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The Insolvency and Bankruptcy Code, 2016

(ACT NO. 31 OF 2016)

[*As on the* 2*nd July*, 2026]

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LIST OF AMENDING ACTS

1. The Insolvency and Bankruptcy Code (Amendment) Act, 2018 (8 of 2018).
2. The Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 (26 of 2018).
3. The Insolvency and Bankruptcy Code (Amendment) Act, 2019 (26 of 2019).
4. The Insolvency and Bankruptcy Code (Amendment) Act, 2020 (1 of 2020).
5. The Insolvency and Bankruptcy Code ((Second Amendment) Act, 2020 (17 of 2020).
6. The Insolvency and Bankruptcy Code (Amendment) Act, 2021 (26 of 2021).
7. The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026).

LIST OF ABBREVIATIONS USED

Cl., cls.	*for*	Clause, clauses.
Ins.	,,	Inserted.
Notifn.	,,	Notification.
S., ss.	,,	Section, sections.
Sch.	,,	Schedule.
Subs.	,,	Substituted.
w.e.f.	,,	with effect from.

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THE INSOLVENCY AND BANKRUPTCY CODE, 2016

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

SECTIONS

1. Short title, extent and commencement.
2. Application.
3. Definitions.

PART II

INSOLVENCY RESOLUTION AND LIQUIDATION FOR CORPORATE PERSONS

CHAPTER I

PRELIMINARY

4. Application of this Part.
5. Definitions.

CHAPTER II

CORPORATE INSOLVENCY RESOLUTION PROCESS

6. Persons who may initiate corporate insolvency resolution process.
7. Initiation of corporate insolvency resolution process by financial creditor.
8. Insolvency resolution by operational creditor.
9. Application for initiation of corporate insolvency resolution process by operational creditor.
10. Initiation of corporate insolvency resolution process by corporate applicant.
10A. Suspension of initiation of corporate insolvency resolution process.
11. Persons not entitled to make application.
11A. Disposal of applications under section 54C and under section 7 or section 9 or section 10.
12. Time-limit for completion of insolvency resolution process.
12A. Withdrawal of application admitted under section 7, 9 or 10.
13. Declaration of moratorium and public announcement.
14. Moratorium.
15. Public announcement of corporate insolvency resolution process.
16. Appointment and tenure of interim resolution professional.
17. Management of affairs of corporate debtor by interim resolution professional.
18. Duties of interim resolution professional.

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SECTIONS

19. Persons to extend co-operation to interim resolution professional.

20. Management of operations of corporate debtor as going concern.

21. Committee of creditors.

22. Appointment of resolution professional.

23. Resolution professional to conduct corporate insolvency resolution process.

24. Meeting of committee of creditors.

25. Duties of resolution professional.

25A. Rights and duties of authorised representative of financial creditors.

26. Application in respect of certain transactions or trading not to affect processes.

27. Replacement of resolution professional by committee of creditors.

28. Approval of committee of creditors for certain actions.

28A. Transfer of assets of guarantor of corporate debtor during process.

29. Preparation of information memorandum.

29A. Person not eligible to be resolution applicant.

30. Submission of resolution plan.

31. Approval of resolution plan.

32. Appeal.

32A. Liability for prior offences, etc.

CHAPTER III

LIQUIDATION PROCESS

33. Initiation of liquidation.

34. Appointment of liquidator and fee to be paid.

34A. Replacement of liquidator by committee of creditors.

35. Powers and duties of liquidator.

36. Liquidation estate.

37. Powers of liquidator to access information.

38. *Omitted*.

39. *Omitted*.

40. *Omitted*.

41. *Omitted*.

42. *Omitted*.

43. Preferential transactions and relevant time.

44. Orders in case of preferential transactions.

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SECTIONS

45. Avoidance of undervalued transactions.

46. Relevant period for undervalued transactions.

47. Application by creditors, member or partner in cases of certain transactions or trading.

48. Order in cases of undervalued transactions.

49. Transactions defrauding creditors.

50. Extortionate credit transactions.

51. Orders of Adjudicating Authority in respect of extortionate credit transactions.

52. Secured creditor in liquidation proceedings.

53. Distribution of assets.

54. Dissolution of corporate debtor.

CHAPTER III-A

PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

54A. Corporate debtors eligible for pre-packaged insolvency resolution process.

54B. Duties of insolvency professional before initiation of pre-packaged insolvency resolution process.

54C. Application to initiate pre-packaged insolvency resolution process.

54D. Time-limit for completion of pre-packaged insolvency resolution process.

54E. Declaration of moratorium and public announcement during pre-packaged insolvency resolution process.

54F. Duties and powers of resolution professional during pre-packaged insolvency resolution process.

54G. List of claims and preliminary information memorandum.

54H. Management of affairs of corporate debtor.

54-I. Committee of creditors.

54J. Vesting management of corporate debtor with resolution professional.

54K. Consideration and approval of resolution plan.

54L. Approval of resolution plan.

54M. Appeal against order under section 54L.

54N. Termination of pre-packaged insolvency resolution process.

54-O. Initiation of corporate insolvency resolution process.

54P. Application of provisions of Chapters II, III, VI and VII to this Chapter.

OMITTED

CHAPTER V

VOLUNTARY LIQUIDATION OF CORPORATE PERSONS

59. Voluntary liquidation of corporate persons.

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CHAPTER VI

ADJUDICATING AUTHORITY FOR CORPORATE PERSONS

SECTIONS

60. Adjudicating Authority for corporate persons.

61. Appeals and Appellate Authority.

62. Appeal to Supreme Court.

63. Civil court not to have jurisdiction.

64. Expeditious disposal of applications.

64A. Peralty for initiating frivolous or vexatious proceedings under Part II.

65. Fraudulent or malicious initiation of proceedings.

66. Fraudulent or wrongful trading.

67. Proceedings under section 66.

67A. Fraudulent management of corporate debtor during pre-packaged insolvency resolution process.

CHAPTER VII

OFFENCES AND PENALTIES

68. Punishment for concealment of property.

69. Punishment for transactions defrauding creditors.

70. Punishment for misconduct in course of corporate insolvency resolution process.

71. Punishment for falsification of books of corporate debtor.

72. Punishment for wilful and material omissions from statements relating to affairs of corporate debtor.

73. Punishment for false representations to creditors.

74. *Omitted*.

75. Punishment for false information furnished in application.

76. *Omitted*.

77. Punishment for providing false information in application made by corporate debtor.

77A. Punishment for offences related to pre-packaged insolvency resolution process.

