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Analysing the Insolvency and Bankruptcy Code (Amendment) Act, 2026



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Introduction

In 2016, the Insolvency and Bankruptcy Code (for short **"the code"**) was enacted in order to consolidate and strengthen debt recovery mechanism and resolving insolvency by creditor-driven framework while maximizing the asset value. Now, the Code has completed a decade of its life and has evolved through various Amendments in 2018, 2019, 2020 and 2021. In 2026 learning from implementation challenges and judicial decisions the need for more amendments were felt which are briefly discussed in this short article.

Amendments

The Bill to amend the Code was first introduced in the Parliament on 12 Aug 2025 which then was referred to the Select Committee. The Bill then was passed by the Lok Sabha and Rajya Sabha in March and April 2026 respectively with the President of India giving her assent on 06 Apr 2026.

Provision	The Code	The Amendment Act 2026
Definitions (Sections 3, 5)	Such terms were undefined or remained unclarified.	The amendment defines clarifies terms such as “security interest” – Explanation to Section 3(31), “service provider” -Section 3(31A), “avoidance transaction” -Section 5(2A) and “fraudulent or wrongful trading” -Section 5(9A).
Initiation of Insolvency Resolution Process (Section 7)	Although timelines existed for admitting insolvency applications, delays were frequent and often went unexplained.	The Adjudicating Authority must decide applications for initiation of corporate insolvency process (CIRP) from a financial creditor within 14 days, once the occurrence of default is established, no disciplinary proceedings are pending against the proposed resolution professional, and the procedural requirements of the section are satisfied. If this timeline is not followed, reasons must be formally recorded. This is pursuant to the difficulties being faced after the decision in *Vidarbha Judgment.*
Withdrawal of Insolvency Application (Section 12A)	Cases could be withdrawn even at advanced stages of the process.	Withdrawal is now restricted. It cannot occur before the CoC is constituted. It is also barred after resolution plans are first invited.

		The consent of 90% of the CoC will be required for such withdrawals. The Adjudicating Authority must dispose of the application within 30 days (reasons to be recorded for delay).
Moratorium (Section 14)	There were gaps in how the moratorium operated, particularly in cases involving guarantees. Creditors could sometimes initiate parallel actions through indirect routes.	The amendment clarifies that the moratorium also applies to such situations. This ensures that guarantees cannot be used to bypass the insolvency process.
Appointment of IRP (Section 16) and Assistance and Cooperation to IRP (Section 19)	Delays in appointing resolution professionals and lack of cooperation from key stakeholders often slowed down the process.	The amendment simplifies the appointment process for resolution professionals, reducing initial delays. It expands the obligation to cooperate, requiring employees, promoters, and other associated persons to assist throughout the process.
Role of CoC in liquidation (Section 21)	The CoCs played a central role during resolution, but its influence diminished significantly once the liquidation phase commenced.	The amendment extends the role of creditors into the liquidation stage. They are empowered to supervise the conduct of liquidation and even replace the liquidator where necessary.
Application in respect of certain transactions or trading not to affect processes (Section 26)	Transactions involving unfair transfers of assets, preferential treatment to certain creditors or fraudulent conduct were often examined separately from the main insolvency process.	The amendment clarifies that proceedings relating to avoidance transactions and fraudulent or wrongful trading can continue even after completion of the insolvency resolution or liquidation process.
Transfer of assets of guarantor of corporate debtor (Section 28A)	The resolution process largely focused on the assets of the corporate debtor.	The amendment allows assets of guarantors to be included in the resolution process, subject to approval by creditors and certain conditions.
Payment to Dissenting creditors (Section 30)	Dissenting creditors often felt that resolution plans did not treat them fairly, leading to disputes and litigation.	The law now clearly provides that dissenting creditors will receive at least the lower of the liquidation value or the amount receivable under the resolution plan if proceeds of such plan are distributed as per the priority waterfall under Section 53 ensuring that a feasible resolution plan is not obstructed.
Approval of resolution plan (Section 31)	Even after approval, resolution plans faced challenges and issues related to licences, regulatory approvals, and past liabilities which created uncertainty.	The amendment allows phased approval of plans – first to approve the implementation of a resolution plan and, by a separate order within 30 days, approve the manner of distribution only upon an application made by RP with the approval of CoC. It also protects licences and regulatory permissions, and clarifies how past claims are treated.
Liquidation overhaul (Sections 33, 34, 35)	Once the process moved towards liquidation, there was limited scope to reconsider resolution, even if new possibilities emerged.	The amendment allows one-time restoration of the resolution process within defined timelines before liquidation is finalised. The Amendment expands the role of the CoC into the liquidation stage. Further, the Act clarifies that a RP appointed during the CIRP shall not automatically transition into the role of liquidator. It provides that the appointment of the liquidator shall be undertaken through a structured mechanism involving the CoC, the Adjudicating Authority and the IBBI.

Creditor Initiated Insolvency Resolution Process (CIIRP) (Chapter IV-A)	All insolvency processes required formal admission by the adjudicating authority, which could add to delays at the initial stage.	A new mechanism allows creditors to initiate insolvency directly, subject to defined approval thresholds and procedural safeguards. This process allows for the out-of-court commencement of insolvency proceedings and may be initiated by specified financial creditors belonging to notified classes, in respect of such categories of corporate debtors as may be notified by the Central Government. Initiation requires the consent of at least 51% in value of notified financial creditors. During CIIRP, management of the corporate debtor remains with the debtor, subject to supervision by the RP. The process may be converted into a regular CIRP at any stage by a decision of the CoC. The process is also timebound. Further, there are certain restrictions which have been placed on a company during CIIRP.
Revised LookBack Period for Avoidance Transactions (Sections 43, 46, 49, 50)	The Code provides for the look-back period for avoidance transactions from the "insolvency commencement date".	"Initiation date" (date of filing of the first CIRP application) is now the reference point for lookback period. It also enables creditors or members to approach the Adjudicating Authority directly if the RP or liquidator fails to file applications for avoidance transactions.
Treatment of Personal Guarantors to Corporate Debtors (Sections 96, 124)		The Amendment carves out an exclusionary framework in respect of personal guarantors to corporate debtors.
Electronic portal for facilitating procedures (Section 240B)	Not provided in the original Code.	A new provision has been inserted whereby the Central Government may provide an electronic portal for the procedures related to the insolvency and bankruptcy processes under this Code.
Power to make rules for crossborder insolvency (Section 240C)	Not provided in the original Code.	A new provision has been inserted empowering the Central Government to frame rules prescribing the manner and conditions for the administration and conduct of cross-border insolvency proceedings
Group Insolvency (Chapter VA)	Not provided in the original Code.	The central government has been empowered to prescribe rules for insolvency proceedings against two or more corporate debtors that form part of a group. Group insolvency framework to have provisions for common bench, group CoC, common resolution professional, coordinated resolution proceedings and drafting of an agreement to manage different aspects of insolvency proceedings between the group companies.

Conclusion

Building on the past experiences, the IBC Amendment Act, 2026 introduces a range of reforms aimed at reducing delays, strengthening creditor oversight, and enhancing procedural clarity. The amendments seek to make the insolvency resolution and liquidation processes more efficient, predictable, and focused on achieving timely and effective resolutions.

At the same time, certain operational challenges continued to persist. In several cases, the average resolution timelines exceeded the statutory limit of 330 days, while delays in adjudication and prolonged litigation adversely affected value maximisation. Despite these challenges, IBC represents a significant structural reform of India's financial and corporate resolution framework. Subsequent amendments, including the IBC Amendment Act, 2026, seek to address these concerns by further improving resolution timelines, strengthening institutional efficiency, and enhancing recovery outcomes.

रजिस्ट्री सं॰ डी॰ एल॰—(एन)04/0007/2003—26 REGISTERED NO. DL—(N)04/0007/2003—26

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE
(Legislative Department)

New Delhi, the 6th April, 2026/*Chaitra* 16, 1948 *(Saka)*

The Following Act of Parliament received the assent of the President on the 6th April, 2026 and is hereby published for general information:—

THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) ACT, 2026

NO. 6 OF 2026

[*6th April*, 2026.]

An Act further to amend the Insolvency and Bankruptcy Code, 2016.

BE it enacted by Parliament in the Seventy-seventh Year of the Republic of India as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Insolvency and Bankruptcy Code (Amendment) Act, 2026.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Amendment of section 3.

2. In section 3 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the principal Act), 31 of 2016.—

(*a*) after clause (*27*), the following clause shall be inserted, namely:—

'(*27A*) "registered valuer" shall have the same meaning as assigned to it under Chapter XVII of the Companies Act, 2013;'; 18 of 2013.

(*b*) in clause (*31*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that the security interest shall exist only if it creates a right, title or interest or a claim to a property pursuant to an agreement or arrangement, by the act of two or more parties, and shall not include a security interest created merely by operation of any law for the time being in force;";

(*c*) after clause (*31*), the following clause shall be inserted, namely:—

'(*31A*) "service provider" means an insolvency professional, insolvency professional agency, information utility, registered valuer and any person falling within the category of persons notified by the Central Government, for rendering services in relation to insolvency and bankruptcy processes under this Code and is registered with the Board;'.

Amendment of section 5.

3. In section 5 of the principal Act,—

(*a*) clause (*2A*) shall be re-numbered as clause (*2B*) thereof and before clause (*2B*) as so re-numbered, the following clause shall be inserted, namely:—

'(*2A*) "avoidance transaction" means a transaction as referred to in sections 43, 45, 49 and 50;';

(*b*) after clause (*9*), the following clause shall be inserted, namely:—

'(*9A*) "fraudulent or wrongful trading" means the fraudulent or wrongful trading as referred to in section 66;';

(*c*) in clause (*11*), the following proviso shall be inserted, namely:—

"Provided that where multiple applications for initiation of the corporate insolvency resolution process in respect of a corporate debtor are pending before the Adjudicating Authority on the insolvency commencement date, the initiation date shall be the date on which the first such application was made before the Adjudicating Authority.";

(*d*) in clause (*26*), in the *Explanation*, for the words "merger, amalgamation and demerger", the words "merger, amalgamation, demerger and sale of one or more assets of the corporate debtor through one or more plans proposed by one or more resolution applicants subject to such conditions as may be specified" shall be substituted;

(*e*) in clause (*28*), after the words "owed by the corporate debtor" occurring at the end, the words "to the members of the committee of creditors who are eligible to vote" shall be inserted.

Amendment of section 7.

