
FROM SHADOWS TO STANDARDS: HOW INDIA'S 2025 IBBI AMENDMENTS RESHAPE CIRP

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ABSTRACT

The Insolvency and Bankruptcy Board of India's (IBBI) 2025 reforms indicates a remarkable development to strengthen transparency, responsibility, and rule of fair procedure in the Corporate Insolvency Resolution Process (CIRP). The alterations demonstrate a transformation in the legal landscape, with increased emphasis on stakeholder participation, fair treatment of creditors, and refined supervision practices for insolvency practitioners. Through the requirement of complete disclosure of all resolution strategies and to promote inclusive governance, interim financiers and land administration bodies shall be granted observer roles within the resolution mechanism, the reforms aims to eliminate the informational gaps between stakeholders and restore confidence in the functioning of the insolvency regime. This article explores the legal dimensions of reforms rooted in transparency objectives, assessing their compliance with constitutional principles, judicial precedents, and the primary objective of optimizing value of stakeholders under the Insolvency and Bankruptcy Code, 2016 (IBC). The article submits that transparency is now an integral part of effective insolvency resolution in India by achieving both the procedural advancements and their actual effects.

Keywords: Insolvency and Bankruptcy Board of India (IBBI), Professional Integrity, Stakeholders, Transparency, Corporate Insolvency Resolution Process (CIRP).

INTRODUCTION

The Insolvency and Bankruptcy Code, 2016 normally known by its acronym IBC, established as a milestone in India's long standing and fragmented bankruptcy system. It is essentially a creditor driven, time bound system aimed to ensure optimal asset recovery and boost economic efficiency. However, as the government has evolved, it is now evident that the importance of transparency in the CIRP has become a key to uphold fairness, avoiding arbitrariness and strengthening stakeholder confidence.

In this regard, the 2025 amendments to the IBBI signify a crucial regulatory shift, targeting systematic inefficiencies through stricter disclosure rules, harmonized reporting protocols, and broader participation in the resolution process.

The 2025 amendments to the IBBI represent a pivotal shift towards greater corporate transparency within the CIRP framework. Building on the evolution of disclosure norms under the IBC where it examines the key features of 2025 changes, then assesses their effect on creditors, resolution professionals, institutional stakeholders, and concludes with a resonated perspective on the future of India's insolvency framework.

MEANING OF INSOLVENCY AND BANKRUPTCY

Insolvency is a state of financial distress in which a business or person is unable to pay their bills.¹ It refers to a business entity which can no longer be in a position to pay the debts to the creditors. Insolvency refers to a company's inability to meet its financial obligations.²

Bankruptcy is a legal process for relieving debt that the borrower cannot repay. It's a measure of last resort that typically requires liquidating assets or entering a repayment plan.³

INSOLVENCY BANKRUPTCY CODE, 2016

The concept of insolvency resolution has transformed in India as a result of the Insolvency and Bankruptcy Code, 2016 (Code/IBC)⁴. Although it's immediate effects, such as saving failing

¹ <https://notionpress.com/in/read/insolvency-bankruptcy-code/>, last accessed on 15 July 2025.

² <https://www.investopedia.com/terms/i/insolvency.asp>, last accessed on 15 July 2025.

³ <https://www.investopedia.com/terms/b/bankruptcy.asp>, last accessed on 15 July 2025.

⁴ The Insolvency and Bankruptcy Code, 2016 (Act 31 of 2016), Bare Act, Commercial Law Publishers (India) Pvt Ltd., 2025.

companies and enhancing creditor. Although recoveries are generally accepted, the IBC's impact goes well beyond these short-term results. The Code's wider economic impact is what gives it significance. It has produced significant positive ripple effects across the Indian economy, boosting corporate governance and overall firm performance, protecting jobs, and reviving credit markets.⁵

CIRP (CORPORATE INSOLVENCY RESOLUTION PROCESS)

CIRP is a corporate insolvency resolution process. It is designed to settle the insolvency of a corporate debtor (a company or Limited Liability Partnership) owing a debt, it is a legal mechanism under India's Insolvency and Bankruptcy Code (IBC) of 2016. The procedure tries to save the financially troubled business or, if revival is not feasible, to maximize the worth of its assets by way of sale.

ROLE OF INSOLVENCY PROFESSIONALS IN CIRP PROCESS

In CIRP, insolvency professionals serve as resolution specialists. They take over the corporate debtor's management.