PART III

INSOLVENCY RESOLUTION AND BANKRUPTCY FOR INDIVIDUALS AND PARTNERSHIP FIRMS

CHAPTER I

PRELIMINARY

78. Application.

79. Definitions.

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CHAPTER II

FRESH START PROCESS

SECTIONS

80. Eligibility for making an application.

81. Application for fresh start order.

82. Appointment of resolution professional.

83. Examination of application by resolution professional.

84. Admission or rejection of application by Adjudicating Authority.

85. Effect of admission of application.

86. Objections by creditor and their examination by resolution professional.

87. Application against decision of resolution professional.

88. General duties of debtor.

89. Replacement of resolution professional.

90. Directions for compliances of restrictions, etc.

91. Revocation of order admitting application.

92. Discharge order.

93. Standard of conduct.

CHAPTER III

INSOLVENCY RESOLUTION PROCESS

94. Application by debtor to initiate insolvency resolution process.

95. Application by creditor to initiate insolvency resolution process.

96. Interim moratorium.

97. Appointment of resolution professional.

98. Replacement of resolution professional.

99. Submission of report by resolution professional.

100. Admission or rejection of application.

101. Moratorium.

102. Public notice and claims from creditors.

103. Registering of claims by creditors.

104. Preparation of list of creditors.

105. Repayment plan.

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SECTIONS

106. Report of resolution professional on repayment plan.

107. Summoning of meeting of creditors.

108. Conduct of meeting of creditors.

109. Voting rights in meeting of creditors.

110. Rights of secured creditors in relation to repayment plan.

111. Approval of repayment plan by creditors.

112. Report of meeting of creditors on repayment plan.

113. Notice of decisions taken at meeting of creditors.

114. Order of Adjudicating Authority on repayment plan.

115. Effect of order of Adjudicating Authority on repayment plan.

116. Implementation and supervision of repayment plan.

117. Completion of repayment plan.

118. Repayment plan coming to end prematurely.

119. Discharge order.

120. Standard of conduct.

CHAPTER IV

BANKRUPTCY ORDER FOR INDIVIDUALS AND PARTNERSHIP FIRMS

121. Application for bankruptcy.

122. Application by debtor.

123. Application by creditor.

124. Effect of application.

125. Appointment of insolvency professional as bankruptcy trustee.

126. Bankruptcy order.

127. Validity of bankruptcy order.

128. Effect of bankruptcy order.

129. Statement of financial position.

130. Public notice inviting claims from creditors.

131. Registration of claims.

132. Preparation of list of creditors.

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SECTIONS

133. Summoning of meeting of creditors.

134. Conduct of meeting of creditors.

135. Voting rights of creditors.

136. Administration and distribution of estate of bankruptcy.

137. Completion of administration.

138. Discharge order.

139. Effect of discharge.

140. Disqualification of bankrupt.

141. Restrictions on bankrupt.

142. Modification or recall of bankruptcy order.

143. Standard of conduct.

144. Fees of bankruptcy trustee.

145. Replacement of bankruptcy trustee.

146. Resignation by bankruptcy trustee.

147. Vacancy in office of bankruptcy trustee.

148. Release of bankruptcy trustee.

CHAPTER V

ADMINISTRATION AND DISTRIBUTION OF THE ESTATE OF THE BANKRUPT

149. Functions of bankruptcy trustee.

150. Duties of bankrupt towards bankruptcy trustee.

151. Rights of bankruptcy trustee.

152. General powers of bankruptcy trustee.

153. Approval of creditors for certain acts.

154. Vesting of estate of bankrupt in bankruptcy trustee.

155. Estate of bankrupt.

156. Delivery of property and documents to bankruptcy trustee.

157. Acquisition of control by bankruptcy trustee.

158. Restrictions on disposition of property.

159. After-acquired property of bankrupt.

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SECTIONS

160. Onerous property of bankrupt.

161. Notice to disclaim onerous property.

162. Disclaimer of leaseholds.

163. Challenge against disclaimed property.

164. Undervalued transactions.

164A. Transactions defrauding creditors.

165. Preference transactions.

166. Effect of order.

167. Extortionate credit transactions.

168. Obligations under contracts.

169. Continuance of proceedings on death of bankrupt.

170. Administration of estate of deceased bankrupt.

171. Proof of debt.

172. Proof of debt by secured creditors.

173. Mutual credit and set-off.

174. Distribution of interim dividend.

175. Distribution of property.

176. Final dividend.

177. Claims of creditors.

178. Priority of payment of debts.

CHAPTER VI

ADJUDICATING AUTHORITY FOR INDIVIDUALS AND PARTNERSHIP FIRMS

179. Adjudicating authority for individuals and partnership firms.

180. Civil court not to have jurisdiction.

181. Appeal to Debt Recovery Appellate Tribunal.

182. Appeal to Supreme Court.

183. Expeditious disposal of applications.

183A. Penalty for initiating frivolous or vexatious proceeding under Part III.

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CHAPTER VII

OFFENCES AND PENALTIES

SECTIONS

184. Punishment for false information, etc., by creditor in insolvency resolution process.

185. Punishment for contravention of provisions.

186. Punishment for false information, concealment, etc., by bankrupt.

187. Punishment for certain actions.

PART IV

REGULATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES

CHAPTER I

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

188. Establishment and incorporation of Board.

189. Constitution of Board.

190. Removal of member from office.

191. Powers of Chairperson.

192. Meetings of Board.

193. Member not to participate in meetings in certain cases.

194. Vacancies, etc., not to invalidate proceedings of Board, Officers and employees of Board.

195. Power to designate financial sector regulator.

CHAPTER II

POWERS AND FUNCTIONS OF THE BOARD

196. Powers and functions of Board.

197. Constitution of advisory committee, executive committee or other committee.

198. Condonation of delay.

CHAPTER III

INSOLVENCY PROFESSIONAL AGENCIES

199. No person to function as insolvency professional agency without valid certificate of registration.

200. Principles governing registration of insolvency professional agency.

201. Registration of insolvency professional agency.

202. Appeal to National Company Law Appellate Tribunal.

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SECTIONS

203. Governing Board of insolvency professional agency.

204. Functions of insolvency professional agencies.

205. Insolvency professional agencies to make bye-laws.

CHAPTER IV

INSOLVENCY PROFESSIONALS

206. Enrolled and registered persons to act as insolvency professionals.

207. Registration of insolvency professionals.

208. Functions and obligations of insolvency professionals.

CHAPTER V

INFORMATION UTILITIES

209. No person to function as information utility without certificate of registration.

210. Registration of information utility.

211. Appeal to National Company Law Appellate Tribunal.

212. Governing Board of information utility.

213. Core services, etc., of information utilities.

214. Obligations of information utility.

215. Submission and authentication of financial information to information utilities.

216. Rights and obligations of persons submitting financial information.

CHAPTER VI

INSPECTION AND INVESTIGATION

217. Complaints against service providers.

218. Investigation of service providers.

219. Show cause notice to service provider.

220. Appointment of disciplinary committee.

CHAPTER VII

FINANCE, ACCOUNTS AND AUDIT

221. Grants by Central Government.

222. Board's Fund.

223. Accounts and audit.

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PART V

MISCELLANEOUS

SECTIONS

224. Insolvency and Bankruptcy Fund.

225. Power of Central Government to issue directions.

226. Power of Central Government to supersede Board.

227. Power of Central Government to notify financial service providers, etc.

228. Budget.

229. Annual report.

230. Delegation.

231. Bar of jurisdiction.

232. Members, officers and employees of Board to the public servants.

233. Protection of action taken in good faith.

234. Agreements with foreign countries.

235. Letter of request to a country outside India in certain cases.

235A. Power of Adjudicating Authority to impose penalties.

