating Authority.

6. Introduction of Creditor – initiated insolvency Process (CIIRP)

6.1. In its Statement of Objects and reasons, the Bill proposes to introduce the framework of CIIRP which prescribes an out of court mechanism to resolve financial stress on account of genuine business failures with minimal involvement of the Adjudicating Authority. In this regard, the Bill proposes the introduction of a new Chapter IV – A in the IBC setting out a framework for CIIRP. The key features of CIIRP are elucidated in the below-paragraphs.

Key Features	Analysis
Eligible Corporate Debtors Similar to Fast Track Insolvency Resolution Process (FTIRP), the Bill stipulates enabling provisions allowing the Central Government to designate certain corporate debtors/categories of corporate debtor basis parameters it deems fit including assets or income or both or class of creditors who will be eligible for resolution through CIIRP. Further, CIIRP cannot be initiated in respect of corporate debtors undergoing CIRP or liquidation process or having undergone CIRP, PPIRP or CIIRP during the period of 3 (three) years preceding the Initiation Date.	The eligibility criteria are similar to the one that is presently provided for FTIRP, it remains to be seen as to which category or class of corporate debtors will be eligible to access this procedure. Similarly, it remains to be seen which categories of financial creditors shall be designated as Eligible FCs for the purposes of CIIRP.
Eligible Creditors As per Section 58B, CIIRP can be initiated by only certain notified financial creditors (Eligible FCs) in respect of which a default has been committed by the corporate debtor.	

Key Features	Analysis
<u>Initiation of CIRP and objections</u> ➢ The Eligible FCs will first have to obtain approval of Eligible FCs representing 51% of debt value due to the Eligible FCs and thereafter has to inform the corporate debtor at least 30 days in advance of its intention to initiate CIIRP and to make representation, if any. ➢ If post the receipt of such representation, the Eligible FC wishes to continue or if no representation is received, it will again have to obtain approval of Eligible FCs representing 51% of debt value due to such Eligible FCs within 30 days thereafter to appoint the resolution professional. ➢ The resolution professional shall make a public announcement and communicate the same along with a report confirming whether the FC is an Eligible FC and has complied with Section 54B to IBBI and NCLT. CIIRP's commencement date will be the date of public announcement. ➢ If the corporate debtor has any objection to the initiation of CIIRP, the corporate debtor may file an application before Adjudicating Authority within 30 days of such initiation. If the Adjudicating Authority is satisfied that either there is no default or there is no default and CIIRP has been initiated in contravention of Sections 58A or 58B, then the Adjudicating Authority may declare such commencement void ab initio within 30 days from such application.	➢ CIIRP helps to cut down on time involved in resolution by excluding the involvement of a Court or Tribunal at initiation stage. This is similar to the approach in United Kingdom and United States of America, where creditors can appoint an insolvency practitioner, outside of courts. Reduced threshold of CoC approval in some decisions being initial initiation as well as moratorium relief (as elucidated hereinbelow), as opposed to 66% approval will immensely help medium to large debtors, comprising several creditors. ➢ The right to initiate CIIRP will be restricted to Eligible FCs which will be notified later and therefore, not all FCs can initiate CIIRP. However, such eligibility may be one of the grounds of objections raised by the corporate debtor to such initiation of CIIRP. Any interim stay on such CIIRP initiation at a preliminary stage by the Adjudicating Authority will thwart the objective of its introduction. ➢ Occurrence of default has been emphasized and therefore, initiation of CIIRP in violation of procedure, but with default will get converted to CIRP, thereby saving time and costs. ➢ The Central Government may prescribe additional conditions for initiation of CIIRP which may dilute the purpose of speed and efficacy of such a process, as there is already a two-tier Eligible FC or out-of courts approval prescribed at the initiation stage.
<u>Role of the resolution professional and the management of the corporate debtor</u> ➢ Similar to a CIRP or a Pre-Packaged Insolvency Resolution Process (PPIRP), the resolution professional has been conferred with various powers and functions such as call for submission of claims, file for avoidance of transactions, prepare the information memorandum, receiving and collating all claims and constituting CoC etc. ➢ However, similar to a PPIRP, a CIIRP also follows a "*debtor in possession but creditor in control*" model whereby the management of the affairs of the corporate debtor continues to vest with the board of directors of the corporate debtor. However, the resolution professional shall be empowered to attend meetings of members, board of directors and committee of directors, or partners, of the corporate debtor. Additionally, the resolution professional shall have the right to reject any resolutions passed in these meetings and upon such rejection, such resolution cannot be approved. Further, the corporate debtor or its present or past	➢ The mode of operation of the corporate debtor during CIIRP is similar to that of PPIRP, with the incumbent management continuing to be in charge while the RP is appointed in a supervisory role, along with CoC for key decisions. ➢ The comprehensive swiss challenge mechanism, as prescribed in the PPIRP provisions, has not been explicitly included as part of CIIRP. It remains to be seen if such provisions are notified later to improve the competitiveness of the bid. ➢ While CoC approval by 66% majority is prescribed for overly important issues such as conversion of CIIRP to CIRP and approval of the Plan, a reduced threshold of 51% CoC approval is prescribed for making an application before Adjudicating Authority for moratorium relief, which is facilitative of resolution and cuts down on time and costs.