The notion of Insolvency Professional Entities (IPEs) was established down in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 (IP Regulations) initially notified in November 2016.⁶

The Board modified the IP Regulations in March 2018 to clarify the function of IPEs and add new qualifying requirements, such as offering support services to individual IPs who are its partners or directors, guaranteeing majority ownership and management with IPs, and forbidding multiple partnerships or directorships with IPEs.

In recent years, in September 2022, the Board permitted the firms to continue their IP operations in order to use their resources and experience to improve the insolvency resolution process's efficiency. There were 113 recognized entities (a company, limited liability partnership, and registered partnership firms) as of September 30, 2023. 64 of these entities are also recognized as Insolvency Professionals (IPs). While IPE's responsibilities have been

⁵https://www.indiacode.nic.in/bitstream/123456789/15479/1/the_insolvency_and_bankruptcy_code%2C_2016.pdf, last accessed on 17 July 2025.

⁶ <https://ibbi.gov.in/uploads/whatsnew/cff92741c41ddc4b0a5e81d9ff4063c2.pdf>, last accessed on 17 July 2025.

broadened to include IP operations. There were no changes made to the IPE's framework. The Board has gathered input from IPE's and Insolvency Professional Agencies (IPAs) regarding the obstacles/issues they face in fulfilling their IP responsibilities and areas that need more discussion and revisions.⁷

Therefore, the current framework must be rationalized appropriately to achieve the desired results in order to enable IPEs to carry out the expanded function as IP in compliance with the revisions notified in September 2022 and October 2022. Henceforth, it is anticipated that the ideas will improve the way the IPEs' regulatory framework is implemented. It will provide the IPEs the clarity and adaptability they need to carry out their duties within the parameters of the legal system.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI)

The Insolvency and Bankruptcy Board of India is a corporate body established by the Central Government with perpetual succession and a common seal. It has the power to acquire, hold, dispose of property, contract, and sue under this name. The board's head office is in the National Capital Region. The board consists of a Chairperson, three Central Government officers, one representing the Ministry of Finance, Corporate Affairs, and Law, and five other members nominated by the Central Government. The Chairperson and members must be persons of ability, integrity, and standing, with special knowledge and experience in law, finance, economics, accountancy, or administration. Appointments are made after obtaining the recommendation of a selection committee. The Chairperson has powers of general superintendence and direction of the board's affairs. Members with direct or indirect pecuniary interest must disclose this interest promptly and not participate in any deliberation or decision.⁸

The IBC established the Insolvency and Bankruptcy Board of India (IBBI), Insolvency Professionals (IPs), Information Utilities, and Adjudicating Authorities (NCLT and DRT) to oversee and implement the insolvency resolution process. This framework ensures a structured and transparent process for handling insolvency cases, unlike the previous fragmented and opaque system.

⁷ <https://resurgentindialimited.mystrikingly.com/blog/services-offered-by-an-insolvency-professional-entity-ipe>, last accessed on 20 July 2025.

⁸https://www.indiacode.nic.in/bitstream/123456789/15479/1/the_insolvency_and_bankruptcy_code%2C_2016.pdf, last accessed on 22 July 2025.

IBBI REGULATIONS, 2016

The Insolvency and Bankruptcy Board of India (IBBI) established the IBBI Regulations in accordance with the Insolvency and Bankruptcy Code (IBC), 2016. Many facets of the insolvency resolution and liquidation procedures for both individuals and businesses in India are governed by these regulations. IBBI regulations, which offer a thorough set of guidelines and protocols for all parties engaged in the process, are an essential component of India's legal framework for insolvency and bankruptcy.⁹

Since the inception of the Insolvency and Bankruptcy Code, 2016 (IBC), the Insolvency and Bankruptcy Board of India has made over 100 regulatory amendments to strengthen the insolvency resolution process and ensure proper implementation of its provisions. These amendments have been made in response to market demands to optimize procedures and maximize the value of the corporate debtor's assets.¹⁰

IBBI AMENDMENTS 2025

The IBBI made significant amendments in the circa 2025, which are as follows-

- ***Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2025***¹¹

The Insolvency and Bankruptcy Board of India (IBBB) has introduced two new regulations, the first requiring approval from the committee with at least 66% of total votes for the transfer of property in real estate projects. The second regulation introduces the provision of facilitators, who must be appointed by the committee if the number of creditors exceeds 1,000. The facilitator's role is to facilitate communication between the authorized representative and the creditors of a subclass, participate in committee meetings as observers, provide information about the insolvency resolution procedure, and contribute to other committee-assigned tasks.

⁹ Taxmann's, Insolvency and Bankruptcy Code with Rules and Regulations, Eighth Edition, Taxmann Publications Private Limited, 2024.

