



Key changes in the Insolvency and Bankruptcy Code (Amendment) Bill, 2025

August 2025



The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (**IBC Amendment Bill, 2025**), which was presented to the Lok Sabha on 12 August 2025, signifies a crucial advancement in India's continuous endeavour to fortify its insolvency and restructuring ecosystem. Introduced in response to both practical insights gained since the original enactment of the Insolvency and Bankruptcy Code, 2016 (**IBC**) and the evolution of international best practices, the IBC Amendment Bill 2025 is intended to address longstanding challenges and close critical loopholes that have affected the efficiency, fairness and predictability of the IBC.

The IBC Amendment Bill, 2025 pays particular attention to issues flagged by courts and practitioners, the complexities arising in group and cross-border insolvency, and the misuse of withdrawal and moratorium provisions by promoters and other stakeholders. Some of the key changes proposed in the IBC Amendment Bill, 2025 areas are as follows:

- speeding up the timelines for admitting cases and resolving them to cut down on delays in insolvency proceedings
- tackling concerns raised by courts and insolvency professionals to enhance legal clarity
- simplifying complexities related to group insolvency and cross-border insolvency case
- implementing methods for resolution outside of court and raising governance standards
- clarifying the rights and ranking of various creditors, including government authorities, for better prioritisation and transparency
- strengthening creditor empowerment to enhance their role and confidence in the insolvency process.

With an array of targeted reforms spanning corporate, individual and group insolvency, enhanced roles for regulatory bodies, improved discipline for process participants, and new frameworks for technology and cross-border cooperation, the new bill seeks to create an agile, transparent and investor-friendly insolvency regime. Its vision is to foster confidence among global investors and domestic stakeholders alike, ensure efficient recovery and restructuring for distressed entities, and align India's corporate failure framework with the demands of a rapidly modernising economy.

Key amendments proposed in the IBC Amendment Bill, 2025

S.no.	Heading	Amendment	Amendment clause and its applicable section	Impact
1	Expanded service provider regime	Expanded 'service provider' regime: Brings more categories under the oversight of the Insolvency and Bankruptcy Board of India (IBBI). Now, in addition to insolvency professionals, their agencies and information utilities, any other categories that the government may notify in the future will come under the supervision of the IBBI.	Clauses 2–3, 55, 59, 60; Sections 3, 5, 196, 217, 218	Strengthens regulatory discipline, improves governance and supports systemic integrity
2	Mandatory admission of application	Mandatory admission of insolvency applications: The Adjudicating Authority (AA) shall admit applications on proof of	Clause 4; Section 7	Ensures uniform admission of applications, consistency in decision making and

S.no.	Heading	Amendment	Amendment clause and its applicable section	Impact
		default and compliance with IBC. AA can only reject if requirements are not met and must record written reasons for delay beyond 14 days.		accelerates commencement of insolvency proceedings
3	Withdrawal restrictions	<p>Stricter conditions for withdrawal:</p> <p>Once an insolvency application is admitted, withdrawal is allowed only after the formation of the Committee of Creditors (CoC), which shall be possible with 90% CoC approval and not after the first resolution plan invitation; all withdrawals must be disposed within 30 days.</p>	Clause 8; Section 12A	Detering misuse and frivolous withdrawal of proceedings, enforces process sanctity
4	Two-stage approval for plan	<p>Two-stage approval for resolution plan:</p> <p>On an application filed by the resolution professional (RP), the AA can initially approve the implementation plan for handing over and managing the business of the corporate debtor and then, the AA separately approves distribution to stakeholders within a 30-day window.</p> <p>The amendment also proposes to clarify that once AA approves the resolution plan, the company gets a fresh start (i.e. a clean slate) – meaning all old claims against the company are extinguished, except those specifically allowed to continue.</p>	Clause 19; Section 31	Speeds up process in cases where distribution mechanism acts as a roadblock for implementation of the plan
5	Liquidation and Corporate Insolvency Resolution Process (CIRP) Restorative Reform	<p>Extended moratorium and direct CIRP-to-liquidation reforms:</p> <p>Moratorium expanded to cover all proceedings during liquidation; allows restoration of CIRP from liquidation (one time, up to 120 days, under exceptional circumstances with 66% CoC approval).</p>	Clauses 20–25, 33; Section 33–36, 38–42, 54	Ensures asset value maximisation, prevents litigation, allows second-chance recoveries
6	Interim Resolution	IRP selection changes:	Clause 6;	Ensures independence and