Key Features	Analysis
personnel, promoter or director is required to extend cooperation ➢ Furthermore, the resolution professional is required to prepare a report confirming whether the conduct of CIIRP is in accordance with the procedural requirements ("Compliance Report") and that the Plan, which he/ she may subsequently file, complies with requirements of Sections 29A and 30 of IBC.	
<u>Receipt of Resolution Plan.</u> The resolution professional has been obliged with the duty to invite prospective resolution applicants to submit a resolution plan or resolution plan with respect to the corporate debtor. The resolution plans submitted for the corporate debtor are required to be in compliance with the mandatory provisions for a resolution plan as stipulated in Section 30(2) of the IBC. Upon receipt of the resolution plan, the same is placed for the consideration of the CoC. The CoC may approve a resolution plan with a majority of 66% by value of debt or reject the resolution plan. Upon the approval of a resolution plan with the requisite majority, the resolution professional is required to make an application to the Adjudicating Authority praying for the approval of the resolution plan.	➢ NCLT having the power to convert CIIRP to CIRP as a consequence of failure of CIIRP indicates the intent to resolve the dues of the entity under insolvency process by cutting time and duplication of efforts in the CIRP. ➢ Most importantly, the Adjudicating Authority can also take into account the suggestions of the CoC and decide the stage from which CIRP would commence. This would do away with procedures which are not required to be repeated, like collating information regarding the corporate debtors, preparation of IM, and therefore certain steps may be bypassed. ➢ CIIRP provides for reasonably reduced timelines, as compared to CIRP, which essentially corresponds to simplified nature of CIIRP and such reduced timelines will also promote and cultivate discipline amongst the stakeholders to arrive at quick decision making. ➢ Although the proposed provision uses the term "shall", but it is essential that the respective stakeholders including Adjudicating Authority are adequately sensitized about the stringent timelines. Otherwise, courts and tribunals may consider situations where they may treat this timeline as indicative or directory, as has been done by the Hon'ble Supreme Court in *Essar Steel* and *Surendra Trading Case Co* v. *Juggilal Kamlapat Jute Mills Co. Ltd* [(2017) 16 SCC 143] where it was held that the timeline of 14 days for adjudication of initiation applications and timeline of 330 days for CIRP are directory and not mandatory ➢ While PPIRP provisions presently do not provide for withdrawal of PPIRP, the Bill proposes insertion of provisions providing for withdrawal of public announcement which is welcome and facilitative of the commercial wisdom of the CoC. The proposed withdrawal provisions have been made similar to proposed provisions of withdrawal under CIRP under Section 12A of IBC.
<u>Approval of Resolution Plan:</u> The Adjudicating Authority, upon satisfying itself that the resolution plan is in compliance with mandatory provisions of IBC, may pass an order approving the resolution plan. A resolution plan approved by the Adjudicating Authority shall be binding on all the stakeholders of the corporate debtor in the same manner as in the case of CIRP. However, should the Adjudicating Authority find that the resolution plan is not in accordance with the applicable provisions of IBC, then the Adjudicating Authority may reject the resolution plan.	
<u>Time period for completion of CIIRP:</u> CIIRP is required to be completed within 150 days from initiation date, which can be extended by 45 days only once ("CIIRP Timeline"), basis approval of CoC by 66% majority.	
<u>Conversion of CIIRP into CIRP:</u> The Bill provides enabling provisions for conversion of a CIIRP into a CIRP by the Adjudicating Authority in the following circumstances: (a) in the event the application for approval of a resolution plan is not submitted within the aforementioned period of 150 days; or (b) the Adjudicating Authority is satisfied that the corporate debtor or its personnel failed to cooperate with the corporate debtor; or (c) the Adjudicating Authority rejects a resolution plan	

