



IBC Amendment Bill 2025: India's Biggest Insolvency Overhaul Since 2016

Cabinet Approved **March 10, 2026** — Three game-changing reforms reshaping India's insolvency landscape: the Creditor-Initiated Insolvency Resolution Process (CIIRP), a Group Insolvency Framework, and a Cross-Border Insolvency regime aligned with international standards.

#IBC

#INSOLVENCY

#NCLT

#CORPORATELAW

#STARTUPINDIA

What Changed and Why It Matters

The Union Cabinet approved the **IBC Amendment Bill 2025** on March 10, 2026. Originally introduced in Lok Sabha on August 12, 2025, the Bill incorporates recommendations of the Parliamentary Select Committee. This represents the most significant structural overhaul of India's insolvency framework since the IBC was enacted in 2016.

1

CIIRP

A new out-of-court mechanism enabling faster, less adversarial creditor-initiated resolution without immediate NCLT intervention.

2

Group Insolvency

Coordinated insolvency proceedings for corporate groups, enabling common benches, shared professionals, and joint creditor committees.

3

Cross-Border Framework

Recognition of foreign insolvency proceedings and cooperation with foreign courts, aligned with the UNCITRAL Model Law.



CIIRP – The New Out-of-Court Resolution Path

The **Creditor-Initiated Insolvency Resolution Process (CIIRP)** provides a faster, less adversarial alternative to the existing CIRP. It is designed to preserve business value by keeping management with the debtor's board while creditors drive resolution collaboratively, with limited judicial intervention.

Eligibility

Only specified financial creditors as notified by the Central Government may initiate CIIRP.

Threshold

51% of notified financial creditors by debt value must agree to initiate proceedings.

Commencement

Out-of-court written notification with a 30-day response period afforded to the debtor.

Management Control

Stays with the debtor's board/partners — a key departure from CIRP where the Resolution Professional assumes control.

Timeline

Maximum of 150 days, extendable by a further 45 days — significantly shorter than CIRP's 330-day outer limit.

NCLT Role

Limited to granting moratorium, adjudicating grievances, and approving the resolution plan — no plenary control.

❏ The CoC retains the right to convert CIIRP into full CIRP proceedings if resolution efforts stall or consensus breaks down.

CIIRP vs. CIRP – Head-to-Head Comparison

150

CIIRP Max Days

+45 day extension available

330

CIRP Max Days

180 + 90 + 60 day extensions

CIIRP cuts resolution timelines by more than half, reducing cost and uncertainty for all stakeholders. The comparison below highlights the structural differences between both tracks.

Feature	CIIRP (New)	CIRP (Existing)
Initiation	Notified financial creditors only	Financial/operational creditors or debtor
Process	Out-of-court written notice	NCLT application required
Threshold	51% by debt value	Single creditor (min ₹1 crore default)
Management	Stays with debtor's board	Vests with Resolution Professional
Timeline	150 days (+45 extension)	180 days (+150, total 330 days)
NCLT Role	Limited (moratorium, plan approval)	Full plenary involvement
Conversion	CoC may convert to CIRP	Not applicable

Group Insolvency Framework

The Amendment introduces a **coordination-based** group insolvency framework — not consolidation. Each company within the group retains its separate legal identity and distinct creditor pool. The framework is designed to prevent value destruction that arises when interconnected entities are resolved in isolation, producing conflicting orders and fragmented recoveries.



Common NCLT Bench

All group company proceedings are assigned to a single bench, ensuring consistent judicial oversight and eliminating conflicting orders across tribunals.



Shared Insolvency Professional

A single insolvency professional may be appointed across group entities to facilitate unified information management and coordinated resolution strategy.




Joint Committee of Creditors

A joint CoC comprising the individual CoCs of each group company enables coordinated voting on timelines, plans, and inter-company claims.



Coordinated Timelines

Synchronised resolution timelines and joint hearings across entities prevent one entity's delay from derailing the broader group resolution effort.

 **Critical for conglomerates and multi-entity startups** — group insolvency coordination directly improves asset recovery and prevents inter-group value leakage during distress.

Cross-Border Insolvency Framework

India's new cross-border insolvency provisions are aligned with the **UNCITRAL Model Law on Cross-Border Insolvency**, the internationally recognised standard adopted by over 50 jurisdictions. This framework addresses a longstanding gap that deterred foreign creditors and multinational investors from lending into or operating in India.

Recognition of Foreign Proceedings

Indian courts may now formally recognise foreign insolvency proceedings, granting relief including stays and asset preservation orders in favour of foreign representatives.

Cross-Border Judicial Cooperation

The framework mandates cooperation between Indian courts/insolvency professionals and their foreign counterparts for coordinated multinational group insolvencies.

New Section 240C

Grants the Central Government express authority to frame rules governing cross-border insolvency administration, providing a flexible regulatory architecture for future developments.

Investor Confidence & M&A Impact

Materially boosts confidence of foreign creditors and MNCs with Indian operations. Critical for cross-border M&A transactions and foreign-funded startup structures.

Stakeholder Impact Analysis

The IBC Amendment Bill 2025 has distinct, material implications across the spectrum of stakeholders engaged in India's insolvency and credit ecosystem.