236. Trial of offences by Special Court.

237. Appeal and revision.

238. Provisions of this Code to override other laws.

238A. Limitation.

239. Power to make rules.

240. Power to make regulations.

240A. Application of this Code to micro, small and medium enterprises.

241. Rules and regulations to be laid before Parliament.

242. Power to remove difficulties.

243. Repeal of certain enactments and savings.

244. Transitional provisions.

245. Amendments of Act 9 of 1932.

246. Amendments of Act 1 of 1944.

247. Amendments of Act 43 of 1961.

248. Amendments of Act 52 of 1962.

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SECTIONS

249. Amendments of Act 51 of 1993.

250. Amendments of Act 32 of 1994.

251. Amendments of Act 54 of 2002.

252. Amendments of Act 1 of 2004.

253. Amendments of Act 51 of 2007.

254. Amendments of Act 6 of 2009.

255. Amendments of Act 18 of 2013.

THE FIRST SCHEDULE.

THE SECOND SCHEDULE.

THE THIRD SCHEDULE.

THE FOURTH SCHEDULE.

THE FIFTH SCHEDULE.

THE SIXTH SCHEDULE.

THE SEVENTH SCHEDULE.

THE EIGHTH SCHEDULE.

THE NINTH SCHEDULE.

THE TENTH SCHEDULE.

THE ELEVENTH SCHEDULE.

THE TWELFTH SCHEDULE.

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THE INSOLVENCY AND BANKRUPTCY CODE, 2016

ACT NO. 31 OF 2016

[28*th May*, 2016.]

An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Sixty-seventh Year of the Republic of India as follows:—

PART I

PRELIMINARY

1. Short title, extent and commencement.—(*1*) This Code may be called the Insolvency and Bankruptcy Code, 2016.

(*2*) It extends to the whole of India:

[1]* * * * *

(*3*) It shall come into force on such date[2] as the Central Government may, by notification in the Official Gazette, appoint:

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1. The proviso omitted by the Jammu and Kashmir Reorganization (Adaptation of Central Laws) Order, 2020, *vide* notification No. S.O. 1123(E) dated (18-3-2020) and *vide* Union Territory of Ladakh Reorganisation (Adaptation of Central Laws) Order, 2020, Notifn. No. S.O. 3774(E), dated (23-10-2020).

2. **5th August, 2016**, *vide* Notifn. No. S.O. 2618(E), dated 5th August, 2016 (ss. 188 to 194), *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).

19th August, 2016—S. 3, cls. (1), (5), (22), (26), (28), (37), ss. 221, 222, 225, 230, 232, 233, sub-section (*1*) of cls. (*zd*), sub-section (*2*) of section 239, sub-section (*1*) and cls. (*zt*), sub-section (2) of section 240; ss. 241 and 242; *vide* notifn. No. S.O. 2746(E), dated 19th August 2016, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

1st November, 2016—S. 3 of Cla. (2), (3), (4), (6), (7), (8), (9), (10), (11), (12),(13), (14), (15), (16), (17), (18), (19), (20), (21), (23), (24), (25), (27), (29), (30), (31), (32), (33), (34), (35), (36), ss. 196, 197, 223, sub-section (2) of section 239, clause (ze), (zf), (zg), (zh), (zl), (zm), sub-section (2) of section 240;cls. (a) to (*zm*); (*zu*) to (*zzzc*); s. 244, 246 to 248 (both inclusive); 250, 252, *vide* notifn. No. S.O. 3344(E), *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).

15th November, 2016—S. 199 to 207 (both inclusive), sub-section (1) of 208, Cl.(*c*), (*e*), s. 208(2), s. 217 to 220 (both inclusive), ss. 251, 253, 254 and 255, *vide* Notifn. No. S.O. 3453(E), dated 15th November, 2016

1st December, 2016 —S. 2, Cl.(a) to (d)(except with regard to voluntary liquidation or Bankruptcy), s. 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70 (both inclusive), ss. 198, 231, 236, 237, 238(both inclusive), sub-section (2) of s. 239, cl (*a*), (*b*), (*c*), (*d*), (*e*), (*d*), (*f*), *vide* notification No. S.O. 3594(E) dated 30th November 2016, *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).

15th December 2016—Ss 33 to 54 (both inclusive), *vide* Notifn. No. S.O. 3687(E), dated 9th December 2016, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

1st April 2017—Sub-section (*2*) of cls. (*a*) to (d), *vide* Notifn. No. S.O. 1570(E), dated 15th May 2017, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

1st April 2017—S. 59; Ss. 209 to 215 (both inclusive); Sub-section (1) of S 216; Ss. 234 and 235 *vide* Notifn. No. S.O. 1005(E), dated 30th March 2017, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

14th June 2017—Ss 55 to 58 (both inclusive), *vide* Notifn. No. S.O. 1910(E), dated 14th June 2017, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

1st May, 2018—Ss. 227 to 229 (both inclusive), *vide* Notifn. No. S.O. 1817(E), dated 1st May 2018, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

1st December, 2019—S. 2 clause (*e*), s. 78 (except with regard to fresh start process) and s. 79, ss. 94 to 187 (both inclusive), clause (*g*) to clause (*i*) of sub-section (*2*) of s. 239, clause (*m*) to clause (*zc*) of sub-section (*2*) of s. 239, clause (*zn*) to clause (zs) of sub-section (*2*) of s. 240 and s. 249, in so far as they relate to personal guarantors to corporate debtors, *vide* Notifn. No. S. O. 4126 (E), dated 15th November, 2019, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

Provided that different dates may be appointed for different provisions of this Code and any reference in any such provision to the commencement of this Code shall be construed as a reference to the commencement of that provision.