4. In section 7 of the principal Act,—

(*a*) in sub-section (*4*), the proviso shall be omitted;

(*b*) for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (*2*), by an order—

(*a*) admit the application, if it is satisfied that a default has occurred and the application under sub-section (*2*) is complete, and there is no disciplinary proceeding pending against the proposed resolution professional; or

(*b*) reject the application, if it is satisfied that a default has not occurred or the application under sub-section (*2*) is incomplete or a disciplinary proceeding is pending against the proposed resolution professional:

Provided that the Adjudicating Authority shall, before rejecting the application under clause (*b*), give a notice to the applicant to rectify the defect in his application within seven days from the date of receipt of such notice from the Adjudicating Authority:

Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of the application under sub-section (*2*), it shall record the reasons for such delay in writing.

Explanation I.—For the purposes of this sub-section, it is hereby clarified that where the requirements under clause (*a*) have been complied with, no other ground shall be considered to reject an application filed under this section.

Explanation II.—For the removal of doubts, it is hereby clarified that where a record of default in respect of a financial debt owed to a financial institution recorded with the information utility has been furnished along with the application filed by such financial institution under this section, such record shall be considered sufficient for the Adjudicating Authority to ascertain the existence of default under this section.".

Amendment of section 9.

5. In section 9 of the principal Act,—

(*a*) in sub-section (*3*), in clause (*e*), for the words "such other information, as may be prescribed", the words "any other information, as may be specified" shall be substituted;

(*b*) in sub-section (*5*), after the existing proviso, the following proviso shall be inserted, namely:—

"Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of application under sub-section (*2*), it shall record the reasons for such delay in writing.".

Amendment of section 10.

6. In section 10 of the principal Act,—

(*a*) in sub-section (*3*),—

(*i*) in clause (*a*), for the words "for such period as may be specified;", the words "and any other information, as may be specified; and" shall be substituted;

(*ii*) clause (*b*) shall be omitted;

(*b*) in sub-section (*4*),—

(*i*) in clause (*a*), the words "and no disciplinary proceeding is pending against the proposed resolution professional" shall be omitted;

(*ii*) in clause (*b*), the words "or any disciplinary proceeding is pending against the proposed resolution professional" shall be omitted;

(*iii*) after the existing proviso, the following proviso shall be inserted, namely:—

"Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of the application under sub-section (*2*), it shall record the reasons for such delay in writing.".

Amendment of section 11.

7. In section 11 of the principal Act, in clause (*ba*), after the words, figures and letter "under Chapter III-A", the words, figures and letter "or Chapter IV-A" shall be inserted.

Substitution of new section for section 12A.

8. For section 12A of the principal Act, the following section shall be substituted, namely:—

Withdrawal of application admitted under section 7, 9 or 10.

"12A. (*1*) Subject to sub-section (*2*), the Adjudicating Authority may allow the withdrawal of an application admitted under section 7, 9 or 10, on an application made by the resolution professional, with the approval of ninety per cent. voting share of the committee of creditors in such manner as may be specified.

(*2*) Notwithstanding anything contained in any law for the time being in force, an application admitted under section 7, 9 or 10 shall not be withdrawn—

(*a*) before the constitution of the committee of creditors under sub-section (*1*) of section 21; and

(*b*) after the first invitation for submission of a resolution plan has been issued by the resolution professional.

(*3*) The Adjudicating Authority shall pass an order under sub-section (*1*) within a period of thirty days from the date of receipt of the application:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.".

Amendment of section 14.

9. In section 14 of the principal Act,—

(*a*) in sub-section (*1*), for the words, brackets and figures "sub-sections (*2*) and (*3*)", the words, brackets, figures and letter "sub-sections (*2*), (*2A*) and (*3*)" shall be substituted;

(*b*) in sub-section (*3*), in clause (*b*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that the provisions of sub-section (*1*) shall also apply where the surety seeks to initiate or continue any action or proceedings against the corporate debtor pursuant to a contract of guarantee.".

Amendment of section 16.

10. In section 16 of the principal Act,—

(*a*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Where the application for corporate insolvency resolution process is made by a financial creditor, the resolution professional, as proposed in the application under section 7, shall be appointed as the interim resolution professional, if no disciplinary proceedings are pending against him.";

(*b*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*3A*) Where an application for the corporate insolvency resolution process is made under section 10, the Adjudicating Authority shall make a reference to the Board for the recommendation of an insolvency professional who may act as an interim resolution professional.";

(*c*) in sub-section (*4*), after the word, brackets and figure "sub-section (*3*)", the words, brackets, figure and letter "or sub-section (*3A*), as the case may be," shall be inserted.

Amendment of section 18.

11. In section 18 of the principal Act, in clause (*b*),—

(*a*) after the words "submitted by creditors to him", the words "in such manner as may be specified" shall be inserted;

(*b*) the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that the interim resolution professional, while collating the claims, shall verify them, and, if required, determine the value of such verified claims.".

Amendment of section 19.

12. In section 19 of the principal Act,—

(*a*) in the marginal heading, for the word "Personnel", the word "Persons" shall be substituted;

(*b*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Any person who is or has been a personnel of the corporate debtor or its promoter or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the interim resolution professional as may be required by him for the purposes of managing the affairs of the corporate debtor or performing the duties conferred on him under this Chapter.";

(*c*) in sub-section (*2*), for the words "any personnel of the corporate debtor, its promoter", the words, brackets and figure "any person referred to in sub-section (*1*)" shall be substituted;

(*d*) in sub-section (*3*)—

(*i*) for the words "direct such personnel", the words, brackets and figure "direct such person referred to in sub-section (*1*)" shall be substituted;

(*ii*) for the words "resolution professional", the words "interim resolution professional" shall be substituted;

(*e*) after sub-section (*3*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the purposes of this section, it is hereby clarified that references to the interim resolution professional shall also include references to the resolution professional.".

Amendment of section 21.

13. In section 21 of the principal Act, after sub-section (*10*), the following sub-section shall be inserted, namely:—

"(*11*) Where the liquidation process of the corporate debtor is initiated under Chapter III, the committee of creditors constituted under this section shall also supervise the conduct of the liquidation process by the liquidator, and the provisions of this section and section 24 shall apply to such liquidation process under Chapter III as the context may require:

Provided that the Board may specify any other class or classes of creditors, who may attend the meetings of the committee of creditors during liquidation process, but shall not have any right to vote in such meetings.

Explanation.—For the purposes of Chapter III, it is hereby declared that the provisions of sub-section (*11*) of this section, section 34A and sub-section (*2*) of section 35, as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall apply to—

(*a*) the liquidation process of a corporate debtor initiated after the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026; and

(*b*) the ongoing liquidation process of a corporate debtor as on such date of commencement, where the liquidator has not made an application under section 54, for which the committee of creditors shall continue for the remainder of the liquidation process.".

Amendment of section 22.

14. In section 22 of the principal Act, in sub-section (*3*), in clause (*a*), for the words "it shall communicate its decision to the interim resolution professional, the corporate debtor and the Adjudicating Authority", the words "such person shall be deemed to be appointed as the resolution professional from the date of such resolution, and this decision shall be communicated to the interim resolution professional, the corporate debtor, and the Board" shall be substituted.

Amendment of section 25.

15. In section 25 of the principal Act, in sub-section (*2*), for clause (*j*), the following clause shall be substituted, namely:—

"(*j*) file an application to the Adjudicating Authority in respect of an avoidance transaction or fraudulent or wrongful trading, if any; and".

Substitution of new section for section 26.

16. For section 26 of the principal Act, the following section shall be substituted, namely:—

Application in respect of certain transactions or trading not to affect processes.

"26. The filing of an application in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47, shall not affect the proceedings of the corporate insolvency resolution process or the liquidation process, as the case may be.

Explanation.—For the removal of doubts, it is hereby clarified that the completion of the corporate insolvency resolution process or the liquidation process shall not affect the continuation of proceedings in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47, as the case may be.".

Insertion of new section 28A.

17. After section 28 of the principal Act, the following section shall be inserted, namely:—

Transfer of assets of guarantor of corporate debtor during process.

"28A. (*1*) Notwithstanding anything contained in this Code or any other law for the time being in force, where a creditor of the corporate debtor has taken possession of an asset of a personal guarantor or corporate guarantor of the corporate debtor by enforcing its security interest over such asset under any law for the time being in force which empowers the creditor to transfer the asset, the creditor may, during the corporate insolvency resolution process of the corporate debtor, permit the transfer of such an asset as part of its insolvency resolution with prior approval of the committee of creditors in such manner and subject to such conditions as may be specified:

Provided that where the corporate guarantor is undergoing a corporate insolvency resolution process or the liquidation process, transfer of the asset under this sub-section shall take place upon approval of the committee of creditors of the corporate guarantor, by a vote of not less than sixty-six per cent. of the voting share, and the amount received pursuant to the transfer shall form part of the corporate insolvency resolution process or the liquidation estate of the corporate guarantor, as the case may be:

Provided further that during the liquidation process of the corporate guarantor, the approval of the committee of creditors under the first proviso is required only where the creditor has relinquished such asset to the liquidation estate under section 52:

Provided also that where the personal guarantor is undergoing an insolvency resolution process or the bankruptcy process and the creditor has forfeited or surrendered his right in relation to an asset, the transfer of such asset under this sub-section shall take place upon approval by a majority of more than three-fourths in value of the creditors of the personal guarantor, and the amount received pursuant to the transfer shall form part of the insolvency resolution process or the bankruptcy process of the personal guarantor, as the case may be.

(*2*) The transfer of an asset referred to in sub-section (*1*) under a resolution plan shall vest in the transferee all rights in, or in relation to the asset, as if the transfer had been made by the owner of such asset.

(*3*) The amount received pursuant to the transfer of the asset shall be adjusted towards the amount of debt owed by the guarantor in accordance with the applicable law, subject to any costs, charges and expenses incurred in respect of the preservation and protection of the asset before its transfer, and where such amount is more than the debt owed, the surplus shall be paid to the guarantor.".

Amendment of section 30.

18. In section 30 of the principal Act,—

(*a*) in sub-section (*2*),—

(*i*) in clause (*b*), in the long line, the portion beginning with ", and provides for the payment of debts of financial creditors", and ending with "liquidation of the corporate debtor" shall be omitted;

(*ii*) after clause (*b*), the following clause shall be inserted, namely:—

"(*ba*) provides for the payment of debts of the financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified, which shall not be less than the lower of the amount—

(*i*) to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or

(*ii*) 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 sub-section (*1*) of section 53,

as the case may be.

Explanation I.—For the removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.

