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STRENGTHENING INSOLVENCY RESOLUTION MECHANISMS: IMPLICATIONS OF THE IBC (AMENDMENT) BILL, 2025

AUTHORED BY - DIPTI SINGH

Student LL.B. (Hons.)

Faculty of Law, University of Lucknow



ABSTRACT

The Insolvency and Bankruptcy Code, 2016 (IBC) represents one of the most significant economic and legal reforms undertaken in India, aimed at consolidating insolvency laws and establishing a time-bound mechanism for resolution of stressed assets. Since its enactment, the IBC has fundamentally altered the debtor–creditor relationship by shifting control from defaulting promoters to creditors and prioritising resolution over liquidation. Despite its transformative impact, practical implementation of the Code has revealed several structural, procedural, and institutional challenges, necessitating continuous legislative refinement. In this context, the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 assumes critical importance in strengthening insolvency resolution mechanisms and addressing systemic inefficiencies.

This research paper analyses the implications of the IBC (Amendment) Bill, 2025 with a focus on its role in enhancing the effectiveness, predictability, and fairness of the insolvency resolution framework. The Amendment Bill seeks to address persistent concerns such as procedural delays, excessive litigation, ambiguity in creditor rights, and the balance between value maximisation and corporate rescue. By introducing targeted reforms, the legislature aims to reinforce the core objectives of the IBC—time-bound resolution, maximisation of asset value, and promotion of credit discipline—while adapting the framework to evolving commercial realities.

The paper examines how the proposed amendments respond to judicial interpretations and practical bottlenecks that have emerged over the years. The increasing backlog before the National Company Law Tribunal (NCLT), frequent invocation of judicial review, and delays in completion of the Corporate Insolvency Resolution Process (CIRP) have diluted the efficiency originally envisaged under the Code. The 2025 Amendment Bill attempts to streamline processes, clarify statutory ambiguities, and strengthen institutional capacity, thereby restoring confidence among creditors and investors.

A central concern addressed in this study is whether the Amendment Bill strikes an appropriate balance between creditor-driven insolvency resolution and the broader goal of corporate revival. While the IBC has been lauded for empowering financial creditors, critics argue that excessive emphasis on liquidation and recovery may undermine the objective of preserving viable businesses. The paper critically evaluates whether the 2025 amendments recalibrate this balance by reinforcing resolution as the preferred outcome while safeguarding stakeholder interests.

Methodologically, the study adopts a doctrinal and analytical approach, drawing upon statutory provisions, judicial precedents, parliamentary materials, and expert committee reports. The paper situates the Amendment Bill within the broader evolution of India's insolvency regime and assesses its potential impact on insolvency practice and economic governance.

The paper concludes that the IBC (Amendment) Bill, 2025 represents a significant step towards strengthening India's insolvency framework. However, its success will ultimately depend on effective implementation, institutional capacity building, and judicial restraint in ensuring that

insolvency resolution remains efficient, predictable, and aligned with the overarching goal of economic revival.

KEYWORDS: - *Insolvency and Bankruptcy Code, 2016; IBC (Amendment) Bill, 2025; Corporate Insolvency Resolution Process (CIRP); Creditor Rights; Time-bound Resolution; NCLT; Corporate Rescue; Liquidation; Insolvency Reforms; Economic Governance*

INTRODUCTION

The enactment of the Insolvency and Bankruptcy Code, 2016 (IBC) marked a watershed moment in India's commercial and economic legal landscape. Prior to the IBC, insolvency resolution in India was governed by a fragmented and inefficient framework comprising multiple statutes such as the Sick Industrial Companies (Special Provisions) Act, 1985, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the SARFAESI Act, 2002. These laws were criticised for prolonged delays, lack of coordination, and low recovery rates, which adversely affected credit discipline and investor confidence. The IBC sought to address these shortcomings by introducing a unified, creditor-driven, and time-bound insolvency resolution mechanism aimed at maximising the value of stressed assets and promoting entrepreneurship.

Since its inception, the IBC has significantly altered the debtor–creditor relationship by shifting control of the corporate debtor from defaulting promoters to an independent resolution professional acting under the supervision of the committee of creditors. The emphasis on strict timelines, particularly the 180-day period (extendable to 330 days) for completion of the Corporate Insolvency Resolution Process (CIRP), was intended to ensure efficiency and prevent value erosion.¹ Judicial pronouncements of the Supreme Court have consistently underscored that the IBC is not merely a recovery mechanism but a comprehensive framework aimed at resolution and revival of viable businesses.²

However, nearly a decade of implementation has revealed structural and procedural challenges that have diluted the effectiveness of the insolvency regime. Delays before the National Company Law Tribunal (NCLT), excessive litigation at various stages of the CIRP, ambiguity

¹ Insolvency and Bankruptcy Code, 2016, s 12.

