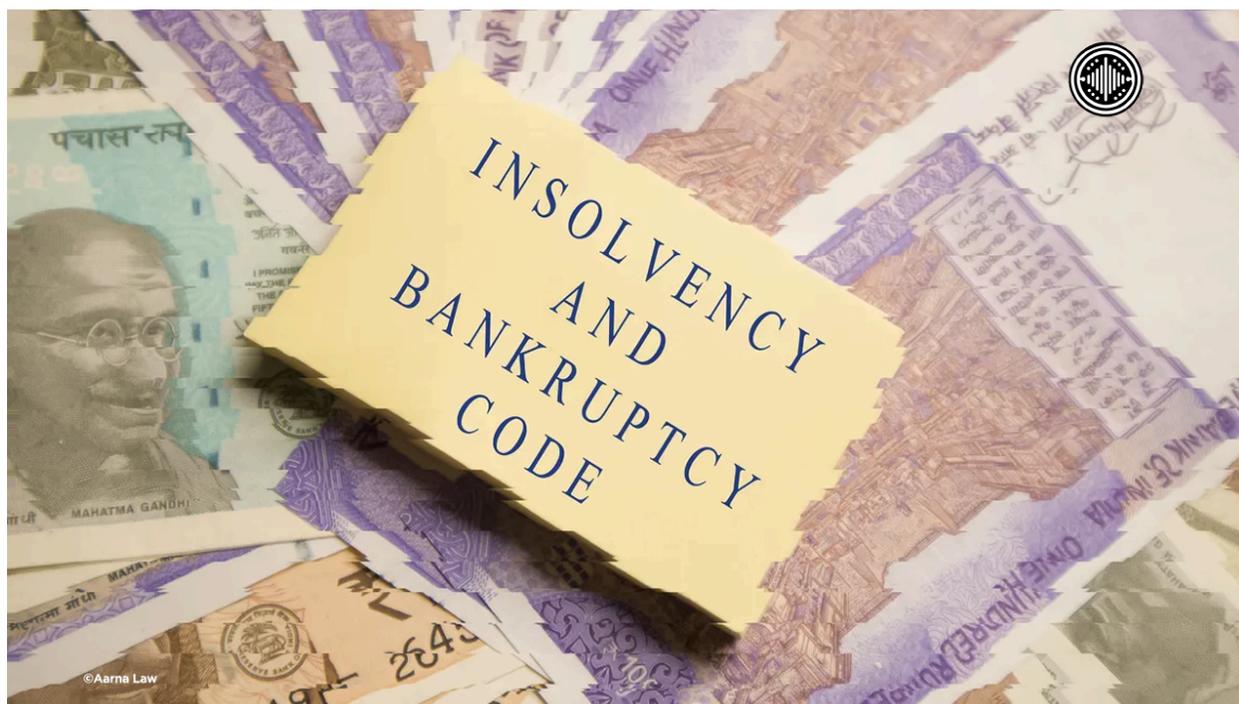


Government Confirms No Final Decision on Major Insolvency Code Changes Yet



The Indian government has clarified that no final decision has been made regarding significant amendments to the Insolvency and Bankruptcy Code (IBC) that would introduce frameworks for group and cross-border insolvency. This statement, made in the Lok Sabha on Monday, July 28, 2025, by the Minister of State for Corporate Affairs, underscores that while the Insolvency and Bankruptcy Board of India (IBBI) regularly reviews and amends its regulations, comprehensive legislative changes are still under active consideration.

The IBC, enacted in 2016, has been hailed as a landmark reform in India's efforts to streamline corporate insolvency and bankruptcy proceedings. It provides a time-bound mechanism for the resolution of financial distress, aiming to maximize asset value and protect the interests of all stakeholders. Since its inception, the Code has undergone several amendments and regulatory adjustments by the IBBI to address practical challenges, improve efficiency, and enhance recovery rates. For instance, recent amendments in early 2025 by the IBBI focused on improving the Corporate Insolvency Resolution Process (CIRP), particularly for real estate cases, and strengthening the role of insolvency professionals.

However, the more intricate aspects of group insolvency, where multiple entities within a corporate group face financial distress, and cross-border insolvency, involving assets and creditors in different jurisdictions, remain areas requiring comprehensive legislative reform. These are complex issues, and the government's cautious approach suggests a thorough consultative process is underway to ensure that any future changes are robust and effective.

The Ministry of Corporate Affairs has been engaging with stakeholders, including legal experts, industry bodies, and insolvency professionals, to gather inputs on these proposed reforms.

While the government continues its deliberations on these larger amendments, the IBBI has been proactive in introducing smaller, incremental changes to refine the existing framework. These include recent updates to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and guidelines for the appointment of insolvency professionals. Such regular regulatory tweaks are aimed at addressing operational challenges and enhancing the overall efficacy of the Code.

The government's statement confirms that while the IBC framework is continuously evolving to adapt to the complexities of India's growing economy, major overhauls related to group and cross-border insolvency will be introduced only after careful consideration and a final decision, reflecting a commitment to a well-thought-out and stable regulatory environment for insolvency resolution. Businesses and creditors await these potential changes, as they could significantly impact the landscape of corporate restructuring in India.