Explanation II.—For the purposes of this sub-section, it is hereby declared that the provisions of this sub-section as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the corporate insolvency resolution process where any of the following acts have first occurred,—

(*i*) the committee of creditors has approved a resolution plan under sub-section (*4*);

(*ii*) the Adjudicating Authority has passed a liquidation order under sub-section (*1*) of section 33; or

(*iii*) the committee of creditors has approved intimation to the Adjudicating Authority to initiate the liquidation under sub-section (*2*) of section 33,

as the case may be, on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026;";

(*iii*) for clause (*d*), the following clause shall be substituted, namely:—

"(*d*) provides for the implementation and supervision of the resolution plan and constitution of a committee for this purpose consisting of a resolution professional or any other insolvency professional, representatives of a class or classes of creditors and the resolution applicant, subject to such conditions and in such manner as may be specified;";

(*b*) in sub-section (*4*), after the words "voting share of the financial creditors", the words "and record reasons for its approval" shall be inserted.

Amendment of section 31.

19. In section 31 of the principal Act,—

(*a*) in sub-section (*1*), after the existing proviso, the following proviso shall be inserted, namely:—

"Provided further that the Adjudicating Authority may, on an application made by the resolution professional, with the approval of the committee of creditors, by a vote of not less than sixty-six per cent. of the voting share, in such form and manner, and subject to such conditions as may be specified, first approve the implementation of the resolution plan and thereafter approve the manner of distribution provided therein within a period of thirty days from the date of approval of implementation of such resolution plan.";

(*b*) in sub-section (*2*), the following proviso shall be inserted, namely:—

"Provided that the Adjudicating Authority may, before rejecting the resolution plan, give notice to the committee of creditors to rectify any defects in the resolution plan.";

(*c*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) The Adjudicating Authority shall pass an order under sub-section (*1*) or (*2*), within a period of thirty days from the date of receipt of the resolution plan:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.";

(*d*) in sub-section (*4*), in the proviso, for the words "prior to the approval of such resolution plan by the committee of creditors", the words, brackets and figures "before the resolution plan is submitted to the Adjudicating Authority under sub-section (*6*) of section 30" shall be substituted;

(*e*) after sub-section (*4*), the following sub-sections shall be inserted, namely:—

"(*5*) Notwithstanding anything contained in any other law for the time being in force and subject to sub-section (*6*), where a resolution plan has been approved under sub-section (*1*), a licence, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, associated with such resolution plan, shall not be suspended or terminated during the subsistence of the remaining period of such grants or rights, if the corporate debtor or, if applicable, the person whose resolution plan is approved under sub-section (*1*), complies with the obligations in respect of the remaining period of such grants or rights.

(*6*) Where the Adjudicating Authority approves the resolution plan under sub-section (*1*),—

(*a*) unless otherwise provided in the resolution plan, any claim, against the corporate debtor and its assets under any other law for the time being in force, prior to the date of approval, shall be extinguished; and

(*b*) no proceedings shall be continued or instituted against the corporate debtor or its assets on the basis of such claims, including proceedings for assessment of the claims.

Explanation I.—For the purposes of this section, it is hereby clarified that nothing in this section shall affect a claim or any proceeding in respect of a person who was a promoter or in the management or control of the corporate debtor, a guarantor of the corporate debtor or any person having a joint liability or a joint and several liability with the corporate debtor, as the case may be.

Explanation II.—For the purposes of this section, it is hereby clarified that if a person has a joint liability or a joint and several liability with the corporate debtor for payment of debt owed to a creditor before the approval of resolution plan, and such person makes a payment for such debt after the approval of the resolution plan, then any right of such person to be indemnified by the corporate debtor shall be extinguished.

Explanation III.—For the removal of doubts, it is hereby clarified that the provisions of sub-sections (*5*) and (*6*) shall be deemed to apply to the resolution plan that is approved under sub-section (*1*), on and from the date of commencement of this Code, except for matters that have attained finality under this Code.".

Amendment of section 33.

20. In section 33 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) in clause (*a*), the words and figures "or the fast-track corporate insolvency resolution process under section 56" shall be omitted;

(*ii*) in clause (*b*),—

(*I*) in sub-clause (*ii*), after the words "in liquidation,", the word "and" shall be omitted;

(*II*) after sub-clause (*iii*), the following sub-clauses shall be inserted, namely:—

"(*iv*) subject to the provisions of section 52, declare a moratorium for the purposes referred to in clauses (*a*) and (*c*) of sub-section (*1*) read with sub-section (*3*) of section 14, which shall, *mutatis mutandis*, apply to the proceedings under this Chapter:

Provided that provisions of this sub-clause shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator or any other authority; and

(*v*) pass an order appointing a liquidator for the liquidation process in accordance with section 34.";

(*b*) after sub-section (*1*), the following sub-sections shall be inserted, namely:—

"(*1A*) Notwithstanding anything contained in sub-section (*1*), where the Adjudicating Authority is satisfied that the grounds mentioned in clause (*a*) or clause (*b*) of sub-section (*1*) of this section exist, it shall, before passing the liquidation order, consider an application made by the committee of creditors, in such manner and subject to such conditions as may be specified, by not less than sixty-six per cent. of the voting share, for restoring the corporate insolvency resolution process, and after considering such application, it may, by an order—

(*a*) if the ground mentioned in clause (*a*) of sub-section (*1*) exists, restore the corporate insolvency resolution process to be completed within such duration as it deems fit, but not exceeding one hundred and twenty days; or

(*b*) if the ground mentioned in clause (*b*) of sub-section (*1*) exists,—

(*i*) restore the corporate insolvency resolution process to the stage of invitation for submission of a resolution plan, which shall be completed in such manner and subject to such conditions as may be specified; and

(*ii*) provide the duration for completion of such restored corporate insolvency resolution process as it deems fit, but not exceeding one hundred and twenty days.

Explanation.—For the purposes of this section, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026, the provisions of sub-sections (*1A*) and (*1B*) shall also apply to the corporate insolvency resolution process of a corporate debtor initiated under Chapter II before such date of commencement, where the Adjudicating Authority has not passed a liquidation order under sub-section (*1*) of this section, and shall not apply where the liquidation order is passed.

(*1B*) The corporate insolvency resolution process of a corporate debtor may be restored in accordance with sub-section (*1A*) only once.

Explanation.—For the purposes of this section, it is hereby clarified that where the Adjudicating Authority does not receive a resolution plan under sub-section (*6*) of section 30 within the period provided under clause (*a*) or clause (*b*) of sub-section (*1A*) or rejects the resolution plan received by it during such period under sub-section (*2*) of section 31, it shall pass a liquidation order under sub-section (*1*).";

(*c*) in sub-section (*2*),—

(*i*) after the word "liquidate", the words "or dissolve" shall be inserted;

(*ii*) for the brackets, figures and word "(*ii*) and (*iii*)", the brackets, figures and word "(*ii*), (*iii*), (*iv*) and (*v*)" shall be substituted;

(*iii*) for the words, brackets and figure "of sub-section (*1*).", the words, brackets, figures and letter "of sub-section (*1*) or a dissolution order under sub-section (*2A*) of section 54, as the case may be:" shall be substituted;

(*iv*) the following proviso shall be inserted, namely:—

"Provided that the committee of creditors shall, before taking the decision to dissolve the corporate debtor, comply with such conditions, as may be specified.";

(*v*) in the *Explanation*, after the word "liquidate", the words "or dissolve" shall be inserted;

(*d*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) The Adjudicating Authority shall pass a liquidation order under this section within a period of thirty days from the date of receipt of an intimation or application, as the case may be, to initiate the liquidation process under this section:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.";

(*e*) in sub-section (*3*), for the brackets, letters and word "(*ii*) and (*iii*)", the brackets, letters and word "(*ii*), (*iii*), (*iv*) and (*v*)" shall be substituted;

(*f*) in sub-section (*4*),—

(*i*) for the words, brackets, letters and figure "sub-clauses (*i*), (*ii*) and (*iii*) of clause (*b*) of sub-section (*1*)", the words, brackets, letters and figure "sub-clauses (*i*), (*ii*), (*iii*), (*iv*) and (*v*) of clause (*b*) of sub-section (*1*) and pass any other order as it deems fit" shall be substituted;

(*ii*) the following proviso shall be inserted, namely:—

"Provided that where an application under sub-section (*3*) is made, the Adjudicating Authority may, if it deems fit, reinstate the corporate insolvency resolution process and pass appropriate orders.";

(*g*) sub-section (*5*) shall be omitted;

(*h*) for sub-section (*6*), the following sub-section shall be substituted, namely:—

"(*6*) Where a liquidation order has been passed, no suit or other legal proceeding shall be commenced, or if pending at the date of the liquidation order, shall be proceeded with by the liquidator, on behalf of the corporate debtor, except with the leave of the Adjudicating Authority and subject to such terms as the Adjudicating Authority may impose.".

Amendment of section 34.

21. In section 34 of the principal Act,—

(*a*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Where the Adjudicating Authority passes an order for liquidation of the corporate debtor under section 33, it shall refer to the Board for making recommendation of an insolvency professional to be appointed as the liquidator and on receipt of the recommendation, appoint such insolvency professional as the liquidator.";

(*b*) for sub-sections (*3*), (*4*), (*5*) and (*6*), the following sub-sections shall be substituted, namely:—

"(*3*) Any person who is or has been a personnel of the corporate debtor, or its promoter, or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the liquidator as may be required by him for the purposes of managing the affairs of the corporate debtor or performing the duties conferred on him under this Chapter and the provisions of section 19 shall apply in relation to liquidation and voluntary liquidation process as they apply in relation to corporate insolvency resolution process with the substitution of references to the liquidator for references to the interim resolution professional and resolution professional and references to the corporate insolvency resolution process with liquidation and voluntary liquidation process, respectively.

(*4*) Notwithstanding anything contained in this section and section 34A, an insolvency professional appointed as a resolution professional for the corporate insolvency resolution process under Chapter II, shall not be appointed or replaced as the liquidator for the liquidation process of such corporate debtor.

(*5*) After an order of liquidation has been passed, the resolution professional shall forward to the liquidator, all records relating to the conduct of the corporate insolvency resolution process.

(*6*) The Board shall propose the name of an insolvency professional, other than the resolution professional appointed for the corporate insolvency resolution process under Chapter II, along with written consent from such insolvency professional in the specified form, within ten days of the reference made by the Adjudicating Authority under sub-section (*1*).";

(*c*) in sub-section (*7*), the words "by an order" shall be omitted.

Insertion of new section 34A.

22. After section 34 of the principal Act, the following section shall be inserted, namely:—

Replacement of liquidator by committee of creditors.

"34A. (*1*) Where, at any time during the liquidation process, the committee of creditors is of the opinion that a liquidator appointed under section 34 or this section is required to be replaced, it may, by a vote of not less than sixty-six per cent. of the voting share, resolve to replace the liquidator with another insolvency professional, subject to a written consent from such proposed liquidator in such form as may be specified.

(*2*) Where the committee of creditors resolves under sub-section (*1*) to replace a liquidator, it shall apply to the Adjudicating Authority for the appointment of the proposed liquidator, and if no disciplinary proceedings are pending against him, the Adjudicating Authority shall, by an order, replace the liquidator appointed under section 34 or this section and appoint the proposed liquidator as the liquidator.".