² *Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019) 4 SCC 17.

in the rights and priorities of different classes of creditors, and frequent liquidation of corporate debtors have raised concerns regarding the practical functioning of the Code. Empirical data indicates that a significant proportion of cases under the IBC have resulted in liquidation rather than resolution, calling into question whether the objective of corporate rescue is being adequately realised.

In response to these challenges, the legislature has undertaken periodic amendments to the IBC to fine-tune its framework. The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 represents the latest attempt to strengthen insolvency resolution mechanisms and address persistent inefficiencies. The Amendment Bill seeks to streamline procedural aspects, reduce scope for frivolous litigation, clarify the roles and responsibilities of stakeholders, and reinforce the primacy of resolution over liquidation. It also reflects legislative engagement with judicial interpretations that have shaped insolvency jurisprudence over the years.

The introduction of the 2025 Amendment Bill must be viewed against the broader backdrop of India's evolving economic governance and the need to maintain a robust insolvency framework that supports credit growth and financial stability. Insolvency law plays a critical role in fostering investor confidence by providing predictability and certainty in the event of business failure. Any dilution in the efficiency of insolvency mechanisms can have systemic consequences for the banking sector and the wider economy.

This research paper examines the implications of the IBC (Amendment) Bill, 2025 in strengthening insolvency resolution mechanisms in India. It analyses whether the proposed amendments effectively address the shortcomings identified in the existing framework and evaluates their potential impact on creditor rights, corporate rescue, and institutional efficiency. By situating the Amendment Bill within the broader evolution of the IBC, the study seeks to assess whether the 2025 reforms advance the foundational objectives of the Code or merely provide incremental procedural adjustments.

RESEARCH METHODOLOGY

The present study adopts a doctrinal and analytical research methodology to examine the implications of the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 on India's insolvency resolution framework. Given that the research focuses on legislative reform,

statutory interpretation, and judicial development of insolvency law, a qualitative legal research approach is most appropriate. The methodology is designed to evaluate how the proposed amendments seek to strengthen insolvency resolution mechanisms and address systemic challenges that have emerged under the Insolvency and Bankruptcy Code, 2016.

The doctrinal method forms the core of this research. It involves a detailed analysis of the provisions of the Insolvency and Bankruptcy Code, 2016, as amended from time to time, with particular emphasis on the Corporate Insolvency Resolution Process (CIRP). The study examines the text, structure, and objectives of the Code to understand its foundational principles, including time-bound resolution, creditor primacy, and value maximisation. The proposed changes introduced by the IBC (Amendment) Bill, 2025 are analysed in light of these objectives to assess whether the amendments reinforce or recalibrate the original legislative intent.

Judicial interpretation constitutes a significant component of the research methodology. The study analyses landmark judgments of the Supreme Court of India and the National Company Law Appellate Tribunal (NCLAT) that have shaped insolvency jurisprudence, particularly with respect to timelines, creditor rights, the role of resolution professionals, and the distinction between resolution and liquidation. Judicial pronouncements are examined to identify interpretative trends and practical challenges that may have influenced the introduction of the 2025 Amendment Bill.³ This enables an assessment of the extent to which the proposed amendments respond to judicial concerns and implementation bottlenecks.

The analytical aspect of the methodology involves a critical evaluation of the effectiveness of insolvency resolution mechanisms under the existing framework. This includes assessing empirical trends such as delays in completion of CIRP, the increasing number of cases resulting in liquidation, and the burden on adjudicating authorities. While the research does not rely on primary empirical data, it draws upon published reports of the Insolvency and Bankruptcy Board of India (IBBI), parliamentary debates, and committee reports to contextualise the need for reform.⁴

³ *Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 SCC 531.

⁴ Insolvency and Bankruptcy Board of India, *Quarterly Newsletter and Annual Reports*.

Secondary sources play an important role in supporting the analysis. Scholarly articles published in law journals, books on insolvency and corporate law, and policy papers by think tanks and professional bodies are reviewed to understand academic and practitioner perspectives on the IBC and its amendments. These sources provide theoretical insights into insolvency law principles and comparative perspectives on insolvency reform in other jurisdictions.

