

**Key Takeaways from the Round Table on the Insolvency & Bankruptcy Code (Amendment) Bill, 2025 session Held on 22.08.2025 by IPA of The Cost Accountants of India at Andhra Association Conference Hall**

**Key Speaker– Shri Sumant Batra, Insolvency Lawyer & President, Insolvency Law Academy**

**Moderator – Smt. Deepika Bhogra Prasad, IP.**

**Summary**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025, introduced in the Lok Sabha on 12 August 2025, represents the second generation of reforms under the IBC. The Bill addresses delays, judicial ambiguities, and implementation challenges while aligning India's insolvency framework with global standards. It introduces cross-border insolvency, group insolvency, and creditor-initiated resolution processes, while strengthening the role of creditors, clarifying key provisions, and ensuring timely resolution. These reforms aim to maximize value for stakeholders, reduce litigation, and enhance the efficiency and credibility of IBC.

**Key Reforms**

1. **Cross-Border Insolvency**

The Bill introduces Section 240C to operationalize cross-border insolvency provisions based on the UNCITRAL Model Law. It empowers the Central Government to prescribe conditions and notify classes of debtors. This reform addresses challenges seen in cases like Jet Airways, where lack of clarity hampered coordination between jurisdictions.

2. **Group Insolvency**

A new Chapter VA introduces procedural consolidation of group company insolvencies. 'Group' is defined based on control and significant ownership (26% or more voting rights). Provisions allow for a common bench, a common resolution professional, coordination agreements among CoCs, and allocation of costs. This ensures higher value recovery in complex corporate groups, e.g., Videocon and Amtek.

3. **Creditor-Initiated Insolvency Resolution Process (CIIRP)**

A simplified framework under Chapter IV-A enables creditors with 51% of debt to initiate insolvency against small entities or other notified categories. The process

runs within 150 days, extendable by 45 days, with minimal Adjudicating Authority intervention. If resolution fails, it may convert to CIRP with 66% creditor approval. This reduces NCLT burden and strengthens creditor rights.

The class of creditors is expected to consist majorly of Banks as the Central Government may not want a major role for NBFCs in this process.

CIIRP is a creditor driven process and follows same process as CIRP, but the AA is not involved in the beginning of the process which reduces the pressure from NCLT. Process of CIIRP resembles PPIRP process but promoters can approach NCLT only if there is no default. Otherwise no ground has been provided to approach NCLT during the process.

NCLT is only approached for the approval of the resolution plan and the whole process is carried out by Resolution Professional (RP) under the supervision of the Committee of Creditors (CoC). The control remains with the management(promoters) and hence it brings the IBC closer to the insolvency process in major geographic prospects where the creditors monitor the process, but the debtor has the control over the business.

This will eventually reduce the burden on the NCLT as of CIRP process makes more interruptions as consulting NCLT on different stages for approvals.

#### 4. Liquidation and Conversion to CIRP

The CoC will continue and supervise the liquidation process too. Creditors with 66% voting share may replace the liquidator. Conversion from liquidation to CIRP is permitted once before the liquidation order, with a 120-day resolution period. This maximizes residual value and prevents premature liquidation.

#### 5. Implementation and Timelines

The Bill strengthens adherence to timelines:

- Admission within 14 days, plan approval within 30 days, and dissolution orders within 30 days.
- Information Utility records will serve as conclusive evidence of default.
- Distribution disputes must be resolved within 30 days of plan approval, ensuring time-bound outcomes.

The AA has to state in writing the reasons for breaching these timelines. This is expected to considerably reduce the adjudicatory delays.

#### 6. Undoing Judicial Interpretations

The amendment to Section 3(31) clarifies that security interest arises only from agreements or arrangements, not by operation of law. This rectifies judicial

decisions such as Rainbow Papers, restoring the intended creditor hierarchy and certainty in resolution.

#### 7. Avoidance and Miscellaneous Matters

Avoidance proceedings will not delay CIRP or liquidation closure. Creditors may initiate avoidance if the RP fails. The Bill also clarifies moratorium exclusions for sureties, permits inclusion of surety assets in resolution plans, and requires 66% approval for security relinquishment where multiple security holders exist. These measures prevent misuse and ensure equitable treatment.

#### **Expected Impact**

The Amendment Bill will enhance efficiency by enforcing timelines and reducing NCLT burden, provide certainty by clarifying judicially unsettled provisions, and integrate India's insolvency law with global best practices. It empowers creditors, promote group and cross-border resolutions, and strengthens liquidation oversight. There is no relaxation yet to sec-29(A) in this amendment, that would have helped to attract the international players to enter in the Indian market.

NCLT benches are under a lot of pressure to resolve the issues already going on plus the new appeals by dissatisfied lenders which created a lot of delays to the ongoing process. This amendment will help to shift the major burden from NCLT to other considerations.

The lenders who are always looking out to get the payments in priority, create a lot of interruptions to the implementation of the resolution plan. This amendment brings a great relief to the approved resolution plan as the implementation will continue while lenders may approach the NCLT. NCLT will later fix the distribution but the Resolution plan implementation will continue as it was supposed to as originally approved.

Collectively, these reforms reinforce IBC as a cornerstone of India's corporate governance and financial stability framework.

#### **Queries Raised:**

Question asked by the Moderator are as follows:

- The voluntary code of conduct should be consolidated towards the conduct of the COC during the process
- Avoidance transactions make the process more time taking and confusing as one or another transaction is curbed towards being in the class of avoidance transaction.

- The EPFO claims to be unanswered as the practical difficulties are there as the employees are not treated as an asset, rather the lenders are focused to get what they have given to the debtor.
- Who will bear the impact of the EPFO claims not being fulfilled?
- Who will take the burden of those creditors class under EPFO claims?

The speaker, Shri. Sumant Batra, deliberated on the questions by giving his input as:

- Expectation of an imposed code of conduct for the CoC is not realistic as they are already in well-run regulatory regime of RBI. It should also be appreciated that larger creditor market is a highly sensitive market and the sensitivities there have great bearing on the economy as a whole. A voluntary code of conduct is a great expression to be considered by the CoC as it will create a consolidated and more refined atmosphere around the whole process which eventually helps in the smooth functioning of the process.
- The avoidance transaction is to be categorized in a better way of class differentiation and the CoC should consider it as a differentiating factor towards the whole process of CIRP.
- Regarding the EPFO, he agreed with the moderator that yes, this part needs more clarity as this also creates a diminishing atmosphere around the employee's and the Provident Fund is somewhere collated as of the employee's agreement and should be considered as valuable for their contribution for their own good.

The session had to draw to close even though there were many more points participating IPS were keen to discuss, due to limited time available.

The session closed with a vote of thanks to Shri Sumant Batra, the key speaker and Smt. Deepika Bhogra prasad, the moderator, by Ayush Goel, on behalf of IPA-ICMAI and the participants.