

IBC Amendment Bill 2025: Group and Cross-Border Insolvency

The Insolvency and Bankruptcy Code (IBC) Amendment Bill, introduced in the Lok Sabha by Finance Minister Nirmala Sitharaman on August 12, 2025, marks a significant overhaul of India's Insolvency framework. The Bill, referred to a select parliamentary committee for further scrutiny, aims to tackle systemic delays, complexity, and inefficiencies that have impeded effective insolvency resolution for Indian businesses.

Key Features and Reforms:

1. Group Insolvency Framework:

- Enables coordinated Insolvency proceedings for companies within the same corporate group.
- Allows a common Bench, shared Insolvency professionals, and joint creditors' committees to reduce delays and costs.
- Prevents value loss in complex conglomerate cases.
- For example, cases like the *Gensol and BluSmart group* stand to benefit significantly from these changes.

2. Cross-Border Insolvency:

- Introduces a framework for resolving insolvency involving overseas assets and creditors.
- Aligns with the UNCITRAL Model Law, improving investor confidence.
- Provides legal clarity for multi-jurisdictional asset recovery.

3. PPIRP for large corporates:

- Extends the quicker, out-of-court "pre-pack" process (earlier for MSMEs) to big corporations.
- Can be triggered by creditors holding 55% of debt, with resolution in 150 days, with possible 45 days extension by adjudicating authority.

Additional Highlights:

- Only creditors with proven contractual security can be deemed "secured." Courts can reject applications only for lack of default or procedural issues.
- Lenders can access assets of personal guarantors during insolvency to boost recoveries.
- Mandatory early Competition Commission of India (CCI) clearance to avoid delays after creditor approvals.

- Less reliance on courts, more powers to creditors' committees, ensuring quicker and higher-value recoveries.

Implications:

- Speeds up resolution and liquidation of distressed firms.
- Simplifies processes for multi-entity groups and cross-border cases.
- Reduces judicial bottlenecks and resolution costs.
- Enhances asset value preservation and investor protection.