S.no.	Heading	Amendment	Amendment clause and its applicable section	Impact
	Professional (IRP) selection independence	Corporate debtors can no longer nominate the IRP, reducing risk of bias or undue influence in the resolution process.	Section 10	fairness in IRP selection
7	Moratorium clarification	Moratorium regime clarified: Subrogation rights of corporate/surety guarantors cannot be enforced against the corporate debtor during the moratorium period in CIRP. Guarantors cannot ask the company to pay them back if they cover any of its debts until the insolvency process is over.	Clause 9; Section 14	Protects debtor's estate from legal action, preserves asset pool for creditors
8	Guarantor asset pooling	Transfer of guarantor assets into CIRP: If a lender enforces a corporate guarantee and takes possession of a guarantor's asset, that asset can also be brought into the ongoing insolvency process of the corporate debtor with the approval of the CoC.	Clause 17; Section 28	Broadens asset base for resolution, improves overall recovery
9	Dissenting creditor safeguards	Minimum payout for dissenting creditors: The Bill stipulates that a resolution plan must ensure that a dissenting financial creditor receives an amount not less than the lower of the amount– (i) the liquidation value of such creditor or (ii) its entitlement under the resolution plan based on the liquidation waterfall.	Clause 18; Section 30	Prevents holdouts from derailing resolutions, ensures minimum recovery.

S.no.	Heading	Amendment	Amendment clause and its applicable section	Impact
10	Creditor oversight in liquidation	<p>CoC role in liquidation:</p> <p>To enhance the CoC's role in the insolvency of a corporate debtor, it is proposed that the CoC oversee the liquidation process – similar to the CIRP – possibly including other creditors as non-voting members – unlike the current framework where the liquidator consults a stakeholder consultation committee without being bound by its advice. Decisions such as replacement of liquidator, action against fraud shall require 66% approval of the CoC.</p>	<p>Clauses 23–25;</p> <p>Sections 35, 36, 38–42</p>	Improves oversight and creditor control in liquidation
11	Liquidation timelines and claim sync	<p>Fixed liquidation timelines:</p> <p>Liquidation must be completed in 180 days, with only one extension (max 90 days).</p> <p>The claim process during liquidation would reuse the CIRP claims list which can be maintained and updated by the liquidator. Fresh claims would not be invited.</p>	<p>Clauses 23–25, 33;</p> <p>Sections 35, 36, 38–42, 54</p>	Increases process speed and finality
12	Look-back for suspect transactions and empowering creditors in avoidance	<p>Expanded look-back periods for avoidance transaction investigations:</p> <p>The amendment has widened the period for reviewing suspicious or wrongful transactions (such as preferential, undervalued or fraudulent transfers). Earlier, this review period was counted only from the date the insolvency process was formally admitted. Now, the look-back period can also cover the time before admission – starting from when the insolvency application is filed.</p> <p>Creditors (not just RP/liquidator) may apply for avoidance actions if RP/liquidator fails; related-party asset transfers lose safe harbour.</p>	<p>Clauses 26–30;</p> <p>Sections 43, 46, 47, 49, 50</p>	<p>Greater clawback potential, protects value, deters last-minute fraud.</p> <p>Total 1,442 avoidance applications have been filed till 30 June 2025, amounting to INR 3,89,963.98 crore, with only a few being decided upon</p>