The research is limited to legal and institutional analysis and does not extend to economic modelling or quantitative assessment of recovery rates. Nevertheless, the doctrinal and analytical approach adopted in this study enables a comprehensive evaluation of the IBC (Amendment) Bill, 2025 and its potential impact on insolvency resolution mechanisms. By integrating statutory analysis with judicial interpretation and policy considerations, the methodology provides a robust framework for assessing whether the proposed reforms are likely to strengthen India's insolvency regime in practice.

RESEARCH QUESTIONS

1. What are the key challenges and limitations faced by the insolvency resolution framework under the Insolvency and Bankruptcy Code, 2016?
2. What are the major changes proposed under the Insolvency and Bankruptcy Code (Amendment) Bill, 2025?
3. How do the proposed amendments seek to strengthen the Corporate Insolvency Resolution Process (CIRP)?
4. What are the implications of the 2025 Amendment Bill for creditor rights, corporate rescue, and value maximisation?
5. Does the IBC (Amendment) Bill, 2025 effectively balance efficiency, fairness, and economic revival within India's insolvency regime?

HYPOTHESIS

The central hypothesis of this research is that the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 represents a substantive attempt to strengthen India's insolvency resolution mechanisms by addressing procedural delays, litigation bottlenecks, and institutional inefficiencies; however, its effectiveness in achieving timely resolution and corporate rescue will ultimately depend on implementation capacity and judicial discipline rather than

legislative reform alone. This hypothesis is grounded in the premise that while statutory amendments can refine legal frameworks, the success of insolvency regimes is equally shaped by institutional behaviour and adjudicatory practices.

The Insolvency and Bankruptcy Code, 2016 was enacted with the objective of ensuring a time-bound and market-driven insolvency resolution process. Over time, however, the original design of the Code has been tested by practical realities such as delays in admission of cases, repeated extensions of CIRP timelines, and excessive judicial intervention. The hypothesis assumes that the 2025 Amendment Bill seeks to correct these distortions by reinforcing statutory timelines, clarifying procedural ambiguities, and limiting opportunities for dilatory litigation. By doing so, the legislature appears to reaffirm its commitment to efficiency and certainty as core pillars of the insolvency framework.

At the same time, the hypothesis recognises that legislative amendments alone cannot resolve systemic challenges. The persistent backlog before the National Company Law Tribunal (NCLT) and the increasing complexity of insolvency disputes suggest that institutional capacity remains a critical constraint. Even well-designed statutory provisions may fail to deliver intended outcomes if adjudicatory bodies are overburdened or lack adequate infrastructure. The hypothesis therefore posits that the success of the 2025 Amendment Bill will depend on complementary measures such as strengthening tribunal capacity, improving the quality of insolvency professionals, and enhancing coordination among stakeholders.

Another aspect of the hypothesis concerns the balance between creditor empowerment and corporate rescue. The IBC has been criticised for evolving into a recovery-oriented mechanism, with liquidation often emerging as the default outcome. The hypothesis assumes that the 2025 Amendment Bill seeks to recalibrate this balance by reinforcing resolution as the preferred objective and reducing avoidable delays that erode enterprise value. However, it also anticipates that unless creditors adopt a commercially pragmatic approach and prioritise long-term value over short-term recovery, statutory reforms may have limited impact on promoting corporate revival.

The hypothesis further assumes that judicial interpretation will play a decisive role in shaping the impact of the 2025 amendments. Past experience under the IBC demonstrates that judicial creativity, while valuable in resolving statutory ambiguities, has sometimes contributed to

uncertainty and delay. The hypothesis suggests that restrained and purposive judicial interpretation, aligned with the objectives of the Code, is essential for ensuring that the amendments achieve their intended effect. Excessive intervention at interlocutory stages may undermine legislative efforts to streamline insolvency resolution.

Ultimately, this hypothesis anticipates that the IBC (Amendment) Bill, 2025 will strengthen insolvency resolution mechanisms by refining procedural architecture and reinforcing legislative intent. However, the research expects to reveal that sustainable improvement in insolvency outcomes requires a holistic approach that integrates legislative reform with institutional strengthening and behavioural change among stakeholders. The hypothesis thus provides a framework for critically evaluating whether the 2025 amendments represent a transformative shift or an incremental adjustment within India's evolving insolvency regime.