2. Application.—The provisions of this Code shall apply to—

(*a*) any company incorporated under the Companies Act, 2013 (18 of 2013) or under any previous company law;

(*b*) any other company governed by any special Act for the time being in force, except in so far as the said provisions are inconsistent with the provisions of such special Act;

(*c*) any Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008 (6 of 2009);

(*d*) such other body incorporated under any law for the time being in force, as the Central Government may, by notification, specify in this behalf; [1]***

[2][(*e*) personal guarantors to corporate debtors;

(*f*) partnership firms and proprietorship firms; and

(*g*) individuals, other than persons referred to in clause (*e*),]

3. Definitions.—In this Code, unless the context otherwise requires,—

(*1*) "Board" means the Insolvency and Bankruptcy Board of India established under sub-section (*1*) of section 188;

(*2*) "bench" means a bench of the Adjudicating Authority;

(*3*) "bye-laws" mean the bye-laws made by the insolvency professional agency under section 205;

(*4*) "charge" means an interest or lien created on the property or assets of any person or any of its undertakings or both, as the case may be, as security and includes a mortgage;

(*5*) "Chairperson" means the Chairperson of the Board;

(*6*) "claim" means—

(*a*) a right to payment, whether or not such right is reduced to judgment, fixed, disputed, undisputed, legal, equitable, secured or unsecured;

(*b*) right to remedy for breach of contract under any law for the time being in force, if such breach gives rise to a right to payment, whether or not such right is reduced to judgment, fixed, matured, unmatured, disputed, undisputed, secured or unsecured;

(*7*) "corporate person" means a company as defined in clause (*20*) of section 2 of the Companies Act, 2013 (18 of 2013), a limited liability partnership, as defined in clause (*n*) of sub-section (*1*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider;

(*8*) "corporate debtor" means a corporate person who owes a debt to any person;

(*9*) "core services" means services rendered by an information utility for—

(*a*) accepting electronic submission of financial information in such form and manner as may be specified;

1. The word "and" omitted by Act 8 of 2018, s. 2 (w.e.f. 23-11-2017).

2. Subs. by s. 2, *ibid*., for cl. (*e*) (w.e.f. 23-11-2017).

(*b*) safe and accurate recording of financial information;

(*c*) authenticating and verifying the financial information submitted by a person; and

(*d*) providing access to information stored with the information utility to persons as may be specified;

(*10*) "creditor" means any person to whom a debt is owed and includes a financial creditor, an operational creditor, a secured creditor, an unsecured creditor and a decree-holder;

(*11*) "debt" means a liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt;

(*12*) "default" means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not [1][paid] by the debtor or the corporate debtor, as the case may be;

(*13*) "financial information", in relation to a person, means one or more of the following categories of information, namely:—

(*a*) records of the debt of the person;

(*b*) records of liabilities when the person is solvent;

(*c*) records of assets of person over which security interest has been created;

(*d*) records, if any, of instances of default by the person against any debt;

(*e*) records of the balance sheet and cash-flow statements of the person; and

(*f*) such other information as may be specified;

(*14*) "financial institution" means—

(*a*) a scheduled bank;

(*b*) financial institution as defined in section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);

(*c*) public financial institution as defined in clause (*72*) of section 2 of the Companies Act, 2013 (18 of 2013); and

(*d*) such other institution as the Central Government may by notification specify as a financial institution;

(*15*) "financial product" means securities, contracts of insurance, deposits, credit arrangements including loans and advances by banks and financial institutions, retirement benefit plans, small savings instruments, foreign currency contracts other than contracts to exchange one currency (whether Indian or not) for another which are to be settled immediately, or any other instrument as may be prescribed;

(*16*) "financial service" includes any of the following services, namely:—

(*a*) accepting of deposits;

(*b*) safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so;

(*c*) effecting contracts of insurance;

1. Subs. by Act 26 of 2018, s. 2 for "repaid" (w.e.f. 6-6-2018).

(*d*) offering, managing or agreeing to manage assets consisting of financial products belonging to another person;

(*e*) rendering or agreeing, for consideration, to render advice on or soliciting for the purposes of—

(*i*) buying, selling, or subscribing to, a financial product;

(*ii*) availing a financial service; or

(*iii*) exercising any right associated with a financial product or financial service;

(*f*) establishing or operating an investment scheme;

(*g*) maintaining or transferring records of ownership of a financial product;

(*h*) underwriting the issuance or subscription of a financial product; or

(*i*) selling, providing, or issuing stored value or payment instruments or providing payment services;

(*17*) "financial service provider" means a person engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator;

(*18*) "financial sector regulator" means an authority or body constituted under any law for the time being in force to regulate services or transactions of financial sector and includes the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India, the Pension Fund Regulatory Authority and such other regulatory authorities as may be notified by the Central Government;

(*19*) "insolvency professional" means a person enrolled under section 206 with an insolvency professional agency as its member and registered with the Board as an insolvency professional under section 207;

(*20*) "insolvency professional agency" means any person registered with the Board under section 201 as an insolvency professional agency;

(*21*) "information utility" means a person who is registered with the Board as an information utility under section 210;

(*22*) "notification" means a notification published in the Official Gazette, and the terms "notified" and "notify" shall be construed accordingly;

(*23*) "person" includes—

(*a*) an individual;

(*b*) a Hindu Undivided Family;

(*c*) a company;

(*d*) a trust;

(*e*) a partnership;

(*f*) a limited liability partnership; and

(*g*) any other entity established under a statute,

and includes a person resident outside India;

(*24*) "person resident in India" shall have the meaning as assigned to such term in clause (*v*) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

(*25*) “person resident outside India” means a person other than a person resident in India;

(*26*) “prescribed” means prescribed by rules made by the Central Government;

(*27*) “property” includes money, goods, actionable claims, land and every description of property situated in India or outside India and every description of interest including present or future or vested or contingent interest arising out of, or incidental to, property;

[1][(*27A*) “registered valuer” shall have the same meaning as assigned to it under Chapter XVII of the Companies Act, 2013 (18 of 2013);]

(*28*) “regulations” means the regulations made by the Board under this Code;

(*29*) “Schedule” means the Schedule annexed to this Code;

(*30*) “secured creditor” means a creditor in favour of whom security interest is created;

(*31*) “security interest” means right, title or interest or a claim to property, created in favour of, or provided for a secured creditor by a transaction which secures payment or performance of an obligation and includes mortgage, charge, hypothecation, assignment and encumbrance or any other agreement or arrangement securing payment or performance of any obligation of any person:

[1][*Explanation*.—For the removal of doubts, it is hereby clarified that the security interest shall exist only if it creates a right, title or interest or a claim to a property pursuant to an agreement or arrangement, by the act of two or more parties, and shall not include a security interest created merely by operation of any law for the time being in force;]

Provided that security interest shall not include a performance guarantee;

[1][(*31A*) “service provider” means an insolvency professional, insolvency professional agency, information utility, registered valuer and any person falling within the category of persons notified by the Central Government, for rendering services in relation to insolvency and bankruptcy processes under this Code and is registered with the Board;]

(*32*) “specified” means specified by regulations made by the Board under this Code and the term “specify” shall be construed accordingly;

(*33*) “transaction” includes a agreement or arrangement in writing for the transfer of assets, or funds, goods or services, from or to the corporate debtor;

(*34*) “transfer” includes sale, purchase, exchange, mortgage, pledge, gift, loan or any other form of transfer of right, title, possession or lien;

(*35*) “transfer of property” means transfer of any property and includes a transfer of any interest in the property and creation of any charge upon such property;

(*36*) “workman” shall have the same meaning as assigned to it in clause (*s*) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947);

(*37*) words and expressions used but not defined in this Code but defined in the Indian Contract Act, 1872 (9 of 1872), the Indian Partnership Act, 1932 (9 of 1932), the Securities Contact (Regulation) Act, 1956 (42 of 1956), the Securities Exchange Board of India Act, 1992 (15 of 1992), the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993), the Limited Liability Partnership Act, 2008 (6 of 2009) and the Companies Act, 2013 (18 of 2013), shall have the meanings respectively assigned to them in those Acts.

