

## Insolvency and Bankruptcy Code (Amendment) Bill, 2025

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### Why in News?

Recently, The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 was passed in Rajya Sabha.

- **Aim** - To address procedural delays, uncertainty in recovery outcome, and ambiguity from judicial judgements.
- It also seeks to introduce an alternate insolvency resolution process for companies and frameworks for group insolvency and cross-border insolvency proceedings.
- **Nodal Ministry** - Ministry of Finance.
- **Objectives - Expedite Timelines** - Mandates a NCLT admission window and ***stricter 180-day liquidation*** deadlines to eliminate procedural delays.
- **Maximise Asset Value** - Extends the ***"look-back" window*** for fraudulent transactions and speeds up cases to prevent the loss of asset worth.
- **Empower Creditors** - Introduces ***out-of-court resolution (CIIRP)*** and gives creditors more control over the liquidation process and liquidator appointments.
- **Modernise Framework** - Formalises "clean-slate" rules for new buyers and aligns group or cross-border insolvency with international standards.

### Key Features

- **Admission of Corporate Insolvency Resolution Process (CIRP)** - NCLT must admit CIRP if default is proven, the application is complete, and the RP has no disciplinary issues.
- No other grounds for rejection are allowed, reasons must be recorded if no order is passed ***within 14 days***, and records from information utilities are sufficient proof of default.
- **Withdrawals** - Withdrawal of insolvency applications is permitted only

after CoC is constituted and before the first invitation for resolution plans, requiring *90% approval of the CoC*.

- Voluntary liquidation can be withdrawn through a special resolution of shareholders and, if necessary, a two-thirds resolution of creditors.
- **Committee of Creditors (CoC)'s Role During Liquidation** - The Bill gives CoC the power to supervise liquidation, replacing the SCC's advisory role.
- The liquidator will be appointed on the CoC's proposal instead of automatically being the RP, and the CoC may also replace the liquidator.
- **Timelines for Liquidation** - NCLT must pass a liquidation order within 30 days of application or intimation.
- Liquidation must be completed in 180 days, extendable by 90, while voluntary liquidation must conclude within one year.
- **Security Interest and Statutory Dues** - Security interest excludes those created by law, and government dues are not treated as secured credit.
- Secured creditors continue to hold enforceable rights over debtor's assets.
- **Introduction of Creditor-Initiated Insolvency Resolution Process (CIIRP)** - CIIRP can be initiated only by specified financial creditors outside court with at least 51% approval by value.
- The debtor retains management under RP oversight, the process must conclude in 150 days extendable by 45, and CoC may convert it into CIRP through NCLT.
- **Cross-Border Insolvency** - The Bill empowers the central government to frame rules for conducting and administering cross-border insolvency proceedings.
- **Group Insolvency** - The Bill allows the government to make rules for group insolvency, including common benches, coordinated proceedings, shared professionals, and joint CoCs.
- **Assets of a Guarantor** - Creditors holding a guarantor's asset under security interest may transfer it into CIRP with CoC approval, and if the guarantor is also under insolvency, approval from their creditors is additionally required.

## References

1. [PRS India | IBC](#)
2. [News on AIR | IBC](#)



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