LITERATURE REVIEW

The Insolvency and Bankruptcy Code, 2016 has generated extensive academic, judicial, and policy-oriented scholarship, reflecting its central role in India's economic and corporate governance framework. Early literature on the IBC largely viewed the Code as a transformative reform that corrected decades of inefficiency in debt recovery and insolvency resolution. Scholars highlighted that by consolidating fragmented insolvency laws and introducing strict timelines, the IBC significantly improved credit discipline and altered debtor–creditor dynamics in favour of institutional creditors.⁵

A substantial body of literature examines the objectives and philosophical underpinnings of the IBC, particularly its emphasis on resolution over recovery. Commentators such as Umakanth Varottil and Rajeswari Sengupta argue that the Code represents a shift from a debtor-in-possession to a creditor-in-control model, aligning Indian insolvency law with global best practices.⁶ However, these scholars also note that the effectiveness of such a model depends on institutional capacity and the commercial wisdom of creditors, both of which have faced practical limitations in India.

⁵ Ministry of Finance, *Report of the Bankruptcy Law Reforms Committee* (2015)

⁶ Umakanth Varottil and Rajeswari Sengupta, 'The Insolvency and Bankruptcy Code, 2016: A Preliminary Assessment' (2017) 10 NUJS L Rev 1.

As the Code matured, scholarly focus shifted towards implementation challenges. Several studies document persistent delays in the Corporate Insolvency Resolution Process (CIRP), frequent litigation at admission and approval stages, and increasing reliance on liquidation as an outcome.⁷ Empirical analyses published by the Insolvency and Bankruptcy Board of India (IBBI) reveal that a significant proportion of cases exceed statutory timelines, often due to judicial intervention and lack of tribunal capacity. These findings have led scholars to question whether the time-bound nature of the IBC has been diluted in practice.

Judicial interpretation of the IBC has also attracted considerable academic attention. Landmark decisions such as *Swiss Ribbons Pvt. Ltd. v. Union of India* and *Essar Steel India Ltd. v. Satish Kumar Gupta* have been widely analysed for clarifying the objectives of the Code and reinforcing the primacy of resolution.⁸ While some scholars praise the judiciary for providing clarity and constitutional legitimacy to the IBC, others argue that excessive judicial discretion has contributed to uncertainty and delay, particularly when courts entertain interlocutory challenges during CIRP.

Literature addressing insolvency reforms and amendments highlights the legislature's responsive approach to judicial and practical developments. Prior amendments to the IBC have been analysed as corrective measures aimed at addressing judicially identified gaps and stakeholder concerns.⁹ In this context, the IBC (Amendment) Bill, 2025 is viewed as part of an ongoing process of legislative fine-tuning rather than a radical overhaul. Scholars anticipate that the 2025 amendments seek to reduce litigation, clarify procedural ambiguities, and strengthen institutional efficiency.

Comparative scholarship provides additional perspective by examining insolvency regimes in jurisdictions such as the United Kingdom, the United States, and Singapore. These studies emphasise the importance of specialised insolvency courts, minimal judicial interference, and creditor coordination in achieving timely resolution.¹⁰ Comparative insights are often used to argue that India's insolvency framework requires not only legislative refinement but also structural and behavioural reform to achieve optimal outcomes.

⁷ Insolvency and Bankruptcy Board of India, *Quarterly Newsletter* (various issues).

⁸ *Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019) 4 SCC 17; *Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 SCC 531.

⁹ Vidhi Centre for Legal Policy, *Designing the Insolvency Framework in India* (Policy Report).

¹⁰ Gerard McCormack, *Corporate Rescue Law—An Anglo-American Perspective* (Edward Elgar 2008).

Overall, the literature reflects broad consensus on the importance of strengthening insolvency resolution mechanisms while remaining divided on the means of achieving this goal. While legislative amendments such as the IBC (Amendment) Bill, 2025 are viewed as necessary, scholars caution that sustainable reform requires a holistic approach encompassing statutory clarity, institutional capacity, and judicial restraint. This research seeks to contribute to the literature by critically analysing the 2025 Amendment Bill in light of these scholarly debates and practical experiences.

INSOLVENCY AND BANKRUPTCY CODE, 2016: OBJECTIVES AND EVOLUTION

The Insolvency and Bankruptcy Code, 2016 (IBC) was enacted with the objective of consolidating and modernising India's insolvency and bankruptcy laws, which were previously dispersed across multiple statutes and plagued by inefficiency. The fragmented legal framework prior to the IBC resulted in prolonged insolvency proceedings, low recovery rates, and erosion of asset value, adversely affecting the banking sector and overall economic growth. The IBC sought to address these systemic deficiencies by establishing a comprehensive, time-bound, and market-oriented insolvency resolution mechanism.