1. Ins. by Act 6 of 2026, s. 2 (w.e.f. 26.05.2026).

PART II

INSOLVENCY RESOLUTION AND LIQUIDATION FOR CORPORATE PERSONS

CHAPTER I

PRELIMINARY

4. Application of this Part.—(*1*) This Part shall apply to matters relating to the insolvency and liquidation of corporate debtors where the minimum amount of the default is [1][one crore rupees]:

Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one crore rupees.

[2][Provided further that the Central Government may, by notification, specify such minimum amount of default of higher value, which shall not be more than one crore rupees, for matters relating to the pre-packaged insolvency resolution process of corporate debtors under Chapter III-A.]

5. Definitions.—In this Part, unless the context otherwise requires,—

(*1*) "Adjudicating Authority", for the purposes of this Part, means National Company Law Tribunal constituted under section 408 of the Companies Act, 2013 (18 of 2013);

(*2*) "auditor" means a chartered accountant certified to practice as such by the Institute of Chartered Accountants of India under section 6 of the Chartered Accountants Act, 1949 (38 of 1949);

[3][(*2A*) "avoidance transaction" means a transaction as referred to in sections 43, 45, 49 and 50;]

[2][[4][(*2B*)] "base resolution plan" means a resolution plan provided by the corporate debtor under clause (*c*) of sub-section (*4*) of section 54A;]

(*3*) "Chapter" means a Chapter under this Part;

(*4*) "constitutional document", in relation to a corporate person, includes articles of association, memorandum of association of a company and incorporation document of a Limited Liability Partnership;

(*5*) "corporate applicant" means—

(*a*) corporate debtor; or

(*b*) a member or partner of the corporate debtor who is authorised to make an application for the corporate insolvency resolution process [5][or the pre-packaged insolvency resolution process, as the case may be,] under the constitutional document of the corporate debtor; or

(*c*) an individual who is in charge of managing the operations and resources of the corporate debtor; or

(*d*) a person who has the control and supervision over the financial affairs of the corporate debtor;

[6][(*5A*) "corporate guarantor" means a corporate person who is the surety in a contract of guarantee to a corporate debtor;]

(*6*) "dispute" includes a suit or arbitration proceedings relating to—

(*a*) the existence of the amount of debt;

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1. Subs. by Notifn. No. S.O. 1205(E), for "one lakh rupees" (w.e.f. 24-3-2020).
2. Ins. by Act 26 of 2021, s. 2 (w.e.f. 4-4-2021).
3. Ins. by Act 6 of 2026, s. 3 (w.e.f. 26-5-2026).
4. Cl. (*2A*) re-numbered as thereof cl. (*2B*) by s. 3, *ibid*. (w.e.f. 26-5-2026).
5. Ins. by Act 26 of 2021, s. 3 (w.e.f. 4-4-2021).
6. Ins. by Act 26 of 2018, s. 3 (w.e.f. 6-6-2018).

(*b*) the quality of goods or service; or

(*c*) the breach of a representation or warranty;

(*7*) "financial creditor" means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to;

(*8*) "financial debt" means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes—

(*a*) money borrowed against the payment of interest;

(*b*) any amount raised by acceptance under any acceptance credit facility or its de-materialised equivalent;

(*c*) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(*d*) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;

(*e*) receivables sold or discounted other than any receivables sold on non-recourse basis;

(*f*) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;

[1][*Explanation*.—For the purposes of this sub-clause,—

(*i*) any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing; and

(*ii*) the expressions, "allottee" and "real estate project" shall have the meanings respectively assigned to them in clauses (*d*) and (*zn*) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);]

(*g*) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;

(*h*) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;

(*i*) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (*a*) to (*h*) of this clause;

(*9*) "financial position", in relation to any person, means the financial information of a person as on a certain date;

[2][(*9A*) "fraudulent or wrongful trading" means the fraudulent or wrongful trading as referred to in section 66;]

(*10*) "information memorandum" means a memorandum prepared by resolution professional under sub-section (*1*) of section 29;

(*11*) "initiation date" means the date on which a financial creditor, corporate applicant or operational creditor, as the case may be, makes an application to the Adjudicating Authority for

1. Ins. by Act 26 of 2018, s. 3(*ii*) (w.e.f. 06-06-2018).

2. Ins. by Act 6 of 2026, s. 3 (w.e.f. 26-05-2026).

initiating corporate insolvency resolution process [1][or pre-packaged insolvency resolution process, as the case may be];

[2][Provided that where multiple applications for initiation of the corporate insolvency resolution process in respect of a corporate debtor are pending before the Adjudicating Authority on the insolvency commencement date, the initiation date shall be the date on which the first such application was made before the Adjudicating Authority.]

(*12*) "insolvency commencement date" means the date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority under sections 7, 9 or section 10, as the case may be;

[3]* * * * *

(*13*) "insolvency resolution process costs" means—

(*a*) the amount of any interim finance and the costs incurred in raising such finance;

(*b*) the fees payable to any person acting as a resolution professional;

(*c*) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;

(*d*) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and

(*e*) any other costs as may be specified by the Board;

(*14*) "insolvency resolution process period" means the period of one hundred and eighty days beginning from the insolvency commencement date and ending on one hundred and eightieth day;

(*15*) "interim finance" means any financial debt raised by the resolution professional during the insolvency resolution process period [1][or by the corporate debtor during the pre-packaged insolvency resolution process period, as the case may be] [4][and such other debt as may be notified];

(*16*) "liquidation cost" means any cost incurred by the liquidator during the period of liquidation subject to such regulations, as may be specified by the Board;

(*17*) "liquidation commencement date" means the date on which proceedings for liquidation commence in accordance with section 33 or section 59, as the case may be;

(*18*) "liquidator" means an insolvency professional appointed as a liquidator in accordance with the provisions of Chapter III or Chapter V of this Part, as the case may be;

(*19*) "officer" for the purposes of [1][Chapter VI and] Chapter VII of this Part, means an officer who is in default, as defined in clause (*60*) of section 2 of the Companies Act, 2013 (18 of 2013) or a designated partner as defined in clause (*j*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), as the case may be;

(*20*) "operational creditor" means a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred;

1. Ins. by Act 26 of 2021, s. 3 (w.e.f. 04-04-2021).
2. Ins. by Act 6 of 2026, s. 3 (w.e.f. 26-05-2026).
3. The proviso omitted by Act 1 of 2020, s. 2 (w.e.f. 28-12-2019).
4. Ins. by s. 2, *ibid*. (w.e.f. 28-12-2019).