Amendment of section 35.

23. In section 35 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) to maintain an updated list of claims of creditors in such manner as may be specified;";

(*ii*) in clause (*j*), the words "invite and" shall be omitted;

(*iii*) for clause (*l*), the following clause shall be substituted, namely:—

"(*l*) continue or institute proceedings in respect of an avoidance transaction or fraudulent or wrongful trading;";

(*iv*) the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the purposes of this Chapter, it is hereby declared that the provisions of clauses (*a*) and (*j*) of this sub-section and sections 38 to 42 as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the liquidation process and voluntary liquidation process initiated on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.";

(*b*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) The committee of creditors shall supervise the conduct of the liquidation process by the liquidator under Chapter III in such manner as may be specified.".

Amendment of section 36.

24. In section 36 of the principal Act, in sub-section (*3*), in clause (*f*), for the words "proceedings for avoidance of transactions in accordance with this Chapter", the words and figures "proceedings in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47" shall be substituted.

Omission of sections 38 to 42.

25. Sections 38, 39, 40, 41 and 42 of the principal Act shall be omitted.

Amendment of section 43.

26. In section 43 of the principal Act, in sub-section (*4*), in clauses (*a*) and (*b*),—

(*i*) for the words "period of", the words "period starting from" shall be substituted;

(*ii*) for the words "insolvency commencement date", the words "initiation date and ending on the insolvency commencement date" shall be substituted.

Amendment of section 46.

27. In section 46 of the principal Act,—

(*a*) in the marginal heading, for the word "avoidable", the word "undervalued" shall be substituted;

(*b*) in sub-section (*1*),—

(*i*) for the words "avoiding a transaction at undervalue", the words "avoidance of an undervalued transaction" shall be substituted;

(*ii*) in clauses (*i*) and (*ii*),—

(*A*) for the words "period of", the words "period starting from" shall be substituted;

(*B*) for the words "insolvency commencement date", the words "initiation date and ending on the insolvency commencement date" shall be substituted.

Substitution of new section for section 47.

28. For section 47 of the principal Act, the following section shall be substituted, namely:—

Application by creditors, member or partner in case of certain transactions or trading.

"47. (*1*) Where—

(*a*) a preferential transaction under section 43;

(*b*) an undervalued transaction under section 45;

(*c*) an extortionate credit transaction under section 50; or

(*d*) fraudulent or wrongful trading under section 66,

has occurred and the liquidator or the resolution professional, as the case may be, has not reported it to the Adjudicating Authority, 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 orders in accordance with the respective provisions of this Chapter or Chapter VI, as the case may be.

(*2*) Where the Adjudicating Authority, after examination of the application made under sub-section (*1*), is satisfied that the relevant transaction or trading under clause (*a*) or (*b*) or (*c*) or (*d*) of sub-section (*1*) has occurred, it shall pass an order, for the avoidance of such transaction or trading, as the case may be, as if such an application had been filed by a liquidator or a resolution professional in accordance with the relevant provisions of this Chapter or Chapter VI.

(*3*) After passing an order under sub-section (*2*), where 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, it shall pass an order requiring the Board to initiate disciplinary proceedings against the liquidator or the resolution professional, as the case may be.".

Amendment of section 49.

29. In section 49 of the principal Act, in the proviso, in clause (*a*), after the words "corporate debtor", the words "or a related party of the corporate debtor, as the case may be," shall be inserted.

Amendment of section 50.

30. In section 50 of the principal Act, in sub-section (*1*), for the words "period within two years preceding", the words "period starting from two years preceding the initiation date and ending on" shall be substituted.

Amendment of section 52.

31. In section 52 of the principal Act,—

(*a*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Where the secured creditor intends to realise the security interest under clause (*b*) of sub-section (*1*), he shall inform the liquidator of such security interest and identify the asset subject to such security interest to be realised within a period of fourteen days from the liquidation commencement date, and if he fails to do so, such security interest shall be deemed to be relinquished to the liquidation estate:

Provided that where more than one secured creditor has any security interest over an asset of the corporate debtor, no secured creditor shall be entitled to realise its security interest, unless the realisation is agreed upon by the secured creditors representing not less than sixty-six per cent. of the value of all claims that are secured by such security interests.";

(*b*) for sub-section (*8*), the following sub-section shall be substituted, namely:—

"(*8*) The amount of insolvency resolution process, costs and the liquidation costs, and workmen's dues as referred to in clause (*a*) and sub-clause (*i*) of clause (*b*) of sub-section (*1*) of section 53, respectively, shall be deducted from the proceeds of any realisation by the secured creditors who realise their security interests in the manner provided in this section, and they shall transfer such amounts to the liquidator to be included in the liquidation estate in such manner, within such period and subject to such conditions to secure the payment as may be specified.";

(*c*) after sub-section (*9*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the purposes of this section, it is hereby declared that the provisions of sub-section (*2*) as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the liquidation process initiated on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.".

Amendment of section 53.

32. In section 53 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) in clause (*b*), in sub-clause (*ii*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that where the value of the security interest relinquished by the secured creditor is less than the total debt owed to such secured creditor by the corporate debtor, he shall be a secured creditor to the extent of the value of such security interest, determined in such manner as may be specified, and for the remaining value of such debt, he shall be considered to be an unsecured creditor;";

(*ii*) in clause (*e*), in sub-clause (*i*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that any amount, whether or not a security interest is created to secure such amount by an act of two or more parties or merely by operation of law, due to the Central Government and the State Government, in respect of the whole or any part of the period of two years preceding the liquidation commencement date, shall be distributed under this sub-clause and any remaining amount, whether or not such security interest is created to secure the amount, due to the Central Government and the State Government, shall be distributed under clause (*f*);";

(*b*) in sub-section (*2*), the following *Illustrations* shall be inserted, namely:—

'*Illustration* I.

The workmen and the secured creditors of the corporate debtor have a contractual arrangement which provides that in the event of insolvency or liquidation of the corporate debtor, all debt owed to the secured creditors shall be cleared before clearing any debt owed to the workmen. Such a contractual arrangement shall be disregarded.

Illustration II.

"X", a secured creditor of the corporate debtor, has a contractual arrangement with "Y", another secured creditor of the corporate debtor. As per the contractual arrangement, in the event of insolvency or liquidation of the corporate debtor, the debt owed to "X" shall be cleared before clearing any debt owed to "Y". Such a contractual arrangement shall not be disregarded.'.

Amendment of section 54.

33. In section 54 of the principal Act,—

(*a*) for sub-section (*1*), the following sub-sections shall be substituted, namely:—

"(*1*) The liquidator shall completely liquidate the assets of the corporate debtor and make an application for its dissolution to the Adjudicating Authority within a period of one hundred and eighty days from the liquidation commencement date in such manner as may be specified:

Provided that the Adjudicating Authority may, on an application by the liquidator along with sufficient reasons, extend the stipulated time by such period as it deems fit, but not exceeding a period of ninety days.

(*1A*) Where a proceeding in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47 is pending before an application is made under sub-section (*1*) or a decision is made to dissolve the corporate debtor under sub-section (*2*) of section 33, the committee of creditors shall determine the manner of pursuing such proceedings and the distribution of the proceeds arising out of such proceedings, in such manner and subject to such conditions as may be specified.

(*1B*) Where any suit or other legal proceeding against the corporate debtor in respect of any proceeds to be distributed under section 53 is pending before application is made under sub-section (*1*) or a decision is made to dissolve the corporate debtor under sub-section (*2*) of section 33, the committee of creditors shall make appropriate arrangements for pursuing such suit or proceeding, and distribution of proceeds to the parties in such suit or proceedings, in such manner and subject to such conditions as may be specified.";

(*b*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

"(*2A*) Without prejudice to the provisions of sub-section (*2*), the Adjudicating Authority may, on receipt of the decision of the committee of creditors to dissolve the corporate debtor under sub-section (*2*) of section 33, order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly:

Provided that if, on the passing of an order under this sub-section, any asset of the corporate debtor remains with it, such asset may be disposed of in such manner as may be specified, and the proceeds thereof shall be distributed for payment of the insolvency resolution process costs and any surplus remaining after payment of such costs shall be credited to the Insolvency and Bankruptcy Fund formed under section 224.

(*2B*) Notwithstanding anything contained in sub-section (*2*) and sub-section (*2A*), the passing of the dissolution order shall not affect the continuation of proceedings referred to in sub-sections (*1A*) and (*1B*).";

(*c*) in sub-section (*3*), after the word, brackets and figure "sub-section (*2*)", the words, brackets, figure and letter "or sub-section (*2A*)" shall be inserted;

(*d*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) The Adjudicating Authority shall pass a dissolution order under this section within a period of thirty days from the date of receipt of the application under sub-section (*1*) or the intimation of the decision of the committee of creditors to dissolve the corporate debtor under sub-section (*2*) of section 33:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.".

Amendment of section 54A.

34. In section 54A of the principal Act,—

(*a*) in sub-section (*2*),—

(*i*) in clause (*a*), for the words "pre-packaged insolvency resolution process or", the words "pre-packaged insolvency resolution process or creditor-initiated insolvency resolution process, or" shall be substituted;

(*ii*) in clause (*b*), after the words "resolution process", the words "or a creditor-initiated insolvency resolution process" shall be inserted;

(*iii*) in clause (*e*), for the words "sixty-six per cent.", the words "fifty-one per cent." shall be substituted;

(*b*) in sub-section (*3*), for the words "sixty-six per cent.", the words "fifty-one per cent." shall be substituted.

Amendment of section 54C.

35. In section 54C of the principal Act, for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) The corporate applicant shall, along with the application, furnish such information as may be specified.".

Amendment of section 54F.

36. In section 54F of the principal Act, for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) Any person who is or has been a personnel of the corporate debtor or its promoter or associated with the management of the corporate debtor or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the resolution professional as may be required by him to perform his duties and exercise his powers, and for such purposes, the provisions of sub-sections (*2*) and (*3*) of section 19 shall, *mutatis mutandis*, apply in relation to the proceedings under this Chapter.".

Amendment of section 54L.

37. In section 54L of the principal Act,—

(*a*) in sub-section (*2*), for the word, brackets and figure "and (*4*)", the brackets, figures and word ", (*4*), (*5*) and (*6*)" shall be substituted;

(*b*) in sub-section (*3*), the following proviso shall be inserted, namely:—

"Provided that the Adjudicating Authority may, before rejecting the resolution plan, give notice to the committee of creditors to rectify any defects in the resolution plan.";

(*c*) in sub-section (*4*), in clause (*b*), for the brackets, figures and word "(*ii*) and (*iii*)", the brackets, figures and word "(*ii*), (*iii*), (*iv*) and (*v*)" shall be substituted.