¹⁰ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2085199>, last accessed on 23 July 2025.

¹¹ <https://ibbi.gov.in/uploads/legalframework/69518dbf0bcccfeafdae76b906fcdab.pdf>, last accessed on 24 July 2025.

The main legislation now includes a new regulation, 30C, which mandates resolution professionals to create a report on the condition of development rights and permits for real estate developments within sixty days of the insolvency commencement. The principal regulations also require the insertion of a clause stating the fee payable to the facilitator under clause (c) of sub-regulation (1) of regulation 16C.

The proviso "implementation schedule:" and the requirement for performance security for an association or group of allottees in a real estate project representing at least 10% or one hundred creditors out of the total number of creditors in a class have been added to the principal regulations in regulation 36B, sub-regulation (4A). It is suggested that a monitoring committee be established to supervise the resolution plan's execution, with committee members paying a monthly fee that does not exceed the amount paid during the corporate bankruptcy resolution procedure.¹²

- ***Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025***¹³

This new amendment has introduced a new Form H Compliance Certificate for resolution professionals. This certificate is required by Corporate Debtor for the corporate insolvency resolution process (CIRP). The CIRP details include the name of the debtor, the date of initiation, appointment of the resolution professional, publication of public announcement, constitution of the CoC (Committee of Creditor), first meeting of the CoC, appointment of the RP, appointment of registered valuers, issue of invitation for EoI, final list of eligible prospective resolution applicants, submission date, last date of submission, and submission to the RP.

The resolution plan must comply with all provisions of the IBC/Code and CIRP Regulations and not contravene any existing laws. The resolution applicant has submitted an affidavit confirming its eligibility to submit the resolution plan. The plan has been approved by the CoC in accordance with the Code and CIRP Regulations. The

¹² Quaterly Newsletter of Insolvency and Bankruptcy Board of India, January- March 2025, Vol. 34, <https://ibbi.gov.in/uploads/publication/912e97d4d9f96651386541fb7059203b.pdf>, last accessed on 25 July 2025.

¹³ <https://ibbi.gov.in/uploads/legalframework/19c6f3252850f5bd0512d68898680e78.pdf>, last accessed on 25 July 2025.

resolution plan has been approved by a percentage of the voting share of financial creditors after considering its feasibility and viability.

The details of the CIRP and resolution plan include the debtor's MSME registration, business of the CD, total admitted claims, resolution plan value, voting percentage, implementation details, monitoring committee details, and effective date of resolution plan implementation.

The realizable amount of the resolution plan is listed, including the total realizable amount under the plan, fair value, liquidation value, percentage of realizable amount to fair value, percentage of realizable amount to principal amount, percentage of realizable amount to total admitted claims, percentage of realizable amount to other than admitted corporate guarantee claims, stakeholder type, payment schedule, payment schedule, amount claimed, amount admitted, amount realizable in the plan to amount claimed, secured and unsecured financial creditors, and the number of meetings held by the CoC.

- ***Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2025¹⁴***

The Insolvency and Bankruptcy Board of India has made the Insolvency and Bankruptcy Process for Corporate Persons (Third Amendment) Regulations, 2025, to further amend the Insolvency and Bankruptcy Code, 2016. The regulations will come into force on 1st June, 2025. The new regulations replace regulation 40B of the Insolvency and Bankruptcy Code, 2016, which necessitates form filing in an electronic mode. The interim resolution professional or resolution professional must ensure that the forms and enclosures are accurate and complete. A cost of 500 rupees per form will be charged for each calendar month if a form is filed after the deadline. Additionally, the professional is responsible for any action taken by the Board under the Code or any regulations made under it, such as refusing to issue or renew authorization for assignment, failing to file a form with the necessary records and information, filing a form with inaccurate or incomplete records and information, and delaying the filing of

¹⁴<https://ibbi.gov.in/uploads/legalframework/2025-05-22-095742-qn7tr-202c20a1bf2d6bd49de67265b1436e3e.pdf>, last accessed on 25 July 2025.

the form. The Board may occasionally make changes to the Forms, which will be made available on the web platform.

