

Select Committee Report Summary

Insolvency and Bankruptcy Code (Amendment) Bill, 2025

- The Select Committee on Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (Chair: Mr. Baijayant Panda) presented its report in Lok Sabha on December 17, 2025. The Bill seeks to amend the Insolvency and Bankruptcy Code, 2016. The Code aims to provide for a unified and time-bound process to address insolvency of companies and individuals. Key observations and recommendations of the Committee include:
- **Appointment of Liquidator:** The Code provides for the appointment of a Resolution Professional (RP) as a liquidator by the National Company Law Tribunal (NCLT). Creditors have no role in the appointment of a liquidator. The Bill amends this to allow the Committee of Creditors (CoC) to appoint an RP or any other insolvency professional as a liquidator. The Committee observed that the RP may have a perverse incentive to favour liquidation over resolution for additional fee. It recommended that an RP shall be ineligible to be appointed as a liquidator to eliminate any conflict of interest. The Committee recommended appointment of a liquidator on a recommendation made by the Insolvency and Bankruptcy Board of India (IBBI) to the NCLT within 10 days of issuing the insolvency order. The Committee also accepted the amendment empowering the CoC to replace the liquidator with a 66% vote.
- **Role of CoC in the liquidation process:** The Bill empowers the CoC to supervise the conduct of the liquidation process. The Committee observed that this provision will ensure that CoC can leverage its commercial wisdom to assist the liquidator in taking efficient commercial decisions. However, it recommended that IBBI should clarify the scope of supervision. This will prevent any conflict with the statutory duties of the liquidator.
- **Disposal of appeals by the National Company Law Appellate Tribunal (NCLAT):** The Committee observed that the IBC currently does not prescribe any timeline for the disposal of appeals by the NCLAT. It noted that this results in delays, undermining the efficiency of the resolution process. The Committee recommended amending the Bill to introduce a timeline for the NCLAT to dispose an appeal within three months from the date of its receipt.
- **Cross-border insolvency:** The Bill contains an enabling provision empowering the central government to make rules for cross-border insolvency. The Committee observed that the basic principles of cross-border insolvency should be included in the Code to provide clear legislative guidance to the central government. It recommended amending the Bill to require the Rules to explicitly specify the process for: (i) recognition of proceedings, (ii) granting relief, (iii) judicial cooperation, and (iv) assistance and coordination. The Committee further recommended clarifying the term corporate debtor to explicitly include any person incorporated outside India with limited liability.
- **Voting threshold to initiate a Pre-Packaged Insolvency Resolution Process (PPIRP):** Under the Bill, the voting threshold for unrelated financial creditors to initiate a PPIRP is 66%. The Committee recommended reducing this threshold to 51% to expedite the PPIRP and Creditor-Initiated Insolvency Resolution Process.
- **Power of IBBI to specify the code of conduct and timelines for the CoC:** The Bill empowers IBBI to specify the standards of conduct of the CoC. The Committee noted that specifying both timelines and the standards of conduct will enhance governance. It recommended that the Bill should specify the period within which the CoC shall take decisions.
- **Decriminalisation of certain offences:** The Committee recommended decriminalising the following offences: (i) contravention of moratorium or resolution plan and (ii) non-disclosure of dispute or payment of debt by operational creditor. It recommended replacing the existing criminal penalties under the Code with civil penalties. The Committee noted that criminal penalties for technical or good-faith lapses leads to increased litigation and hampers the efficiency of the resolution process.
- **Constitution of a committee for the implementation and monitoring of resolution plan:** The Bill requires each resolution plan to provide for the constitution of a committee to oversee the implementation of the resolution plan. Its composition and functions will be specified through Regulations. The Committee observed that leaving these details to regulations may lead to ambiguity regarding accountability. It recommended amending the provision to include that the resolution plan should include details like constitution and composition of the committee, and the representatives of the notified classes of creditors.

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