Amendment of section 54N.

38. In section 54N of the principal Act, in sub-section (*4*), in clause (*a*), for the brackets, figures and word "(*ii*) and (*iii*)", the brackets, figures and word "(*ii*), (*iii*), (*iv*) and (*v*)" shall be substituted.

Omission of Chapter IV of Part II.

39. In Part II of the principal Act, Chapter IV shall be omitted.

Insertion of new Chapter IV-A in Part II.

40. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:—

'CHAPTER IV-A

CREDITOR-INITIATED INSOLVENCY RESOLUTION PROCESS

Corporate debtors eligible for creditor-initiated insolvency resolution process.

58A. (*1*) A creditor-initiated insolvency resolution process may be initiated in respect of the following corporate debtors under this Chapter, namely:—

(*a*) a corporate debtor with assets or income or both, below such levels;

(*b*) a corporate debtor with such class of creditors or such amount of debt; or

(*c*) such other category of corporate debtors,

as may be notified by the Central Government.

(*2*) Without prejudice to sub-section (*1*), a creditor-initiated insolvency resolution process shall not be initiated in respect of a corporate debtor—

(*a*) for which an insolvency resolution or liquidation proceeding has been commenced and is still undergoing under the provisions of Part II; and

(*b*) that has undergone a creditor-initiated insolvency resolution process, pre-packaged insolvency resolution process or completed a corporate insolvency resolution process, during the period of three years preceding the creditor-initiated insolvency commencement date.

Initiation of creditor-initiated insolvency resolution process.

58B. (*1*) A financial creditor, belonging to such class of financial institutions as may be notified by the Central Government, in respect of which a default is committed by a corporate debtor, may initiate the creditor-initiated insolvency resolution process for such corporate debtor by appointing a resolution professional in accordance with the provisions of this section, and subject to such conditions, as may be prescribed.

(*2*) The financial creditor seeking to initiate the creditor-initiated insolvency resolution process shall, before appointing the resolution professional,—

(*a*) obtain the approval of the financial creditors of the corporate debtor belonging to the class of financial institutions notified under sub-section (*1*), who represent not less than fifty-one per cent. in value of the debt due to such financial creditors, in such manner as may be specified;

(*b*) inform the corporate debtor of its intention to initiate the creditor-initiated insolvency resolution process and give it a period of at least thirty days to make any representation in such form and manner as may be specified; and

(*c*) after consideration of the representation received under clause (*b*), if any, where the financial creditor continues to pursue the initiation of the process, it shall obtain approval of the financial creditors of the corporate debtor belonging to such class as notified under sub-section (*1*), who represent not less than fifty-one per cent. in value of the debt due to such financial creditors, within a period of thirty days from the date of receipt of the representation, in such manner as may be specified:

Provided that where no approval is obtained under clause (*c*) within the stipulated period of thirty days, the financial creditor shall, if it seeks to initiate the creditor-initiated insolvency resolution process, obtain fresh approval under clause (*a*) and comply with the procedure under this sub-section.

Explanation.—For the purposes of this section, it is hereby clarified that where the corporate debtor does not make a representation within the period given by the financial creditor under clause (*b*), the financial creditor may, after the expiry of such period proceed to appoint the resolution professional in accordance with the provisions of sub-section (*3*).

(*3*) Where the financial creditor, who seeks to initiate the creditor-initiated insolvency resolution process, meets the requirements under sub-sections (*1*) and (*2*), it may appoint an insolvency professional as the resolution professional, if no disciplinary proceedings are pending against him, immediately after fulfilling all the requirements under sub-section (*2*).

(*4*) Where the resolution professional is appointed under sub-section (*3*), he shall—

(*a*) make a public announcement of the initiation of the creditor-initiated insolvency resolution process; and

(*b*) communicate the same along with a report confirming whether the financial creditor meets the requirements under sections 58A and 58B, to the Adjudicating Authority and the Board,

within such period and in such form and manner as may be specified, and the creditor-initiated insolvency resolution process shall be deemed to have commenced from the date of such public announcement.

(*5*) Notwithstanding anything contained in sections 7, 9, 10 and 54C, 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 during the creditor-initiated insolvency resolution process period.

Explanation.—For the purposes of this Chapter,—

(*i*) "creditor-initiated insolvency commencement date" means the date of the public announcement referred to in sub-section (*4*) of section 58B; and

(*ii*) "creditor-initiated insolvency resolution process period" means the period beginning from the creditor-initiated insolvency commencement date and ending on the date on which an order is passed under sub-section (*1*) of section 58H or under sub-section (*1*) of section 58-I or under section 58J read with section 31.

Objections to commencement of process.

58C. (*1*) If the corporate debtor has any objection to the commencement of the process under section 58B, it may file an application to the Adjudicating Authority within a period of thirty days from the creditor-initiated insolvency commencement date in such form and manner as may be specified, accompanied with such fee as may be prescribed.

(*2*) Where the Adjudicating Authority, pursuant to an application under sub-section (*1*) is satisfied that—

(*a*) a default has not occurred or both a default has not occurred and the initiation of the creditor-initiated insolvency resolution process was in contravention of section 58A or 58B, it may, by order, declare the commencement of the process to be *void ab-initio*;

(*b*) a default has occurred, however, the initiation of the creditor-initiated insolvency resolution process was in contravention of section 58A or 58B, it shall, convert the creditor-initiated insolvency resolution process to corporate insolvency resolution process and pass an order as referred to in sub-clauses (*i*) to (*v*) of sub-section (*1*) of section 58H.

(*3*) The Adjudicating Authority shall pass an order under sub-section (*2*), within a period of thirty days from the date of receipt of the application under sub-section (*1*):

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.

Period for completion of creditor-initiated insolvency resolution process.

58D. (*1*) Subject to sub-section (*2*), the creditor-initiated insolvency resolution process shall be completed within a period of one hundred and fifty days from the creditor-initiated insolvency commencement date.

(*2*) The Adjudicating Authority may, on the application made by the resolution professional, with the approval of the committee of creditors, by a vote of not less than sixty-six per cent. of the voting share, extend the period under sub-section (*1*), by a period of not more than forty-five days:

Provided that any extension of the period of the creditor-initiated insolvency resolution process under this section shall not be granted more than once.

(*3*) Where no resolution plan is approved by the committee of creditors within the period stipulated in sub-section (*1*) or the extended period under sub-section (*2*), the Adjudicating Authority shall pass an order under sub-section (*1*) of section 58H.

Duties and powers of resolution professional.

58E. (*1*) The resolution professional, shall exercise and perform the following powers and duties during the creditor-initiated insolvency resolution process period, in such manner and subject to such conditions as may be specified, namely:—

(*a*) call for the submission of claims;

(*b*) prepare the information memorandum;

(*c*) prepare a report in such form as may be specified, confirming whether the conduct of the creditor-initiated insolvency resolution process is in accordance with the procedural requirements and that the resolution plan, filed along with it, complies with the requirements of sections 29A and 30 which shall, *mutatis mutandis*, apply to the proceedings under this Chapter;

(*d*) duties referred to in clauses (*a*) to (*c*) of section 18 and clauses (*e*) to (*j*) of sub-section (*2*) of section 25 which shall, *mutatis mutandis*, apply to the proceedings under this Chapter;

(*e*) powers as referred to in sub-sections (*3*) and (*4*) of section 54F which shall, *mutatis mutandis*, apply to the proceedings under this Chapter;

(*f*) file such report and documents with the Board, as may be specified; and

(*g*) perform such other duties, as may be specified.

(*2*) Any person who is or has been a personnel of the corporate debtor, or its promoter, or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the resolution professional, as may be required by him to perform his duties and exercise his powers, and for such purposes, the provisions of sub-sections (*2*) and (*3*) of section 19 shall, *mutatis mutandis*, apply in relation to the proceedings under this Chapter.

Management of affairs of corporate debtors and cooperation of its personnel.

58F. (*1*) Subject to the provisions of this section, during the creditor-initiated insolvency resolution process period, the management of the affairs of the corporate debtor shall continue to vest in the Board of Directors or the partners, of the corporate debtor as the case may be, and the provisions of section 54H shall, *mutatis mutandis*, apply to the proceedings under this Chapter.

(*2*) Notwithstanding anything contained in any other law, from the creditor-initiated insolvency commencement date, the resolution professional shall attend meetings of members, Board of Directors and committee of directors, or partners, of the corporate debtor, and he shall have the right to reject any resolutions passed in these meetings, subject to such conditions and in such manner as may be specified, and once he rejects a resolution, it shall not be approved.

(*3*) The promoter and personnel of the corporate debtor shall provide relevant information related to the corporate debtor for preparing the information memorandum to the resolution professional in such form and manner and within such period as may be specified, and where any person has sustained loss or damage as a consequence of the omission of any material information or inclusion of any misleading information or false information provided by such persons, they shall be liable and in this regard, the provisions of sub-sections (*2*) to (*4*) of section 54G and section 77A, shall, *mutatis mutandis*, apply to the proceedings under this Chapter.

Moratorium.

58G. (*1*) During the creditor-initiated insolvency resolution process period, the resolution professional may, after obtaining the approval of the committee of creditors, make an application to the Adjudicating Authority for a moratorium for the purposes referred to in sub-section (*1*) read with sub-section (*3*) of section 14, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter:

Provided that the resolution professional may file such application before the constitution of the committee of creditors, after obtaining approval of the financial creditors of the corporate debtor belonging to the class of financial institutions notified under sub-section (*1*) of section 58B, who represent not less than fifty-one per cent. in value of the debt due to such financial creditors, in such manner as may be specified.

(*2*) Where an application has been made in sub-section (*1*), a moratorium for the purposes referred to in sub-section (*1*) read with sub-section (*3*) of section 14 shall commence from the date of the application and continue to be in operation during the creditor-initiated insolvency resolution process period, and the Adjudicating Authority may confirm the moratorium, if it is satisfied that the moratorium is required for the proper and efficient conduct of the creditor-initiated insolvency resolution process, or reject the application.

(*3*) The resolution professional shall make public announcement of the following, in such form and manner as may be specified, namely:—

(*a*) filing of application under sub-section (*1*); and

(*b*) order of the Adjudicating Authority rejecting the application under sub-section (*2*), if any.

Conversion of creditor-initiated insolvency resolution process to corporate insolvency resolution process.