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(*21*) "operational debt" means a claim in respect of the provision of goods or services including employment or a debt in respect of the [1][payment] of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority;

(*22*) "personal guarantor" means an individual who is the surety in a contract of guarantee to a corporate debtor;

(*23*) "personnel" includes the directors, managers, key managerial personnel, designated partners and employees, if any, of the corporate debtor;

[2][(*23A*) "preliminary information memorandum" means a memorandum submitted by the corporate debtor under clause (*b*) of sub-section (*1*) of section 54G;

(*23B*) "pre-packaged insolvency commencement date" means the date of admission of an application for initiating the pre-packaged insolvency resolution process by the Adjudicating Authority under clause (*a*) of sub-section (*4*) of section 54C;

(*23C*) "pre-packaged insolvency resolution process costs" means—

(*a*) the amount of any interim finance and the costs incurred in raising such finance;

(*b*) the fees payable to any person acting as a resolution professional and any expenses incurred by him for conducting the pre-packaged insolvency resolution process during the pre-packaged insolvency resolution process period, subject to sub-section (*6*) of section 54F;

(*c*) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern pursuant to an order under sub-section (*2*) of section 54J;

(*d*) any costs incurred at the expense of the Government to facilitate the pre-packaged insolvency resolution process; and

(*e*) any other costs as may be specified;

(*23D*) "pre-packaged insolvency resolution process period" means the period beginning from the pre-packaged insolvency commencement date and ending on the date on which an order under sub-section (*1*) of section 54L, or sub-section (*1*) of section 54N, or sub-section (*2*) of section 54-O, as the case may be, is passed by the Adjudicating Authority;]

(*24*) "related party", in relation to a corporate debtor, means—

(*a*) a director or partner of the corporate debtor or a relative of a director or partner of the corporate debtor;

(*b*) key managerial personnel of the corporate debtor or a relative of key managerial personnel of the corporate debtor;

(*c*) a limited liability partnership or a partnership firm in which a director, partner, or manager of the corporate debtor or his relative is a partner;

(*d*) a private company in which a director, partner or manager of the corporate debtor is a director and holds along with his relatives, more than two per cent. of its share capital;

(*e*) a public company in which a director, partner or manager of the corporate debtor is a director and holds along with relatives, more than two per cent. of its paid-up share capital;

1. Subs. by Act 26 of 2018, s. 3, for "repayment" (w.e.f. 06-06-2018).
2. Ins. by Act 26 of 2021, s. 3 (w.e.f. 04-04-2021).

(*f*) any body corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(*g*) any limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(*h*) any person on whose advice, directions or instructions, a director, partner or manager of the corporate debtor is accustomed to act;

(*i*) a body corporate which is a holding, subsidiary or an associate company of the corporate debtor, or a subsidiary of a holding company to which the corporate debtor is a subsidiary;

(*j*) any person who controls more than twenty per cent. of voting rights in the corporate debtor on account of ownership or a voting agreement;

(*k*) any person in whom the corporate debtor controls more than twenty per cent. of voting rights on account of ownership or a voting agreement;

(*l*) any person who can control the composition of the board of directors or corresponding governing body of the corporate debtor;

(*m*) any person who is associated with the corporate debtor on account of—

(*i*) participation in policy making processes of the corporate debtor; or

(*ii*) having more than two directors in common between the corporate debtor and such person; or

(*iii*) interchange of managerial personnel between the corporate debtor and such person; or

(*iv*) provision of essential technical information to, or from, the corporate debtor;

[1][(*24A*) "related party", in relation to an individual, means—

(*a*) a person who is a relative of the individual or a relative of the spouse of the individual;

(*b*) a partner of a limited liability partnership, or a limited liability partnership or a partnership firm, in which the individual is a partner;

(*c*) a person who is a trustee of a trust in which the beneficiary of the trust includes the individual, or the terms of the trust confers a power on the trustee which may be exercised for the benefit of the individual;

(*d*) a private company in which the individual is a director and holds along with his relatives, more than two per cent. of its share capital;

(*e*) a public company in which the individual is a director and holds along with relatives, more than two per cent. of its paid-up share capital;

(*f*) a body corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of the individual;

(*g*) a limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, act on the advice, directions or instructions of the individual;

1. Ins. by Act 26 of 2018, s. 3 (w.e.f. 06-06-2018).

(*h*) a person on whose advice, directions or instructions, the individual is accustomed to act;

(*i*) a company, where the individual or the individual along with its related party, own more than fifty per cent. of the share capital of the company or controls the appointment of the board of directors of the company.

Explanation.—For the purposes of this clause,—

(*a*) "relative", with reference to any person, means anyone who is related to another, in the following manner, namely:—

(*i*) members of a Hindu Undivided Family,

(*ii*) husband,

(*iii*) wife,

(*iv*) father,

(*v*) mother,

(*vi*) son,

(*vii*) daughter,

(*viii*) son's daughter and son,

(*ix*) daughter's daughter and son,

(*x*) grandson's daughter and son,

(*xi*) granddaughter's daughter and son,

(*xii*) brother,

(*xiii*) sister,

(*xiv*) brother's son and daughter,

(*xv*) sister's son and daughter,

(*xvi*) father's father and mother,

(*xvii*) mother's father and mother,

(*xviii*) father's brother and sister,

(*xix*) mother's brother and sister, and

(*b*) wherever the relation is that of a son, daughter, sister or brother, their spouses shall also be included;

[1][(*25*) "resolution applicant" means a person, who individually or jointly with any other person, submits a resolution plan to the resolution professional pursuant to the invitation made under clause (*h*) of sub-section (*2*) of section 25] [2][or pursuant to section 54K, as the case may be];

(*26*) "resolution plan" means a plan proposed by [3][resolution applicant] for insolvency resolution of the corporate debtor as a going concern in accordance with Part II;

1. Subs. by Act 8 of 2018, s.3 for cl. (*25*) (w.e.f. 23-11-2017).
2. Ins. by Act 26 of 2021, s. 3 (w.e.f. 04-04-2021).
3. Subs. by Act 8 of 2018, s. 3, for "any person" (w.e.f. 23-11-2017).