CA Professionals & Advisors

- Advise clients on CIIRP suitability for distressed financial assets
- 150-day timeline creates a faster debt resolution advisory practice
- Review group corporate structures for group insolvency coordination benefits
- Update insolvency advisory frameworks to incorporate CIIRP recommendations



Founders & Startups

- Lenders now hold a faster out-of-court initiation mechanism — heightening covenant discipline
- Founders retain management control during CIIRP — a significant operational advantage
- Foreign investors benefit from a clearer, internationally-aligned cross-border framework
- Multi-entity startup groups may benefit from group insolvency coordination



MSME Owners

- CIIRP currently restricted to specified financial creditors — operational creditors excluded
- Monitor future Central Government notifications for eligibility expansion
- Group insolvency coordination improves recovery in multi-entity MSME supply chains
- Parallel LLP Act decriminalisation reduces compliance risk for MSME structures

Additional Reforms and Parallel Amendments

Beyond the three headline reforms, the Amendment Bill introduces a suite of targeted changes that collectively strengthen the insolvency and corporate compliance ecosystem.

1

Secured Creditor Clarification

State and central authority claims require an express contractual agreement to qualify for secured creditor treatment under the IBC — resolving a longstanding ambiguity that led to inconsistent judicial outcomes.

2

Guarantor Asset Transfer

A new provision allows the transfer of assets from personal or corporate guarantors directly to lenders during the resolution process, strengthening recovery rights and reducing enforcement delays.

3

Companies Act Amendments

Form rationalisation and process simplification measures reduce compliance burden and improve administrative efficiency for companies under resolution or restructuring.

4

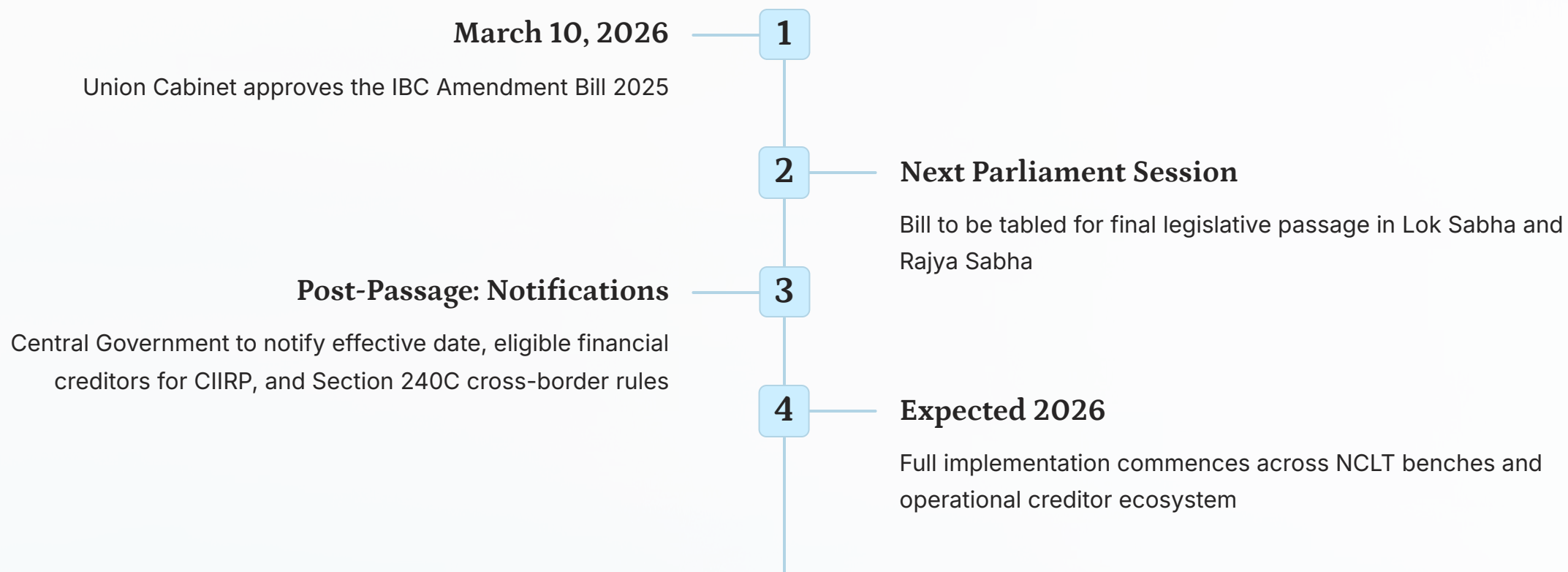
LLP Act Decriminalisation

Twelve offences under the LLP Act are decriminalised, significantly reducing the penal exposure of LLP partners and aligning the framework with the broader national decriminalisation agenda.

❏ These parallel amendments are not incidental — they form an integrated package designed to reinforce creditor rights, reduce litigation, and improve the overall ease of doing business in India.

Action Plan and Next Steps

The legislative and regulatory journey is not yet complete. Practitioners and businesses must track the following milestones and act proactively to position themselves for the new insolvency landscape.



Review Exposure

Assess CIIRP

Brief Board

Engage Counsel

Need Help Navigating the New IBC Framework?

Speak directly with an expert at A S Banka Advisors Private Limited for tailored guidance on CIIRP, group insolvency, and cross-border structuring.

[Book a 30-Minute Expert Consultation](#)

Source & Further Reading

This presentation is based on analysis published by taxupdate.in and prepared by **A S Banka Advisors Private Limited**. All statutory references are to the Insolvency and Bankruptcy Code, 2016 as proposed to be amended by the IBC Amendment Bill 2025.

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