58H. (*1*) Where the Adjudicating Authority,—

(*a*) does not receive a resolution plan for approval, within the period stipulated under section 58D;

(*b*) is satisfied that the corporate debtor or its personnel have failed to assist or cooperate with the resolution professional; or

(*c*) rejects the resolution plan under sub-section (*2*) of section 58J read with sub-section (*2*) of section 31,

it shall, by an order,—

(*i*) convert the creditor-initiated insolvency resolution process to corporate insolvency resolution process under Chapter II and provisions of such Chapter shall apply;

(*ii*) decide the stage from which the corporate insolvency resolution process shall commence, after considering any recommendation of the committee of creditors, made in such manner as may be specified;

(*iii*) appoint the resolution professional for the creditor-initiated insolvency resolution process, as the interim resolution professional or the resolution professional for the corporate insolvency resolution process, as the case may be;

(*iv*) declare a moratorium for the purposes referred to in section 14; and

(*v*) declare that the costs incurred during the creditor-initiated insolvency resolution process, if any, shall be included as part of insolvency resolution process costs for the purposes of the corporate insolvency resolution process of the corporate debtor.

(*2*) Where the committee of creditors, at any time during the creditor-initiated insolvency resolution process period, by a vote of not less than sixty-six per cent. of the voting share, resolves to convert the creditor-initiated insolvency resolution process to the corporate insolvency resolution process in respect of the corporate debtor, the resolution professional shall make an application for this purpose to the Adjudicating Authority in such form and manner as may be specified, and the Adjudicating Authority shall pass an order as referred to in sub-clauses (*i*) to (*v*) of sub-section (*1*).

(*3*) Where the Adjudicating Authority passes an order to convert the creditor-initiated insolvency resolution process to the corporate insolvency resolution process under Chapter II—

(*a*) the proceedings initiated for an avoidance transaction or fraudulent or wrongful trading or under section 47, if any, during the creditor-initiated insolvency resolution process shall continue during the corporate insolvency resolution process;

(*b*) such order shall be deemed to be an order of admission of an application under section 7 and the financial creditor who initiated the creditor-initiated insolvency resolution process under section 58B, shall be considered as the applicant for that purpose; and

(*c*) for the purposes of sections 43, 46 and 50, the references to "initiation date and ending on the insolvency commencement date" shall be construed as "creditor-initiated insolvency commencement date and ending on the insolvency commencement date.".

Withdrawal of public announcement made under section 58B.

58-I. (*1*) Subject to sub-section (*2*), the Adjudicating Authority may allow the withdrawal of the public announcement made under sub-section (*4*) of section 58B and close the creditor-initiated insolvency resolution process on an application made by the resolution professional with the approval of ninety per cent. voting share of the committee of creditors, in such manner as may be specified.

(*2*) Notwithstanding anything contained in any law for the time being in force, the public announcement made under sub-section (*4*) of section 58B shall not be withdrawn—

(*a*) before the constitution of the committee of creditors; and

(*b*) after the first invitation for submission of a resolution plan has been issued by the resolution professional.

(*3*) The Adjudicating Authority shall pass an order under sub-section (*1*), within a period of fourteen days from the date of receipt of the application:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.

Application for approval of resolution plan.

58J. (*1*) Where the committee of creditors, by a vote of not less than sixty-six per cent. of the voting share, approves the resolution plan in accordance with the provisions of section 30, the resolution professional shall submit such approved resolution plan to the Adjudicating Authority, along with a report referred to in clause (*c*) of sub-section (*1*) of section 58E.

(*2*) On receipt of the resolution plan, the Adjudicating Authority, shall, pass an order in accordance with the provisions of section 31, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter.

Application of provisions of Chapters II, III, VI and VII to this Chapter.

58K. (*1*) Save as provided in this Chapter, the provisions of sections 21, 24, 25A, 26, 27, 28, 28A, 29, 32, 32A, 43 to 51, and the provisions of Chapters VI and VII of this Part shall, *mutatis mutandis* apply, to the creditor-initiated insolvency resolution process, subject to the modifications that the references to—

(*a*) "corporate insolvency resolution process" shall be construed as reference to "creditor-initiated insolvency resolution process";

(*b*) "insolvency commencement date" shall be construed as reference to "creditor-initiated insolvency commencement date";

(*c*) "insolvency resolution process period" shall be construed as reference to "creditor-initiated insolvency resolution process period"; and

(*d*) the references to "period starting from" shall be construed as "period of" and "initiation date and ending on the insolvency commencement date" shall be construed as "creditor-initiated insolvency commencement date" under sections 43, 46 and 50.

(*2*) The creditor-initiated insolvency resolution process of a corporate person under this Chapter shall meet such conditions and procedural requirements as may be specified.'.

Amendment of section 59.

41. In section 59 of the principal Act,—

(*a*) in sub-section (*2*), for the words "procedural requirements as may be specified by the Board", the words "procedural requirements, and be completed within such period which shall not be more than one year, as may be specified" shall be substituted;

(*b*) in sub-section (*4*), for the word "notify", the word "inform" shall be substituted;

(*c*) after sub-section (*5*), the following sub-sections shall be inserted, namely:—

"(*5A*) Any time after the commencement of a voluntary liquidation proceeding under sub-section (*5*) but before an application under sub-section (*7*) is filed, the voluntary liquidation proceeding shall be terminated if the following conditions are satisfied, namely:—

(*a*) the members of the company have passed a special resolution for terminating the voluntary liquidation proceeding;

(*b*) where the company owes debt to any person on the date of the resolution under clause (*a*), creditors representing two-thirds in value of such debt have approved the resolution passed under clause (*a*) within a period of seven days of such resolution; and

(*c*) such other conditions as may be specified.

(*5B*) The liquidator shall intimate the Board and the Registrar of Companies regarding the special resolution under clause (*a*) of sub-section (*5A*) within a period of seven days of passing the resolution or subsequent approval of the creditors under clause (*b*) thereof, as the case may be.

(*5C*) A voluntary liquidation proceeding shall be deemed to have been terminated from the date on which the liquidator intimates the Registrar of Companies under sub-section (*5B*), and such termination shall bring the term of the liquidator to an end and have such other consequences as may be specified.";

(*d*) in sub-section (*6*), after the words "provisions of", the words, brackets, letter and figures "clause (*b*) of section 18 of Chapter II," shall be inserted.

Insertion of new Chapter VA.

42. In the principal Act, in Part II, after Chapter V, the following Chapter shall be inserted, namely:—

'CHAPTER VA

GROUP INSOLVENCY

Power to make rules for initiating proceedings for coordination and cooperation of corporate debtors of group.

59A. (*1*) Notwithstanding anything to the contrary contained in this Code, the Central Government may, prescribe the manner and conditions for conducting insolvency proceedings under Part II, where these proceedings are initiated against two or more corporate debtors that form part of a group.

(*2*) Without prejudice to the generality of foregoing provision, such rules may, provide for all or any of the following matters, namely:—

(*a*) a common Bench for the insolvency proceedings of the corporate debtors that form part of a group and the manner of the transfer of pending proceedings of such corporate debtors to such Bench, and for proceedings under the rules made under this section;

(*b*) coordination between the insolvency proceedings of the corporate debtors that form part of a group, including the coordination between their committee of creditors and interim resolution professionals, resolution professionals, or liquidators;

(*c*) appointment and replacement of a common insolvency professional to facilitate coordination between the insolvency proceedings of the corporate debtors that form part of a group;

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

(*e*) 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

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

(*3*) The rules made by the Central Government under this section may provide that any of the provisions of the Code shall apply with such modifications, as may be required to administer and implement the provisions of this section.

Explanation.—For the purposes of this Chapter, the expressions—

(*a*) "control" includes the right to appoint majority of the directors or other key managerial personnel entitled to manage the affairs of the corporate person or to control the management or policy decisions exercisable by a person or 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*) "group" means 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;

18 of 2013.

(*c*) "insolvency proceedings" means the corporate insolvency resolution process and liquidation process under Part II of this Code;

(*d*) "significant ownership" includes the right to exercise twenty-six per cent. or more voting rights.

(*4*) Notwithstanding anything contained in section 241, a draft of every rule proposed to be issued under this section, 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, and if both Houses agree in disapproving the issue of rule or both Houses agree in making any modification in the rule, the rule shall not be notified or shall be notified only in such modified form, as may be agreed upon by both the Houses of Parliament.

(*5*) The period of thirty days referred to in sub-section (*4*) 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 rule notified under this section shall be laid, as soon as may be after it is made, before each House of Parliament.'.

Amendment of section 61.

43. In section 61 of the principal Act, after sub-section (*5*), the following sub-section shall be inserted, namely:—

"(*6*) The National Company Law Appellate Tribunal shall dispose of the appeal within three months from the date of its receipt.".

Insertion of new section 64A.

44. After section 64 of the principal Act, the following section shall be inserted, namely:—

Penalty for initiating frivolous or vexatious proceedings under Part II.

"64A. If any person has initiated a frivolous or vexatious proceeding before the Adjudicating Authority under this Part, it may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to two crore rupees.".

Amendment of section 65.

45. In section 65 of the principal Act, in sub-section (*3*), for the words "pre-packaged insolvency resolution process" the words "pre-packaged insolvency resolution process or creditor-initiated insolvency resolution process" shall be substituted.

Amendment of section 66.

46. In section 66 of the principal Act,—

(*a*) for the marginal heading, the following marginal heading shall be substituted, namely:—

"Fraudulent or wrongful trading.";

(*b*) in sub-section (*1*), after the words "resolution professional", the words "or the liquidator," shall be inserted;

(*c*) in sub-section (*2*), after the words "during the corporate insolvency resolution process", the words "or by a liquidator" shall be inserted.

Amendment of section 67A.

47. In section 67A of the principal Act,—

(*a*) in the marginal heading, for the words "pre-packaged insolvency resolution process", the words "pre-packaged insolvency resolution process or creditor-initiated insolvency resolution process" shall be substituted;

(*b*) for the words "pre-packaged insolvency commencement date", the words "pre-packaged insolvency commencement date or creditor-initiated insolvency commencement date" shall be substituted.

Insertion of new sections 67B and 67C.

48. After section 67A of the principal Act, the following sections shall be inserted, namely:—

Contravention of moratorium or resolution plan.

"67B. (*1*) Where a corporate debtor or any of its officer contravenes the provisions of section 14, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon the officer, who committed or authorised or permitted such contravention, which shall not be less than one lakh rupees, but may extend to two crore rupees.

(*2*) Where any creditor contravenes the provisions of section 14, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon any person who authorised or permitted such contravention by a creditor, which shall not be less than one lakh rupees, but may extend to two crore rupees.

(*3*) Where a corporate debtor, any of its officers or creditors or any person on whom the approved resolution plan is binding under section 31, contravenes any of the terms of such resolution plan or abets such contravention, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon such corporate debtor, officer, creditor or person, which shall not be less than one lakh rupees, but may extend to one crore rupees or twenty per cent. of the amount to be distributed under the resolution plan, whichever is higher.

Contravention for non-disclosure of dispute or payment of debt by operational creditor.