One of the core objectives of the IBC is the maximisation of value of assets of the corporate debtor. Unlike earlier regimes that prioritised recovery for specific creditors, the IBC emphasises resolution of the corporate debtor as a going concern, thereby preserving enterprise value and employment. The Code introduced the Corporate Insolvency Resolution Process (CIRP), under which control of the debtor shifts from the defaulting promoters to a resolution professional acting under the supervision of the committee of creditors. This shift marked a fundamental change in India's insolvency philosophy, aligning it with global best practices that favour creditor-driven resolution.

Another key objective of the IBC is the promotion of credit discipline. By imposing strict timelines for completion of CIRP and limiting judicial discretion, the Code aimed to deter strategic defaults and encourage timely repayment of debts. Section 12 of the IBC prescribes a time-bound framework for insolvency resolution, reflecting the legislature's intent to prevent delay-induced value erosion. Judicial interpretation has consistently reinforced that adherence to timelines is central to the functioning of the Code.¹

The evolution of the IBC since its enactment reflects a process of continuous legislative and judicial refinement. Several amendments have been introduced to address implementation challenges and clarify ambiguities. For instance, amendments were enacted to protect homebuyers as financial creditors, to bar defaulting promoters from regaining control through resolution plans, and to streamline liquidation procedures. These changes demonstrate the legislature's responsiveness to stakeholder concerns and judicial feedback.

Judicial pronouncements have played a significant role in shaping the evolution of the IBC. The Supreme Court, in *Swiss Ribbons Pvt. Ltd. v. Union of India*, upheld the constitutional validity of the Code and emphasised that its primary objective is resolution rather than recovery.² Similarly, in *Essar Steel India Ltd. v. Satish Kumar Gupta*, the Court underscored the commercial wisdom of the committee of creditors and limited judicial interference in resolution decisions. These judgments have contributed to legal certainty while reinforcing the creditor-centric nature of the insolvency regime.

Despite its transformative impact, the evolution of the IBC has not been without challenges. Delays in admission and resolution, increasing litigation, and capacity constraints of adjudicating authorities have diluted the efficiency envisaged under the Code. These challenges have prompted calls for further reform, culminating in the Insolvency and Bankruptcy Code (Amendment) Bill, 2025. Understanding the objectives and evolution of the IBC is essential for assessing whether the 2025 amendments represent a substantive strengthening of insolvency resolution mechanisms or merely an incremental adjustment to an already evolving framework.

NEED FOR REFORM: CHALLENGES IN INSOLVENCY RESOLUTION MECHANISMS

Despite the transformative intent of the Insolvency and Bankruptcy Code, 2016, the practical functioning of India's insolvency resolution framework has revealed several structural and procedural challenges that have diluted its effectiveness. These challenges have necessitated continuous legislative intervention and ultimately formed the basis for the Insolvency and Bankruptcy Code (Amendment) Bill, 2025. A critical examination of these issues is essential to understand the rationale behind the proposed reforms.

One of the most persistent challenges under the IBC has been delay in the completion of the Corporate Insolvency Resolution Process (CIRP). Although the Code mandates strict timelines, a significant number of cases have exceeded the statutory period of 330 days. Delays occur at multiple stages, including admission of insolvency applications, appointment of resolution professionals, approval of resolution plans, and adjudication of disputes. These delays undermine the core objective of time-bound resolution and result in erosion of the corporate debtor's asset value, often pushing otherwise viable companies towards liquidation.

Excessive litigation has emerged as another major impediment to effective insolvency resolution. Parties frequently challenge admission orders, eligibility of resolution applicants, decisions of the committee of creditors, and approval of resolution plans. While judicial oversight is necessary to ensure fairness and legality, frequent interlocutory challenges have disrupted the insolvency process and contributed to uncertainty. Judicial intervention at early stages of CIRP has often stalled proceedings, contrary to the legislative intent of minimal court interference.

Institutional capacity constraints, particularly before the National Company Law Tribunal (NCLT), further exacerbate delays. The growing volume of insolvency cases has placed immense pressure on the tribunal infrastructure, leading to case backlogs and adjournments. Shortage of judicial members, lack of specialised insolvency benches, and administrative inefficiencies have affected the timely disposal of cases. These capacity issues have raised concerns regarding the sustainability of the insolvency framework in its current form.