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[1][*Explanation*.—For the removal of doubts, it is hereby clarified that a resolution plan may include provisions for the restructuring of the corporate debtor, including by way of [2][merger, amalgamation, demerger and sale of one or more assets of the corporate debtor through one or more plans proposed by one or more resolution applicants subject to such conditions as may be specified];]

(*27*) "resolution professional", for the purposes of this Part, means an insolvency professional appointed to conduct the corporate insolvency resolution process [3][or the pre-packaged insolvency resolution process, as the case may be,] and includes an interim resolution professional; and

(*28*) "voting share" means the share of the voting rights of a single financial creditor in the committee of creditors which is based on the proportion of the financial debt owed to such financial creditor in relation to the financial debt owed by the corporate debtor [4][to the members of the committee of creditors who are eligible to vote].

CHAPTER II

CORPORATE INSOLVENCY RESOLUTION PROCESS

6. Persons who may initiate corporate insolvency resolution process.—Where any corporate debtor commits a default, a financial creditor, an operational creditor or the corporate debtor itself may initiate corporate insolvency resolution process in respect of such corporate debtor in the manner as provided under this Chapter.

7. Initiation of corporate insolvency resolution process by financial creditor.—(*1*) A financial creditor either by itself or jointly with [5][other financial creditors, or any other person on behalf of the financial creditor, as may be notified by the Central Government,] may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.

[6][Provided that for the financial creditors, referred to in clauses (*a*) and (*b*) of sub-section (*6A*) of section 21, an application for initiating corporate insolvency resolution process against the corporate debtor shall be filed jointly by not less than one hundred of such creditors in the same class or not less than ten per cent. of the total number of such creditors in the same class, whichever is less:

Provided further that for financial creditors who are allottees under a real estate project, an application for initiating corporate insolvency resolution process against the corporate debtor shall be filed jointly by not less than one hundred of such allottees under the same real estate project or not less than ten per cent. of the total number of such allottees under the same real estate project, whichever is less:

Provided also that where an application for initiating the corporate insolvency resolution process against a corporate debtor has been filed by a financial creditor referred to in the first and second provisos and has not been admitted by the Adjudicating Authority before the commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2020, such application shall be modified to comply with the requirements of the first or second proviso within thirty days of the commencement of the said Act, failing which the application shall be deemed to be withdrawn before its admission.]

Explanation.—For the purposes of this sub-section, a default includes a default in respect of a financial debt owed not only to the applicant financial creditor but to any other financial creditor of the corporate debtor.

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1. Ins. by Act 26 of 2019, s. 2 (w.e.f. 16-08-2019).
2. Subs. by Act 6 of 2026, s. 3, for "merger, amalgamation and demerger" (w.e.f. 26-05-2026).
3. Ins. by Act 26 of 2021, s. 3 (w.e.f. 04-04-2021).
4. Ins. by Act 6 of 2026, s. 3 (w.e.f. 26-05-2026).
5. Subs. by Act 26 of 2018, s. 4, for "other financial creditors" (w.e.f. 06-06-2018).
6. Ins. by Act 1 of 2020, s. 3 (w.e.f. 28-12-2019).

(*2*) The financial creditor shall make an application under sub-section (*1*) in such form and manner and accompanied with such fee as may be prescribed.

(*3*) The financial creditor shall, along with the application furnish—

(*a*) record of the default recorded with the information utility or such other record or evidence of default as may be specified;

(*b*) the name of the resolution professional proposed to act as an interim resolution professional; and

(*c*) any other information as may be specified by the Board.

(*4*) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (*2*), ascertain the existence of a default from the records of an information utility or on the basis of other evidence furnished by the financial creditor under sub-section (*3*).

[1] * * * *

[2][(*5*) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (*2*), by an order—

(*a*) admit the application, if it is satisfied that a default has occurred and the application under sub-section (*2*) is complete, and there is no disciplinary proceeding pending against the proposed resolution professional; or

(*b*) reject the application, if it is satisfied that a default has not occurred or the application under sub-section (*2*) is incomplete or a disciplinary proceeding is pending against the proposed resolution professional:

Provided that the Adjudicating Authority shall, before rejecting the application under clause (*b*), give a notice to the applicant to rectify the defect in his application within seven days from the date of receipt of such notice from the Adjudicating Authority:

Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of the application under sub-section (*2*), it shall record the reasons for such delay in writing.

Explanation I.—For the purposes of this sub-section, it is hereby clarified that where the requirements under clause (*a*) have been complied with, no other ground shall be considered to reject an application filed under this section.

Explanation II.—For the removal of doubts, it is hereby clarified that where a record of default in respect of a financial debt owed to a financial institution recorded with the information utility has been furnished along with the application filed by such financial institution under this section, such record shall be considered sufficient for the Adjudicating Authority to ascertain the existence of default under this section.]

(*6*) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (*5*).

(*7*) The Adjudicating Authority shall communicate—

(*a*) the order under clause (*a*) of sub-section (*5*) to the financial creditor and the corporate debtor;

(*b*) the order under clause (*b*) of sub-section (*5*) to the financial creditor,

within seven days of admission or rejection of such application, as the case may be.

8. Insolvency resolution by operational creditor.—(*1*) An operational creditor may, on the occurrence of a default, deliver a demand notice of unpaid operational debtor copy of an invoice

1. The proviso omitted by Act 6 of 2026, s. 4 (w.e.f. 26-05-2026).

2. Subs. by s. 4, *ibid*., for sub-section (*5*) (w.e.f. 26-05-2026).

demanding payment of the amount involved in the default to the corporate debtor in such form and manner as may be prescribed.

(*2*) The corporate debtor shall, within a period of ten days of the receipt of the demand notice or copy of the invoice mentioned in sub-section (*1*) bring to the notice of the operational creditor—

(*a*) existence of a dispute, [1][if any, or] record of the pendency of the suit or arbitration proceedings filed before the receipt of such notice or invoice in relation to such dispute;

(*b*) the [2][payment] of unpaid operational debt—

(*i*) by sending an attested copy of the record of electronic transfer of the unpaid amount from the bank account of the corporate debtor; or

(*ii*) by sending an attested copy of record that the operational creditor has encashed a cheque issued by the corporate debtor.

Explanation.—For the purposes of this section, a "demand notice" means a notice served by an operational creditor to the corporate debtor demanding [2][payment] of the operational debt in respect of which the default has occurred.

9. Application for initiation of corporate insolvency resolution process by operational creditor.—(*1*) After the expiry of the period of ten days from the date of delivery of the notice or invoice demanding payment under sub-section (*1*) of section 8, if the operational creditor does not receive payment from the corporate debtor or notice of the dispute under sub-section (*2*) of section 8, the operational creditor may file an application before the Adjudicating Authority for initiating a corporate insolvency resolution process.

(*2*) The application under sub-section (*1*) shall be filed in such form and manner and accompanied with such fee as may be prescribed.