Key Features	Analysis
submitted to it for approval; or (d) the CoC passes a resolution for converting the CIIRP into CIRP with a majority of 66%. While passing such order, the Adjudicating Authority is empowered to decide the stage from which the CIRP shall commence, after considering any recommendation of the CoC.	
Withdrawal of CIIRP: Similar to a CIRP, the public announcement passed by the resolution professional in relation to the initiation of the CIRP of the corporate debtor can be withdrawn on an application filed by the resolution professional, supported by approval of CoC by 90% majority. It cannot be withdrawn before CoC constitution and after first issuance of invitation for submission of resolution plan.	
Standstill and Moratorium: ➢ Whilst the CIIRP is ongoing, no application for initiation of the corporate insolvency resolution process or the pre-packaged insolvency resolution process in respect of the corporate debtor shall be filed or admitted. ➢ Additionally, it is to be noted that unlike other processes envisaged in the scheme of the IBC, a CIIRP does not lead to the automatic imposition of a moratorium. Instead, the resolution professional may, with the approval of the Eligible FCs with a voting share of 51% may file an application before the Adjudicating Authority praying for a moratorium *mutatis mutandis* to Section 14 of the IBC. Such an application may be considered and approved by the Adjudicating Authority in the event the Adjudicating Authority is satisfied that a moratorium is required for the proper and efficient conduct of the CIIRP.	While CIIRP is run as an out of court process, availability of option of applying for moratorium with the Adjudicating Authority would be critical as it would allow for a breathing space for all parties including creditors, prospective bidders and management to explore resolution options, with no threat of creditor action in the interim.

7. Introduction of enabling provisions for framework on group insolvency

7.1. The Bill proposes to introduce Section 59A into IBC which enables the Central Government to formulate a framework setting out manner and conditions for conducting the CIRP in the event it is initiated against 2 (two) or more corporate debtors forming part of the same "group".

7.2. For the purposes of this framework, the phrase "group" has been defined to mean 2 (two) or more corporate debtors that are interconnected by "control" or "significant ownership", and include a holding company, a subsidiary company and an associate company of a corporate debtor, as defined under the Companies Act, 2013. Further, terms "control" and "significant ownership" are defined as under:

(a) The term "control" **includes** the: (i) right to appoint majority of the directors or other key managerial personnel entitled to manage the affairs of the corporate person; (ii) control over the management or policy decisions exercisable by a person; (iii) persons acting individually or in concert, directly or indirectly; including by virtue of their shareholding, management rights, ownership interest, shareholders agreements, voting agreements, articles of association, limited liability partnership agreements or in any other manner.

(b) The term "significant ownership" includes the right to exercise 26% or more of the voting rights.

7.3. The proposed Section 59A of the IBC envisages the Central Government to prescribe rules providing for any and all of the following matters:

(a) Designation of a common Bench for the insolvency proceedings of multiple corporate debtors forming part of a group (**Common Bench**);

(b) Formulating the manner of transferring pending proceedings of group corporate debtors to a Common Bench, and for proceedings before such Common Bench;

(c) Coordination between the insolvency proceedings of the group corporate debtors, including the coordination between their committee of creditors and interim resolution professionals, resolution professionals, or liquidators;

(d) appointment and replacement of a common insolvency professional to facilitate coordination between the insolvency proceedings of the group corporate debtors;

(e) formation of a committee comprising of the committee of creditors of the corporate debtors that form part of a group;

(f) making of an agreement that provides measures to coordinate and synchronise different aspects of the insolvency proceedings of the corporate debtors that form part of a group, which shall be binding on the corporate debtors approving the same including their committees of creditors, and the Adjudicating Authority may issue necessary orders to implement the approved agreement; and

(g) treatment of the costs incurred for taking measures to coordinate the insolvency proceedings of the corporate debtors that form part of a group.