67C. Where—

(*a*) an operational creditor has concealed in an application under section 9, the fact that the corporate debtor had notified him of a dispute in respect of the unpaid operational debt or the full and final payment thereof; or

(*b*) any person who authorised or permitted such concealment under clause (*a*); or

(*c*) any person who acted on such authorisation or permission,

the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon such operational creditor or person, which shall not be less than one lakh rupees but may extend to two crore rupees.".

Omission of section 74.

49. Section 74 of the principal Act shall be omitted.

Omission of section 76.

50. Section 76 of the principal Act shall be omitted.

Amendment of section 96.

51. In section 96 of the principal Act, after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) The provisions of this section shall not apply where an application is filed for initiating an insolvency resolution process in respect of a personal guarantor to a corporate debtor.".

Amendment of section 99.

52. In section 99 of the principal Act,—

(*a*) in sub-section (*1*), for the words "ten days", the words "twenty-one days" shall be substituted;

(*b*) in sub-section (*10*), for the words "or the creditor, as the case may be", the words "and the creditor" shall be substituted.

Amendment of section 106.

53. In section 106 of the principal Act,—

(*a*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Where no repayment plan is submitted within the period stipulated under sub-section (*1*), the resolution professional shall submit a report to the Adjudicating Authority, and the Adjudicating Authority shall pass an order terminating the insolvency resolution process of the debtor and the debtor or the creditors shall be entitled to file an application for bankruptcy under Chapter IV.";

(*b*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*3A*) Notwithstanding anything to the contrary contained in the provisions of sub-section (*2*) and sub-section (*3*), where the repayment plan is in respect of the debtor who is a personal guarantor to a corporate debtor, the resolution professional shall summon the meeting of the creditors by issuing a notice in writing specifying therein the date, time and place of such meeting.";

(*c*) in sub-section (*4*), after the words, brackets and figure "For the purposes of sub-section (*3*)", the words, brackets, figure and letter "and sub-section (*3A*)" shall be inserted.

Amendment of section 121.

54. In section 121 of the principal Act, in sub-section (*1*),—

(*a*) in clause (*c*), for the word and figures "section 118.", the words and figures "section 118; or" shall be substituted;

(*b*) after clause (*c*), the following clause shall be inserted, namely:—

"(*d*) where an order has been passed by an Adjudicating Authority under sub-section (*1A*) of section 106.".

Amendment of section 124.

55. In section 124 of the principal Act, after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) The provisions of this section shall not apply where an application is filed for initiating a bankruptcy process in respect of a personal guarantor to a corporate debtor.".

Insertion of new section 164A.

56. After section 164 of the principal Act, the following section shall be inserted, namely:—

Transactions defrauding creditors.

"164A. Where the debtor has entered into an undervalued transaction as referred to in sub-section (*6*) of section 164 and the Adjudicating Authority is satisfied that such transaction was deliberately entered into by such debtor—

(*a*) for keeping its assets beyond the reach of any person who is entitled to make a claim against the debtor; or

(*b*) in order to adversely affect the interests of such a person in relation to the claim,

the Adjudicating Authority shall make an order,—

(*i*) restoring the position as it existed before such transaction, as if the transaction had not been entered into; and

(*ii*) protecting the interests of persons who are victims of such transactions:

Provided that an order under this section—

(*a*) shall not affect any interest in property which was acquired from a person other than the debtor or his associate, as the case may be, and was acquired in good faith, for value and without notice of the relevant circumstances, or affect any interest deriving from such an interest; and

(*b*) shall not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances to pay any sum, unless he was a party to the transaction.".

Amendment of section 178.

57. In section 178 of the principal Act, in sub-section (*1*), in clause (*d*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby clarified that any amount, whether or not a security interest is created to secure such amount by an act of two or more parties or merely by operation of law, due to the Central Government and the State Government, in respect of the whole or any part of the period of two years preceding the bankruptcy commencement date, shall be distributed under this clause and any remaining amount, whether or not such security interest is created to secure the amount, due to the Central Government and the State Government, shall be distributed under clause (*e*);".

Insertion of new section 183A.

58. After section 183 of the principal Act, the following section shall be inserted, namely:—

Penalty for initiating frivolous or vexatious proceedings under Part III.

"183A. If, any person has initiated a frivolous or vexatious proceeding before the Adjudicating Authority under this Part, it may impose upon such person a penalty which shall not be less than one lakh rupees but which may extend to two crore rupees.".

Amendment of section 196.

59. In section 196 of the principal Act, in sub-section (*1*),—

(*a*) for the words "insolvency professional agencies, insolvency professionals and information utilities", wherever they occur, the words "service providers" shall be substituted;

(*b*) for the words "insolvency professionals, insolvency professional agencies and information utilities", wherever they occur, the words "service providers" shall be substituted;

(*c*) in clause (*c*), the following *Explanation* shall be inserted, namely:—

"*Explanation*.—For removal of doubts, it is hereby clarified that the levy of fee or other charges under this clause also includes any fee or other charges levied by the Board in relation to the processes under this Code.";

(*d*) after clause (*s*), the following clause shall be inserted, namely:—

"(*sa*) specify the standards of conduct for the committee of creditors and its members, including the timelines within which the committee of creditors shall take decisions, while acting under Part II and Part III of this Code, as the case may be;";

(*e*) in clause (*t*), for the words "under this Code", the words "for the purposes of this Code" shall be substituted.

Amendment of section 208.

60. In section 208 of the principal Act, in sub-section (*1*), after clause (*ca*), the following clause shall be inserted, namely:—

"(*cb*) creditor-initiated insolvency resolution process under Chapter IVA of Part II;".

Amendment of section 214.

61. In section 214 of the principal Act, in clause (*e*), after the words "such information", the words "in such manner as may be specified" shall be inserted.

Amendment of section 215.

62. In section 215 of the principal Act,—

(*a*) for the marginal heading, the following marginal heading shall be substituted, namely:—

"Submission and authentication of financial information to information utilities.";

(*b*) in sub-section (*3*), for the words "An operational creditor may", the words and figure "An operational creditor shall, before filing an application under section 9 of the Code," shall be substituted;

(*c*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) The corporate debtor or debtor, as the case may be, in respect of whom any information is submitted under this section, shall authenticate the information in such manner and within such period, as may be specified:

Provided that where the corporate debtor or debtor does not respond to the information submitted to the information utility in the manner and period as has been specified, such information shall be deemed to be authenticated.".

Amendment of section 217.

63. In section 217 of the principal Act,—

(*a*) for the marginal heading, the marginal heading "Complaints against service providers." shall be substituted;

(*b*) for the words "an insolvency professional agency or insolvency professional or an information utility", the words "a service provider" shall be substituted.

Amendment of section 218.

64. In section 218 of the principal Act,—

(*a*) for the marginal heading, the marginal heading "Investigation of service providers." shall be substituted;

(*b*) in sub-section (*1*), for the words "insolvency professional agency or insolvency professional or an information utility", occurring at both the places, the words "service provider" shall be substituted.

Substitution of new section for section 219.

65. For section 219 of the principal Act, the following section shall be substituted, namely:—

Show cause notice to service provider.

"219. Where the Board, upon completion of an inspection or investigation under section 218 or on the basis of material available on record, is of the *prima facie* opinion that sufficient cause exists to take action under section 220, it may issue a show cause notice to a service provider in such manner, providing such period for giving reply, as may be specified.".

Amendment of section 220.

66. In section 220 of the principal Act,—

(*a*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Board shall constitute one or more disciplinary committees consisting of one or more persons from amongst its Chairperson, whole-time members or officers not below the rank of the Executive Director for the purposes of this section.";

(*b*) after sub-section (*1*) as so substituted, the following sub-section shall be inserted, namely:—

"(*1A*) The show cause notice issued under section 219 shall be referred to a disciplinary committee constituted under sub-section (*1*).";

(*c*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Where the disciplinary committee, after giving the service provider an opportunity of being heard, is satisfied that sufficient cause exists, it may, impose a penalty as provided in sub-section (*3*), or suspend or cancel the registration of the service provider, or direct disgorgement under sub-section (*4*).";

(*d*) in sub-section (*3*),—

(*i*) for the opening portion, the following opening portion shall be substituted, namely:—

"Where any service provider has contravened any provisions of this Code or rules or regulations made thereunder, the disciplinary committee may impose penalty which shall be up to—";

(*ii*) in the proviso, for the words "more than one crore rupees", the words "two crore rupees" shall be substituted;

(*e*) in sub-sections (*4*) and (*5*), for the word "Board", wherever it occurs, the words "disciplinary committee" shall be substituted;

(*f*) after sub-section (*6*), the following sub-sections shall be inserted, namely:—

"(*7*) Any person aggrieved by an order of the disciplinary committee, under sub-sections (*2*) to (*5*), may prefer an appeal to the National Company Law Appellate Tribunal within a period of thirty days from the date of receipt of the order.

(*8*) The National Company Law Appellate Tribunal may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within thirty days, allow the appeal to be filed under sub-section (*7*) within a further period not exceeding fifteen days.".

Amendment of section 224.

67. In section 224 of the principal Act,—

(*a*) in sub-section (*2*),—

(*a*) in clause (*c*), after the words "any other source;", the word "and" shall be omitted;

(*b*) in clause (*d*), for the word "Fund.", the words "Fund; and" shall be substituted;

(*c*) after clause (*d*), the following clause shall be inserted, namely—

"(*e*) amounts from such other sources as may be prescribed.";

(*b*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) The sums credited to the Fund may be utilised—

(*a*) by a person who has contributed any amount to the Fund under clause (*b*) of sub-section (*2*), in the event of proceedings initiated in respect of such person under this Code before an Adjudicating Authority, by making an application to such Adjudicating Authority for withdrawal of funds not exceeding the amount contributed by it, for making payment to workmen, protecting the assets of such persons, meeting the incidental cost during the proceedings or such purposes as may be prescribed; and

(*b*) for such other purposes and in such manner as may be prescribed.".

Substitution of new section for section 235A.

68. For section 235A of the principal Act, the following section shall be substituted, namely:—

Power of Adjudicating Authority to impose penalties.

"235A. If a person has contravened any provision of this Code or any rules or the regulations made thereunder, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, impose upon such person, a penalty which shall not be less than one lakh rupees for each day during which the contravention continues, but which may extend up to—

(*a*) three times the amount of loss caused, or likely to have been caused, to persons concerned on account of such contravention;

(*b*) three times the amount of the unlawful gain made on account of such contravention,

whichever is higher:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of the penalty imposed shall not exceed five crore rupees:

Provided further that where the Adjudicating Authority is of the opinion that sufficient cause exists to do so, it may, for reasons to be recorded in writing, impose a penalty which may be less than one lakh rupees for each day that the failure continues.