- ***IBBI (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2025***¹⁵

The Insolvency and Bankruptcy Board of India has amended its regulations, referred to as the Insolvency Resolution Process for Corporate Persons (Fourth Amendment) Regulations, 2025. The rules are published in the Official Gazette, being effective. Among the changes is a sub-regulation that permits the committee to invite temporary financial providers to committee meetings but without the right to vote. The resolution expert may solicit expressions of interest in resolution plans for the company debtor or in the sale of assets. In addition, the laws abolish sub-regulations 6A and 6B. A proviso has been added to guarantee that financial creditors who did not vote in favor of the resolution plan are paid at least pro rata and in priority, and the terms "plan" and "plan:" have been used in place of others in certain clauses. Additionally, the regulations eliminate the terms "compliant with the requirements of the Code and regulations made thereunder" and "non-compliant plans and" from some sub-regulations.

- ***Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fifth Amendment) Regulations, 2025***¹⁶

The Insolvency and Bankruptcy Board of India (IBBI) introduced new regulation to address avoidance transactions and fraudulent trading. Regulation 36 added the insolvency commencement date and details of identified avoidance transactions. Regulation 38 stated resolution plans cannot assign avoidance transactions not disclosed in information memorandums. This does not apply to resolution plans submitted before the IBBI's Insolvency Resolution Process for Corporate Persons (Fifth Amendment) Regulations, 2025.¹⁷

¹⁵ <https://ibbi.gov.in/uploads/legalframework/d6170ca9df92e50bfc5ff91e43e89c9f.pdf>, last accessed on 26 July 2025.

¹⁶ <https://ibbi.gov.in/uploads/legalframework/c6396cff47bd23b1b6a5445da6e905cc.pdf>, last accessed on 26 July 2025.

¹⁷ <https://cacult.com/insolvency-and-bankruptcy-board-of-india-fifth-amendment/amp/>, last accessed on 26 July 2025.

Importance:

- Enhances transparency in Insolvency process by mandating disclosure of avoidance, fraudulent and undervalued transactions.
- Strengthens professionalism and accountability
- Boosts stakeholder confidence and participation
- Simplifies compliance and reporting
- Monitors post-resolution implementation
- Aligns India's insolvency ecosystem with Best Global practices

JUDICIAL PRECEDENTS***SUPREME COURT***

- ***Mohammed Enterprises (Tanzania) Limited Vs. Farooq Ali Khan & Ors.*** ¹⁸

The Karnataka HC had overturned the promoters' writ petition. The resolution strategy pertaining to associate that was ratified by the Adjudicating Authority on the basis that sufficient notice for the CoC (Committee of Creditors) had not been given, Décor Limited issued a limited-CD (Corporate Debtor). The organizers were not given the meeting. Successful Resolution Applicant (SRA) contested before the SC. The issue before the Hon'ble Supreme Court was whether the HC was justified in using its authority to oversee and review judicial decisions in accordance with Article 226 of the Indian Constitution?

The Supreme Court granted permission for the appeals and emphasized that High Court should have noted that Insolvency and the Bankruptcy Code is a comprehensive code in and of itself, containing enough remedial channels, checks and balances, and appeals. Adherence to protocols and procedures that uphold legal discipline and maintain the equilibrium between the necessity of order and the search for fairness. The supervisory

¹⁸ [Civil Appeal No. 48 of 2025].

and judicial review authorities granted to. Although High Courts are essential constitutional safeguards, their Exercise necessitates careful application and rigorous examination. This is undoubtedly not a situation where the High Court should intervene and prohibit CIRP proceedings conducted in accordance with the Insolvency and Bankruptcy Code.¹⁹

- ***Bank of Baroda v. Farooq Ali Khan & Ors.***²⁰

Associate Décor Limited was granted credit facilities by a Financial Creditor (FC), and Mr. Farooq Ali's deed of guarantee protected the Corporate Debtor (CD). The CD failed to fulfill its financial obligations, leading to CIRP action. The FC appealed to an agreement between the Personal Guarantor (PG) and the assurance against it, and the FC submitted a request to start IRP against the PG. The AA ordered a representative to provide a report in accordance with section 99 of the Code. The PG submitted a Writ Petition (WP) before the AA's (Adjudicating Authority) instruction, and the Karnataka HC determined that the PG was responsible. The insolvency procedure against the PG was dismissed before the AA. The matter before the SC was the FC's appeal. The court ruled that the High Court had made an error in using its discretion on two counts: the writ authority and the presence of the debt. The SC allowed the appeal, and the individual insolvency was reinstated. The PG's procedure before the AA was also considered.

- ***Mukund Choudhary v. Union of India & Ors.***²¹

The constitutionality of a writ petition brought before the Supreme Court was challenged. The legality of Code section 101, which grants a moratorium of 180 days throughout the bankruptcy process of a personal guarantor. Supreme Court said that the goal of individual freedom is to reject the WP. According to the Code, insolvency differs from that of corporations. The insolvency resolution process, which seeks to determine if the recourse to resolution can rehabilitate and revive the Corporate Debtor or not.