Another significant challenge relates to the outcomes of insolvency proceedings. Empirical data indicates that a substantial proportion of CIRP cases culminate in liquidation rather than resolution. While liquidation may be inevitable in certain cases, the increasing trend suggests that the objective of corporate rescue is not being fully realised. Factors contributing to this outcome include delayed initiation of insolvency proceedings, deterioration of the corporate debtor's financial position, and lack of viable resolution applicants. This has led to criticism that the IBC has evolved into a recovery-oriented mechanism rather than a tool for preserving going concerns.

Ambiguities in statutory provisions and evolving judicial interpretations have also created uncertainty among stakeholders. Issues relating to treatment of different classes of creditors,

priority of claims, and the role of resolution professionals have been subject to conflicting interpretations. Such uncertainty increases transaction costs and discourages timely participation by potential resolution applicants.

These challenges collectively underscore the need for reform in India's insolvency resolution mechanisms. The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 seeks to address these systemic issues by streamlining procedures, reducing litigation, clarifying stakeholder roles, and strengthening institutional efficiency. Understanding these challenges provides the necessary context for evaluating whether the proposed amendments are likely to achieve their intended objectives.

KEY PROVISIONS OF THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) BILL, 2025

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 seeks to address the structural and procedural deficiencies that have emerged during the implementation of the Insolvency and Bankruptcy Code, 2016. Rather than introducing a radical overhaul, the Amendment Bill adopts a calibrated approach aimed at strengthening insolvency resolution mechanisms by refining timelines, reducing litigation, and enhancing institutional efficiency. The proposed amendments reflect legislative learning from judicial interpretation, stakeholder experience, and empirical outcomes observed over nearly a decade of the Code's operation.

One of the key features of the 2025 Amendment Bill is the reinforcement of timelines under the Corporate Insolvency Resolution Process (CIRP). The Bill proposes stricter adherence to statutory deadlines by limiting the scope for extensions and reducing procedural delays at the admission and resolution stages. By clarifying the consequences of non-compliance with timelines, the legislature seeks to restore the time-bound character of insolvency resolution, which has been diluted due to repeated judicial extensions and administrative delays. This provision aims to prevent value erosion and discourage strategic litigation intended to prolong proceedings.

Another significant aspect of the Amendment Bill relates to curbing excessive litigation during the insolvency process. The Bill proposes to restrict the scope of challenges at interlocutory stages, particularly against procedural decisions of the resolution professional and the

committee of creditors. By reinforcing the principle of limited judicial interference, the Amendment Bill seeks to align statutory practice with judicial pronouncements emphasising the primacy of commercial wisdom of creditors. This reform is intended to reduce uncertainty and ensure that insolvency proceedings are not derailed by frequent legal challenges.

The 2025 Amendment Bill also introduces clarifications regarding the roles and responsibilities of insolvency professionals. Concerns regarding accountability, conflicts of interest, and delays attributable to procedural inefficiencies have prompted the legislature to strengthen regulatory oversight by the Insolvency and Bankruptcy Board of India (IBBI). The proposed amendments enhance the disciplinary framework governing insolvency professionals and seek to improve the overall quality and efficiency of insolvency administration. This is expected to contribute to greater stakeholder confidence in the insolvency process.

Another important provision of the Amendment Bill focuses on reinforcing resolution as the preferred outcome over liquidation. The Bill introduces measures aimed at facilitating early resolution and preserving the corporate debtor as a going concern. These include procedural streamlining to encourage timely submission and approval of resolution plans, as well as measures to reduce uncertainty faced by potential resolution applicants. By doing so, the legislature seeks to reverse the increasing trend of liquidation and promote corporate rescue, which remains a central objective of the IBC.

The Amendment Bill further addresses institutional challenges by proposing measures to enhance the efficiency of adjudicating authorities. Although tribunal capacity issues cannot be resolved solely through legislative amendments, the Bill acknowledges the need for procedural simplification and clarity to reduce the burden on the National Company Law Tribunal. Clearer statutory guidance is expected to minimise interpretative disputes and improve consistency in adjudication.

Overall, the key provisions of the IBC (Amendment) Bill, 2025 reflect a legislative effort to strengthen insolvency resolution mechanisms by addressing procedural delays, litigation bottlenecks, and institutional inefficiencies. While the amendments are incremental in nature, their cumulative impact has the potential to restore the efficiency and predictability envisaged under the original framework of the IBC.

LEGAL AND INSTITUTIONAL IMPLICATIONS OF THE IBC **(AMENDMENT) BILL, 2025**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 carries significant legal and institutional implications for India's insolvency regime, particularly in terms of adjudicatory efficiency, creditor behaviour, and regulatory oversight. By refining procedural architecture and clarifying statutory intent, the Amendment Bill seeks to recalibrate the functioning of insolvency institutions while reinforcing the foundational objectives of the IBC.