7.4. Additionally, the proposed amendment to Section 59A of the IBC allows the Central Government to make such modifications as it may deem necessary to the applicable provisions of IBC to administer and implement the provisions pertaining to Group Level Insolvency Resolution.

7.5. The scheme of the IBC is particularly company specific. In fact, judicial precedents in the context of IBC have upheld that unlike in certain exceptional circumstances (such as while assessing eligibility under Section 29A of the IBC), the corporate veil between the corporate debtor and its group companies should be respected. In fact, various provisions of IBC (such as Section 18(f) and Section 36(4)(d)) expressly stipulate that the assets held by subsidiaries/group companies do not form part of the insolvency estate/liquidation estate of a corporate debtor.

7.6. However, an entity centric CIRP may pose some unique challenges in case of companies which operate and conduct their business as a group/conglomerate. As has been acknowledged by the Working Group on Group Insolvency in its report dated 23 September 2019 in the Indian commercial ecosystem, entities in the same group typically have intricate financial linkages such as : (a) inter-corporate guarantees; (b) obligor and co-obligor borrowing structures; (c) collateral created over the assets of entities in the group for the borrowings of other entities in the group; (d) inter-corporate contractual obligations to provide support (such as by way of sponsor support undertakings, letters of comfort, shortfall undertakings etc). In addition to having such financial linkages, entities in the group may also have operational linkages (such as dependence on each other for supply chain, logistical support, procurement of raw materials) etc.

7.7. An entity centric CIRP may not result in the most optimum value maximisation in such cases where each of the entities derive a substantial part of their economic value by virtue of being part of a larger group. In such cases, an entity centric CIRP may not be in the best interests of value maximisation. Accordingly, a comprehensive framework for group insolvency was much needed reform in the Indian insolvency sphere.

7.8. While certain generic principles on this aspect have evolved thanks to various judicial precedents in the CIRP of Videocon Group, Lavassa Group, SREI Group etc, a systematic framework governing insolvency resolution of entities at a group level was always lacking. In this context, the proposed introduction of Section 59C of the IBC is indeed a welcome step to fix this lacuna.

7.9. At present the Bill only introduces enabling provisions allowing the Central Government to formulate a framework for group insolvency resolution process. Accordingly, we need to wait for the rules eventually framed by the Central Government in this regard. The Working Group and the Cross-Border Insolvency Rules/Regulations Committee in their respective Reports have proposed a framework for insolvency resolution of entities at a group level. In fact, several of the provisions of Section 59A of the IBC, including the definitions of the term "group" and "significant ownership" have been derived from the aforementioned reports. These Reports provide some insight into what may be expected from the Central Government to implement and administer insolvency resolution processes at a group level.

8. Introduction of enabling provisions for framework on cross-border insolvency proceedings.

8.1. The Bill proposes to introduce Section 59C into the scheme of the IBC. This provision entitles the Central Government to formulate a framework setting out the manner and conditions for administering and conducting cross-border insolvency proceedings under the Code, for such class or classes of debtors and corporate debtors as may be notified by the Central Government.

8.2. In an era where commerce is becoming increasingly global, a formal legal framework for recognition of cross border implication of insolvency resolution processes is definitely a welcome step. While the bankruptcy courts in the USA (in the matter of SEL Manufacturing Company Limited) and Singapore (in the matter of Compuage Infocom Limited) have recognized insolvency proceedings in India and allowed repatriation of assets in these jurisdictions, the absence of a formal framework for recognition of insolvency resolution processes may lead to judicial delays fueled by uncertainties and exercise of judicial discretion as well as undesirable and ineffective results.

8.3. The insolvency resolution processes of many corporate debtors in India such as Jet Airways and VOVL Limited have underscored the necessity of having a formal framework in India to administer CIRPs of corporate debtors which may have assets outside India or have other cross border implications. In this regard, the proposed introduction of Section 59C into the IBC is definitely a step in the right direction.