¹⁹ Quaterly Newsletter of Insolvency and Bankruptcy Board of India, January- March 2025, Vol. 34, <https://ibbi.gov.in/uploads/publication/912e97d4d9f96651386541fb7059203b.pdf>, last accessed on 27 July 2025.

²⁰ [Civil Appeal No. 2759 of 2025].

²¹ [Writ Petition (Civil) No. 114 of 2025].

HIGH COURTS

- ***Stesalit Limited v. Union of India & Ors.*** ²²

In its resolution plan, the Successful Resolution Applicant (SRA) had suggested that only a portion of the claim be paid towards gratuity obligations owed to an ex-employee of the Corporate Debtor (CD). On a petition by the former employee in front of the Assistant Labour Commissioner

The (Central) & Controlling Authority, sometimes referred to as the Controlling Authority, the gratuity was ordered to be paid by the governing authority, along with interest up to the moment of real payment. The order was questioned by CD before the Calcutta High Court. According to the High Court, the CD never ceased operations nor went out of business. But there is no gratuity fund kept up by the CD. It noted that the workers' dues of this sort may not be included in the liquidation estate or to be used only for paying membership fees and other similar fees for employees must be paid in full. It ruled that the CD writ is invalid and liable to be dismissed.

In accordance with the Code's regulations, the SRA took over, while the CD continued to work as a functioning business. As a result, the CD's fate is in the hands of the Controlling Authority based on the entire membership dues of the employees.

- ***Arena Superstructures Private Limited and Anr. Vs. State of U.P. & Anr.*** ²³

A resolution plan for starting development in a sports city was accepted by the National Company Law Tribunal (NCLT). NOIDA, however, denied the proposal, claiming that CD had not completed its portion of the infrastructure by the deadline. The High Court contested this, arguing that the NCLT lacked the authority to revalidate the map and that the terms of the lease were violated. The court contended that the NCLT should confirm the balance sheet and other papers and that the insolvency process was designed to avoid liabilities. In order to settle unpaid debts, the court ordered the Registry, High Court, and ED to look into and recover the money that the company's

²² [WPA 532 of 2025].

²³ [WRIT - C No. - 6041 of 2024].

management had embezzled.²⁴

RESOLUTION OF LARGE CASES (ADMITTED CLAIMS > RS. 1000 CRORE)

As of March 2025, 172 of the 1194 Corporate Debtors (CDs) saved under the Code had acknowledged claims totaling more than Rs. 1,000 crore. The assets' realizable worth that come from these 172 CDs, despite owing the creditors Rs. 10.24 lakh crore, they only had Rs. 1.95 lakh crore when they entered the CIRP. Prior to March 2025, the claimants' realization under resolution plans was 177.61% of the liquidation value, whereas their realization in relation to their claims was 33.89%. These realizations exclude those that would result from the post-resolution value of stock holdings, the conversion of Personal Guarantors (PG) to CDs, and the rejection of applications for avoidance transactions.²⁵ The details are stratified below in the table:

(Amount in Rs.lakh crore)

CIRP cases (Admitted Claims > ₹ 1,000 crore)		Till Dec 2024	Jan- Mar 2025	Total as on Mar 31, 2025
Resolution plans approved	No. of Cases	165	7	172
	Admitted Claims	9.86	0.38	10.24
	Liquidation Value	1.88	0.07	1.95
	Realisation by creditors	3.18	0.29	3.47
	Realisation by creditors as % of Admitted Claims	32.18	77.29	33.89
	Realisation by creditors as % of Liquidation Value	169.13	378.76	177.61

CONCLUSION

The alterations set for the IBBI in 2025 represent a noteworthy progression towards greater openness as an entity under the CIRP system. The changes to the IBBI in 2025 represent "an important milestone in terms of increasing transparency for an organization within a particular CIRP framework". They symbolize a more advanced insolvency system that prioritizes due process as much as commercial efficiency. However, judicial monitoring and successful

²⁴ Quaterly Newsletter of Insolvency and Bankruptcy Board of India, January- March 2025, Vol. 34, <https://ibbi.gov.in/uploads/publication/912e97d4d9f96651386541fb7059203b.pdf>, last accessed on 27 July 2025.

²⁵ Ibid.

implementation are necessary for them to reach their full potential. In the end, transparency is the foundation of confidence in India's insolvency regime, rather than only a procedural shift.