Explanation. I—For the removal of doubts, it is hereby clarified that the Adjudicating Authority for the purposes of this section shall be the same as referred to in section 60 or section 179, as the case may be.

Explanation. II—For the purposes of this Code, it is hereby declared that the omission of sections 74 and 76, and the amendment of this section by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not affect:—

(*i*) any prosecution instituted under these sections on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026 and pending immediately before such date of commencement before any court, which shall continue to be heard and disposed of by the said court as if the Insolvency and Bankruptcy Code (Amendment) Act, 2026 had not been enacted; and

(*ii*) any punishment imposed under these sections on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.".

Amendment of section 239.

69. In section 239 of the principal Act,—

(*a*) in sub-section (*1*), for the word "provisions", the word "purposes" shall be substituted;

(*b*) in sub-section (*2*),—

(*i*) clause (*ea*) shall be omitted;

(*ii*) after clause (*fe*), the following clauses shall be inserted, namely:—

"(*ff*) the conditions under sub-section (*1*) of section 58B;

(*fg*) the fee for filing an objection under sub-section (*1*) of section 58C;

(*fh*) the manner and conditions under sub-section (*1*) of section 59A;";

(*iii*) for clause (*zi*), the following clause shall be substituted, namely:—

"(*zi*) the other sources of amounts to be credited to the Insolvency and Bankruptcy Fund under clause (*e*) of sub-section (*2*) of section 224;";

(*iv*) after clause (*zi*) as so substituted, the following clauses shall be inserted, namely:—

"(*zia*) the purposes under clause (*a*) of sub-section (*3*) of section 224;

(*zib*) the other purposes and the manner under clause (*b*) of sub-section (*3*) of section 224;";

(*v*) after clause (*zm*), the following clause shall be inserted, namely:—

"(*zma*) the manner and conditions under sub-section (*1*) of section 240C;".

Amendment of section 240.

70. In section 240 of the principal Act,—

(*a*) in sub-section (*1*), for the word "provisions", the word "purposes" shall be substituted;

(*b*) in sub-section (*2*),—

(*i*) after clause (*ea*), the following clause shall be inserted, namely:—

"(*eb*) the conditions under *Explanation* to clause (*26*) of section 5;";

(*ii*) after clause (*f*), the following clause shall be inserted, namely:—

"(*fa*) other information under clause (*e*) of sub-section (*3*) of section 9;";

(*iii*) for clause (*h*), the following clause shall be substituted, namely:—

"(*h*) the other document or any other information under clause (*a*) of sub-section (*3*) of section 10;";

(*iv*) after clause (*h*), the following clause shall be inserted, namely:—

"(*ha*) the manner under sub-section (*1*) of section 12A;";

(*v*) in clause (*n*), after the words, brackets and letter "of clause (*a*),", the words, brackets and letter "the manner under clause (*b*)," shall be inserted;

(*vi*) after clause (*o*), the following clause shall be inserted, namely:—

"(*oa*) any other class or classes of creditors who may attend the meetings of committee of creditors under the proviso to sub-section (*11*) of section 21;";

(*vii*) after clause (*t*), the following clause shall be inserted, namely:—

"(*ta*) the manner and conditions under sub-section (*1*) of section 28A;";

(*viii*) in clause (*w*), for the words, brackets, letters and figures "the manner of payment of debts under clause (*b*), and the other requirements to which a resolution plan shall conform to under clause (*d*) of sub-section (*2*) of section 30;", the words, brackets, letters and figures "the manner of payment of debts of operational creditors under clause (*b*), the manner of payment of debts of financial creditors who do not vote in favour of the resolution plan under clause (*ba*), the conditions and manner for constitution of a committee under clause (*d*) and the other requirements to which a resolution plan shall conform to under clause (*f*) of sub-section (*2*) of section 30;" shall be substituted;

(*ix*) after clause (*wa*), the following clauses shall be inserted, namely:—

"(*wb*) the form, manner and the conditions under the second proviso to sub-section (*1*) of section 31;

(*wc*) the manner and conditions for making an application by the committee of creditors for restoring the corporate insolvency resolution process and manner and conditions for completing the restored corporate insolvency resolution process under sub-section (*1A*) of section 33;

(*wd*) the conditions under the proviso to sub-section (*2*) of section 33;";

(*x*) for clause (*x*), the following clauses shall be substituted, namely:—

"(*x*) the form of written consent from insolvency professional under sub-section (*6*) of section 34;

(*xa*) the fee for the conduct of the liquidation proceedings and proportion to the value of the liquidation estate assets under sub-section (*8*) of section 34;";

(*xi*) after clause (*xa*) as so substituted, the following clause, shall be inserted, namely:—

"(*xb*) the form for giving written consent under sub-section (*1*) of section 34A;";

(*xii*) in clause (*y*), for the words, brackets and letter "the manner of evaluating the assets and property of the corporate debtor under clause (*c*)", the words, brackets and letters "the manner of maintaining an updated list of claims of creditors under clause (*a*), the manner of evaluating the assets and property of the corporate debtor under clause (*c*)" shall be substituted;

(*xiii*) for clause (*z*), the following clause shall be substituted, namely:—

"(*z*) the manner in which the committee of creditors shall supervise the conduct of the liquidation process by the liquidator under sub-section (*2*) of section 35;";

(*xiv*) clauses (*ze*), (*zf*) and (*zg*) shall be omitted;

(*xv*) after clause (*zi*), the following clause shall be inserted, namely:—

"(*zia*) the manner, period and conditions under sub-section (*8*) of section 52;";

(*xvi*) after clause (*zj*), the following clauses shall be inserted, namely:—

"(*zja*) the period and the manner of distribution of proceeds of sale under sub-section (*1*) of section 53;

(*zjb*) the manner of determining the value of security interest under the *Explanation* to sub-clause (*ii*) of clause (*b*) of sub-section (*1*) of section 53;

(*zjc*) the manner in which the liquidator shall make an application to the Adjudicating Authority for the dissolution of the corporate debtor under sub-section (*1*) of section 54;

(*zjd*) the manner and conditions under sub-section (*1A*) of section 54;

(*zje*) the manner and conditions under sub-section (*1B*) of section 54;";

(*xvii*) for clause (*zk*), the following clause shall be substituted, namely:—

"(*zk*) the manner under the proviso to sub-section (*2A*) of section 54;";

(*xviii*) for clause (*zke*), the following clause shall be substituted, namely:—

"(*zke*) the information to be furnished under sub-section (*3*) of section 54C;";

(*xix*) clause (*zl*) shall be omitted;

(*xx*) after clause (*zl*) as so omitted, the following clauses shall be inserted, namely:—

"(*zla*) the manner under clause (*a*), the form and manner under clause (*b*), and the manner under clause (*c*) of sub-section (*2*) of section 58B;

(*zlb*) the period, form and manner under sub-section (*4*) of section 58B;

(*zlc*) the form and manner under sub-section (*1*) of section 58C;

(*zld*) the manner and conditions for exercising the powers and performing duties by the resolution professional under section 58E;

(*zle*) the form in which the report to be prepared under clause (*c*), the report and documents to be filed with the Board under clause (*f*), and such other duties to be performed under clause (*g*) of section 58E;

(*zlf*) the conditions and manner for the resolution professional to attend the meetings and exercise the right to reject under sub-section (*2*) and the form, manner and period under sub-section (*3*) of section 58F;

(*zlg*) the manner under the proviso to sub-section (*1*) of section 58G;

(*zlh*) the form and manner in which the resolution professional shall make public announcement under sub-section (*3*) of section 58G;

(*zli*) the manner under sub-clause (*ii*) of sub-section (*1*) of section 58H;

(*zlj*) the form and manner under sub-section (*2*) of section 58H;

(*zlk*) the manner under sub-section (*1*) of section 58-I;

(*zll*) the conditions and procedural requirements under sub-section (*2*) of section 58K;";

(*xxi*) in clause (*zm*), for the words "conditions and procedural requirements", the words "conditions, procedural requirements, and period" shall be substituted;

(*xxii*) after clause (*zm*), the following clauses shall be inserted, namely:—

"(*zma*) the other conditions under clause (*c*) of sub-section (*5A*) of section 59;

(*zmb*) the other consequences under sub-section (*5C*) of section 59;";

(*xxiii*) in clause (*zv*), after the words, brackets and letter "utilities under clause (*r*)," the words, brackets and letters "standards of conduct of the committee of creditors and its members under clause (*sa*)," shall be inserted;

(*xxiv*) after clause (*zzs*), the following clause shall be inserted, namely:—

"(*zzsa*) the manner under clause (*e*) of section 214;";

(*xxv*) after clause (*zzw*), the following clause shall be inserted, namely:—

"(*zzwa*) the manner and period under sub-section (*4*) of section 215;";

(*xxvi*) for clause (*zzza*), the following clause shall be substituted, namely:—

"(*zzza*) the manner and period under section 219;".

Insertion of new sections 240B and 240C.

71. After section 240A of the principal Act, the following sections shall be inserted, namely:—

Electronic portal for facilitating procedures.

'240B. Notwithstanding anything to the contrary contained in this Code, the Central Government may, by notification, provide an electronic portal and the procedures related to the insolvency and bankruptcy processes under this Code, which shall be carried out on such electronic portal.

Power to make rules for cross-border insolvency.

240C. (*1*) Notwithstanding anything to the contrary contained in this Code and the Companies Act, 2013, the Central Government may prescribe the manner and conditions for administering and conducting cross-border insolvency proceedings under this Code, including the process for recognition of proceedings, granting relief, judicial cooperation, assistance and coordination in connection with such proceedings, for such class or classes of debtors or corporate debtors involving such countries or territories outside India, as may be notified by the Central Government in this regard.

18 of 2013.

(*2*) The rules made under this section may provide that any of the provisions of this Code or the Companies Act, 2013 shall apply with such exceptions, modifications and adaptations, as may be required to administer and implement the provisions of this section and rules made thereunder, including designating one or more Benches for dealing with proceedings under this section.

18 of 2013.

(*3*) A draft of every rule proposed under this section shall be laid before each House of Parliament in such manner as provided under sub-sections (*4*) to (*6*) of section 59A, which shall, *mutatis mutandis* apply, to the rules made under this section.

Explanation.—For the purposes of this section, the expression "corporate debtor" shall also include any person incorporated with limited liability outside India.'.

Amendment of section 242.

72. In section 242 of the principal Act, after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Notwithstanding anything contained in sub-section (*1*), if any difficulty arises in giving effect to the provisions of this Code, as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, the Central Government may, by an order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Code, as may appear to it to be necessary or expedient for removing such difficulty:

Provided that no such order shall be made under this section after the expiry of a period of five years from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.".

DR. RAJIV MANI,
Secretary to the Govt. of India.

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