S.no.	Heading	Amendment	Amendment clause and its applicable section	Impact
13	Secured creditor asset realisation rules	Secured creditor decision timelines: If secured creditors want to realise assets outside liquidation, they must decide within 14 days; if collateral is shared, at least 66% CoC must consent.	Clauses 31–32; Section 52–53	Ensures swift, fair asset distribution and cost-sharing
14	Security interest definition clarified	Redefines security interest: Security interest shall only exist if it creates a right, title, interest or a claim to a property pursuant to an agreement or arrangement only and not merely through operation of law. The clarification ensures that secured creditors' rights over company assets are protected and take precedence, promoting greater clarity and confidence in the resolution process.	Clause 2–3; Section 3 and 5	This strengthens protection for lenders and ensures predictability on asset distribution, increasing confidence in the insolvency process
16	Pre-packaged insolvency harmonisation	Pre-packaged insolvency harmonisation: The amendment sets clear rules for pre-packaged insolvency by using the same definitions and procedures as the regular insolvency process. It updates how pre-pack insolvency starts, when the moratorium applies, how resolution plans get approved and how cases can be withdrawn.	Clause 35–38; Sections 54C, 54F, 54L, 54N	Creates uniformity and operational ease across different insolvency types

Key frameworks proposed in the IBC Amendment Bill, 2025

S. no.	New framework	What the amendment bill says	Expected impact
1	Creditor-initiated insolvency resolution process	Allows creditors to initiate insolvency for genuine business failures, including an out-of-court mechanism. Sets procedural discipline, with initiation needing the support of creditors representing a specified threshold (i.e. 51%) of outstanding debt. The process is to be concluded within 150 days, with a possible extension for a period of 45 days.	<ul style="list-style-type: none"> • Expedites admissions and reduces court burden • Enhances creditor empowerment and procedural speed • Facilitates cost-effective resolutions
2	Group insolvency framework	The IBC Amendment Bill, 2025 proposes to bring in processes for simultaneous resolution of group companies under common management or ownership. Includes coordination between group entities, common bench and possibility for a shared resolution professional. Designed to address complex corporate structures and value erosion arising from piecemeal resolutions.	<ul style="list-style-type: none"> • Reduces value erosion and maximises asset value for group stakeholders • Minimises conflicting outcomes in related entities • Brings coherence, supports investor confidence
3	Cross-border insolvency framework	<p>The proposed legislation further proposes provisions to provide a structure drawing on UNCITRAL Model Law principles for a cross-border insolvency framework. Government is empowered to make rules, designate special benches and adapt laws.</p> <p>The framework lays the legal foundation for effective cooperation and coordination between Indian and foreign insolvency proceedings.</p>	<ul style="list-style-type: none"> • Facilitates quicker and more effective recovery of overseas assets • Aligns Indian law with global best practices • Increases global investor confidence and asset recovery certainty

Key timelines envisaged under the IBC Amendment Bill, 2025

Event	Timeline duration	Responsibility of AA
Admission of financial creditor application	Within 14 days	National Company Law Tribunal (NCLT) must decide on application admission with written reasons if delayed
Disposal of withdrawal request post-admission	Within 30 days	NCLT must dispose withdrawal applications after 90% CoC approval
Liquidation process completion	Within 180 days	Liquidation to be completed within 180 days; one extension of 90 days allowed
Restoration of CIRP from liquidation	Within 120 days	If CIRP restored from liquidation, process must conclude within 120 days
Secured creditors' decision on realisation	Within 14 days	Secured creditors must opt for realisation means within 14 days of liquidation commencement
Two-stage resolution plan approval	30 days post implementation approval	Distribution plan approval must follow implementation approval within 30 days

Disclaimer: The information provided in this article is intended for general informational purposes only and does not constitute professional advice or a recommendation of any kind. While efforts have been made to ensure the accuracy and reliability of the data herein, PwC and the author do not accept any responsibility or liability for the accuracy, completeness, or suitability of the information. Readers should consult with a qualified professional or legal advisor for specific advice related to the IBC developments or other legal matters. The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of PwC.

Contact us



Rohit Govil

Partner – IRDA Deals

PwC India

rohit.govil@pwc.com



Shalini Shrivastav

Partner – IRDA Deals

PwC India

shalini.shrivastav@pwc.com



Shivam Kaushal

Director – IRDA Deals

PwC India

shivam.kaushal@pwc.com



Nikhil Rawat

Manager – IRDA Deals

PwC India

nikhil.rawat@pwc.com

Data Classification: DCo (Public)

In this document, PwC refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTCo36093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.

© 2025 PricewaterhouseCoopers Private Limited. All rights reserved.

KA/August 2025 – M&C 47923