8.4. Similar to provisions on Group Insolvency, at present the Bill only introduced enabling provisions allowing the Central Government to formulate a framework for cross border insolvency process. Accordingly, we will need to await the rules eventually framed by the Central Government in this regard. The Insolvency Law Committee, *vide* its order Report dated 16 October 2018 has proposed a comprehensive framework for cross-border insolvency resolution process modelled on UNICTRAL Model Law on Cross-Border Insolvency, 1997. The framework proposed by the ILC may provide some insight on what may be expected from the Central Government to implement and administer cross border insolvency resolution processes.

9. Other key amendments

9.1. In addition to the amendments discussed in detail in the foregoing paragraphs, the Bill also proposes certain other key amendments to the scheme of the IBC:

- ***Expansion of scope of cooperating parties:*** Under the scheme of the IBC, the "personnel" of the corporate debtor, its promoters or any other person associated with the management of the corporate debtor (collectively "**Personnel**") is required to extend all assistance and cooperation to the insolvency professional as may be required by him in managing the affairs of the corporate debtor during CIRP, liquidation or prepackaged insolvency resolution proceedings.

- ***Continuation of licenses, approvals, concessions:*** The Bill seeks to clarify that any and all licenses, approvals and government concessions of the corporate debtor associated with the approved resolution plan shall not be suspended or terminated until the expiry of their original term subject to the corporate debtor/resolution applicant complying with the terms and conditions of such licenses, approvals and government concessions granted to the corporate debtor.

- ***Penalties for vexatious initiation of proceedings:*** The Bill proposes to introduce penal provisions whereby the Adjudicating Authority may impose fines ranging from INR 1 Lakh to INR 2 Crore on any person if the Adjudicating Authority is of the view that such person has initiated any frivolous or vexatious proceedings before the Adjudicating Authority in the context of insolvency resolution/liquidation/bankruptcy of either a corporate person (in terms of Part II of IBC) or an individual (in terms of Part III of the IBC).

- ***Enlargement of lookback period:*** Presently, the lookback period for Avoidance Transactions i.e. a period of 1 (one) year in case of non-related parties and 2 (two) years in case of related parties, is reckoned from the date of commencement of the CIRP of a corporate debtor (**Admission Date**). However, the Bill proposes to amend this to the effect that the lookback period would be reckoned from the "initiation date" i.e. the date on which the application for commencement of insolvency resolution process was "filed", as opposed to being reckoned from the Admission Date.

- ***Approval of 66% of the secured creditors for enforcement of security interest during liquidation:*** The Bill seeks to introduce a modification to Section 52 of the IBC stipulating that enforcement of security over an asset charged to more than one lender will require approval of 66% by value of all such lenders.

- ***No requirement for the liquidator to call for fresh claims:*** The Bill proposes that in the event of commencement of liquidation process of a corporate debtor, the liquidator will not have to invite fresh claims from the creditors. Instead, the liquidator may update the claims verified by the resolution professional during CIRP.

- ***Compulsory filing of financial information with Information Utilities:*** Presently, in terms of Section 215(2) of the IBC, the financial creditors of a corporate debtor are mandatorily required to file a record of their "financial information" with the Information Utility. However, in terms of Section 215(3) of the IBC, the operational creditors are not required to mandatorily file their record of financial information. The Bill proposes to introduce modifications into the scheme of the IBC making it mandatory even for operational creditors to file financial information with the Information Utilities.

- ***Setting up of electronic platform:*** The Bill proposes setting up an integrated electronic portal for the purposes of carrying out the various processes envisaged in IBC.

Concluding Remarks

The Bill represents a positive step towards strengthening India's insolvency ecosystem by addressing long-standing concerns of delay, uncertainty, and procedural inefficiencies. By introducing time-bound mechanisms, out-of-court restructuring options, and enabling frameworks for group insolvency and cross-border insolvency, the Bill seeks to further strengthen IBC to address complex business structures where assets may be spread across companies and jurisdictions. While the effective implementation of IBC will hinge on institutional capacity, judicial consistency and decisive approach of the key stakeholders, these reforms have the potential to significantly aid efforts to enhance recovery rates, protect asset value, and reinforce India's position as a creditor-friendly and globally competitive investment destination.

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