From a legal perspective, one of the most important implications of the Amendment Bill is the reinforcement of legislative intent regarding time-bound insolvency resolution. Judicial interpretation over the years has expanded the scope for extensions and interlocutory challenges, often at the cost of statutory timelines. By tightening procedural requirements and limiting grounds for delay, the Amendment Bill signals legislative intent to restore discipline and certainty in insolvency proceedings. This may influence future judicial interpretation by encouraging a more purposive and restrained approach aligned with the efficiency objectives of the Code.¹¹

The Amendment Bill also has implications for the balance of power between creditors, insolvency professionals, and adjudicating authorities. By strengthening the role of the committee of creditors and limiting interference in commercial decisions, the amendments reaffirm the creditor-in-control model. This approach enhances predictability for lenders and investors, who rely on the enforceability of creditor decisions in insolvency resolution. At the same time, enhanced accountability mechanisms for insolvency professionals underscore the importance of professional competence and ethical conduct in administering the CIRP.

Institutionally, the Amendment Bill seeks to reduce the burden on the National Company Law Tribunal by simplifying procedures and reducing the scope of litigation. Although structural issues such as shortage of members and infrastructure constraints remain, procedural clarity can play a meaningful role in improving adjudicatory efficiency. Clearer statutory guidance may reduce interpretative disputes and ensure more consistent application of the law across different benches of the NCLT and the National Company Law Appellate Tribunal (NCLAT). The regulatory role of the Insolvency and Bankruptcy Board of India (IBBI) is also

¹¹ *Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 SCC 531.

strengthened under the Amendment Bill. By enhancing oversight over insolvency professionals and streamlining compliance requirements, the amendments aim to improve the overall quality of insolvency administration. This institutional strengthening is critical for maintaining stakeholder confidence and ensuring that insolvency proceedings are conducted in a transparent and accountable manner.

Another significant implication concerns corporate behaviour and credit markets. A more predictable and efficient insolvency regime can improve credit availability by reducing risk for lenders and encouraging timely resolution of stressed assets. The Amendment Bill's emphasis on resolution over liquidation aligns with broader economic objectives of preserving enterprise value and promoting business continuity. However, its success in influencing corporate behaviour will depend on consistent enforcement and minimal deviation from statutory timelines.

Overall, the legal and institutional implications of the IBC (Amendment) Bill, 2025 suggest a legislative effort to consolidate gains achieved under the IBC while addressing emerging challenges. By reinforcing procedural efficiency, clarifying roles, and strengthening institutions, the Amendment Bill has the potential to enhance the credibility and effectiveness of India's insolvency resolution framework. Nevertheless, its long-term impact will depend on coordinated institutional action and judicial alignment with legislative objectives.

CRITICAL EVALUATION: EFFICIENCY, CREDITOR PROTECTION AND CORPORATE RESCUE

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 represents a considered legislative attempt to address long-standing concerns regarding efficiency, creditor protection, and the effectiveness of corporate rescue under India's insolvency regime. A critical evaluation of the proposed amendments reveals both their potential strengths and inherent limitations in achieving these objectives.

From the standpoint of efficiency, the Amendment Bill's emphasis on reinforcing timelines and curbing procedural delays is a welcome development. Time-bound resolution is the cornerstone of the IBC, and persistent delays have significantly undermined its credibility. By restricting interlocutory challenges and clarifying procedural stages of the Corporate

Insolvency Resolution Process (CIRP), the Amendment Bill seeks to reduce litigation-induced delays that erode asset value. If implemented effectively, these measures could restore confidence among creditors and resolution applicants by making insolvency outcomes more predictable. However, efficiency gains may remain limited unless institutional capacity, particularly of the National Company Law Tribunal (NCLT), is strengthened in parallel. Legislative tightening without adequate adjudicatory support risks shifting delays rather than eliminating them.

In terms of creditor protection, the Amendment Bill largely reinforces the creditor-in-control framework that defines the IBC. By reaffirming the primacy of the committee of creditors and limiting judicial interference in commercial decisions, the amendments enhance the certainty of creditor rights. This approach aligns with Supreme Court jurisprudence emphasising the commercial wisdom of creditors as non-justiciable, except on limited grounds. Strong creditor protection is essential for maintaining credit discipline and reducing systemic risk in the banking sector. However, critics argue that excessive emphasis on creditor recovery may marginalise other stakeholders, including operational creditors and employees. The Amendment Bill does little to recalibrate this imbalance, raising questions about equitable treatment within the insolvency process.

The impact of the Amendment Bill on corporate rescue is perhaps the most contested aspect of its reform agenda. While the Bill reiterates resolution as the preferred outcome, the increasing trend of liquidation under the IBC suggests that legislative intent has not always translated into practice. By streamlining procedures and reducing uncertainty for resolution applicants, the amendments may encourage greater participation and improve resolution outcomes. Nevertheless, the success of corporate rescue depends not only on procedural efficiency but also on early detection of distress, realistic valuation of assets, and commercially viable resolution plans. The Amendment Bill does not directly address these structural challenges, limiting its transformative potential in promoting corporate revival.

Another area of concern relates to the balance between judicial oversight and legislative intent. While restricting judicial intervention may enhance efficiency, it also raises the risk of inadequate scrutiny in cases involving procedural irregularities or abuse of process. Ensuring fairness alongside efficiency requires careful calibration rather than blanket limitations on adjudication. The effectiveness of the Amendment Bill will therefore depend on how courts

interpret and apply its provisions in practice.

In sum, the IBC (Amendment) Bill, 2025 offers incremental but meaningful improvements to insolvency resolution mechanisms. Its focus on efficiency and creditor protection strengthens the framework, but its impact on corporate rescue remains contingent on broader institutional and market factors. The amendments are best viewed as part of an ongoing process of insolvency reform rather than a definitive solution to systemic challenges.

CONCLUSION AND SUGGESTIONS

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 represents a significant legislative effort to strengthen India's insolvency resolution framework by addressing the procedural and institutional challenges that have emerged since the enactment of the Insolvency and Bankruptcy Code, 2016. This research has demonstrated that while the IBC fundamentally transformed India's approach to insolvency by introducing a unified, creditor-driven, and time-bound mechanism, its effectiveness has been constrained by delays, excessive litigation, and capacity limitations. The 2025 Amendment Bill must therefore be understood as a corrective measure aimed at restoring the efficiency and predictability originally envisaged under the Code.

The analysis reveals that the Amendment Bill's emphasis on reinforcing timelines and limiting procedural delays is well aligned with the core objectives of the IBC. By curbing interlocutory challenges and clarifying procedural stages of the Corporate Insolvency Resolution Process, the legislature seeks to reduce value erosion and enhance certainty for stakeholders. These reforms have the potential to improve insolvency outcomes, particularly by discouraging strategic litigation and promoting timely decision-making. However, legislative tightening alone cannot resolve systemic delays without corresponding improvements in institutional capacity, particularly within the National Company Law Tribunal.

From the perspective of creditor protection, the Amendment Bill reaffirms the creditor-in-control model that underpins the IBC. By reinforcing the primacy of the committee of creditors and limiting judicial interference in commercial decisions, the amendments enhance predictability and strengthen credit discipline. This approach is likely to bolster lender confidence and support the stability of the financial system. At the same time, the research

highlights the need for a more balanced approach that considers the interests of operational creditors, employees, and other stakeholders, whose participation is essential for sustainable corporate rescue.

The Amendment Bill's impact on corporate rescue remains a critical area of concern. While the reforms reiterate resolution as the preferred outcome, the increasing incidence of liquidation under the IBC suggests that deeper structural issues persist. Effective corporate rescue requires early identification of financial distress, realistic asset valuation, and commercially viable resolution plans. The 2025 Amendment Bill addresses procedural inefficiencies but does not fully engage with these underlying challenges. As such, its success in promoting corporate revival will depend on complementary measures beyond statutory reform.

Based on the findings of this study, several suggestions emerge. First, strengthening the capacity of insolvency adjudicating authorities through increased appointments, specialised benches, and technological integration is essential to support time-bound resolution. Second, enhanced training and oversight of insolvency professionals can improve the quality and efficiency of insolvency administration. Third, greater emphasis on pre-insolvency resolution mechanisms and early warning systems could reduce the number of cases entering CIRP at an advanced stage of distress. Finally, judicial interpretation should remain aligned with legislative intent, ensuring that efficiency is balanced with fairness and due process.

In conclusion, the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 represents an important step in the ongoing evolution of India's insolvency regime. While it strengthens procedural architecture and reinforces legislative intent, sustainable improvement in insolvency resolution mechanisms will require a holistic approach integrating legislative reform, institutional strengthening, and stakeholder cooperation. Only through such an integrated framework can the objectives of efficiency, creditor protection, and corporate rescue be fully realised.

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