(*3*) The operational creditor shall, along with the application furnish—

(*a*) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor;

(*b*) an affidavit to the effect that there is no notice given by the corporate debtor relating to a dispute of the unpaid operational debt;

(*c*) a copy of the certificate from the financial institutions maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt [3][by the corporate debtor, if available;]

[4][(*d*) a copy of any record with information utility confirming that there is no payment of an unpaid operational debt by the corporate debtor, if available; and

(*e*) any other proof confirming that there is no payment of an unpaid operational debt by the corporate debtor or [5][any other information, as may be specified].]

(*4*) An operational creditor initiating a corporate insolvency resolution process under this section, may propose a resolution professional to act as an interim resolution professional.

(*5*) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (*2*), by an order—

1. Subs. by Act 26 of 2018, s. 5, for "if any, and" (w.e.f. 06-06-2018).
2. Subs. by s. 5, *ibid.*, for "repayment" (w.e.f. 06-06-2018).
3. Subs. by s. 6, *ibid.*, for "by the corporate debtor; and" (w.e.f. 06-06-2018).
4. Subs. by s. 6, *ibid.*, for cl. (*d*) (w.e.f. 06-06-2018).
5. Subs. by Act 6 of 2026. s. 5, for "such other information, as may be prescribed" (w.e.f. 26-05-2026).

(*i*) admit the application and communicate such decision to the operational creditor and the corporate debtor if,—

(*a*) the application made under sub-section (*2*) is complete;

(*b*) there is no [1][payment] of the unpaid operational debt;

(*c*) the invoice or notice for payment to the corporate debtor has been delivered by the operational creditor;

(*d*) no notice of dispute has been received by the operational creditor or there is no record of dispute in the information utility; and

(*e*) there is no disciplinary proceeding pending against any resolution professional proposed under sub-section (*4*), if any;

(*ii*) reject the application and communicate such decision to the operational creditor and the corporate debtor, if—

(*a*) the application made under sub-section (*2*) is incomplete;

(*b*) there has been [1][payment] of the unpaid operational debt;

(*c*) the creditor has not delivered the invoice or notice for payment to the corporate debtor;

(*d*) notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility; or

(*e*) any disciplinary proceeding is pending against any proposed resolution professional:

Provided that Adjudicating Authority, shall before rejecting an application under sub-clause (*a*) of clause (*ii*) give a notice to the applicant to rectify the defect in his application within seven days of the date of receipt of such notice from the Adjudicating Authority.

[2][Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of application under sub-section (2), it shall record the reasons for such delay in writing.]

(*6*) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (*5*) of this section.

10. Initiation of corporate insolvency resolution process by corporate applicant.—(*1*) Where a corporate debtor has committed a default, a corporate applicant thereof may file an application for initiating corporate insolvency resolution process with the Adjudicating Authority.

(*2*) The application under sub-section (*1*) shall be filed in such form, containing such particulars and in such manner and accompanied with such fee as may be prescribed.

[3][(*3*) The corporate applicant shall, along with the application, furnish—

(*a*) the information relating to its books of account and such other documents [4][and any other information, as may be specified; and]

[5] * * * *

1. Subs. by Act 26 of 2018, s. 6, for "repayment" (w.e.f. 06-06-2018).
2. Ins. by Act 6 of 2026. s. 5 (w.e.f. 26-05-2026).
3. Subs. by Act 26 of 2018, s. 7, for sub-section (*3*) (w.e.f. 06-06-2018).
4. Subs. by Act 6 of 2026, s. 6, for "for such period as may be specified;" (w.e.f. 26-05-2026).
5. Cl. (*b*) omitted by s. 6, *ibid*. (w.e.f. 26-05-2026).

(*c*) the special resolution passed by shareholders of the corporate debtor or the resolution passed by at least three-fourth of the total number of partners of the corporate debtor, as the case may be, approving filing of the application.]

(*4*) The Adjudicating Authority shall, within a period of fourteen days of the receipt of the application, by an order—

(*a*) admit the application, if it is complete; [1][***] or

(*b*) reject the application, if it is incomplete: [1][***].

Provided that Adjudicating Authority shall, before rejecting an application, give a notice to the applicant to rectify the defects in his application within seven days from the date of receipt of such notice from the Adjudicating Authority.

[2][Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of the application under sub-section (2), it shall record the reasons for such delay in writing.]

(*5*) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (*4*) of this section.

[3][**10A. Suspension of initiation of corporate insolvency resolution process**.—Notwithstanding anything contained in sections 7, 9 and 10, no application for initiation of corporate insolvency resolution process of a corporate debtor shall be filed, for any default arising on or after 25th March, 2020 for a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf:

Provided that no application shall ever be filed for initiation of corporate insolvency resolution process of a corporate debtor for the said default occurring during the said period.

Explanation.—For the removal of doubts, it is hereby clarified that the provisions of this section shall not apply to any default committed under the said sections before 25th March, 2020.]

11. Persons not entitled to make application.—The following persons shall not be entitled to make an application to initiate corporate insolvency resolution process under this Chapter, namely:—

(*a*) a corporate debtor undergoing a corporate insolvency resolution process [4][or a pre-packaged insolvency resolution process]; or

[4][(*aa*) a financial creditor or an operational creditor of a corporate debtor undergoing a pre-packaged insolvency resolution process; or]

(*b*) a corporate debtor having completed corporate insolvency resolution process twelve months preceding the date of making of the application; or

[4][(*ba*) a corporate debtor in respect of whom a resolution plan has been approved under Chapter III-A, twelve months preceding the date of making of the application; or]

(*c*) a corporate debtor or a financial creditor who has violated any of the terms of resolution plan which was approved twelve months before the date of making of an application under this Chapter; or

(*d*) a corporate debtor in respect of whom a liquidation order has been made.

[5][*Explanation* I].—For the purposes of this section, a corporate debtor includes a corporate applicant in respect of such corporate debtor.

[4][*Explanation* II.—For the purposes of this section, it is hereby clarified that nothing in this section shall prevent a corporate debtor referred to in clauses (*a*) to (*d*) from initiating corporate insolvency resolution process against another corporate debtor.]

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1. Certain words omitted by Act 6 of 2026, s. 6 (w.e.f. 26-05-2026).
2. Ins. by s. 6, *ibid*. (w.e.f. 26-05-2026).
3. Ins. by Act 17 of 2020, s. 2 (w.e.f. 05-06-2020).
4. Ins. by Act 26 of 2021, s. 4 (w.e.f. 04-04-2021).
5. The existing *Explanation* shall be numbered as *Explanation* I by s. 4, *ibid*. (w.e.f. 28-12-2019).

[1][**11A. Disposal of applications under section 54C and under section 7 or section 9 or section 10**.—(*1*) Where an application filed under section 54C is pending, the Adjudicating Authority shall pass an order to admit or reject such application, before considering any application filed under section 7 or section 9 or section 10 during the pendency of such application under section 54C, in respect of the same corporate debtor.

(*2*) Where an application under section 54C is filed within fourteen days of filing of any application under section 7 or section 9 or section 10, which is pending, in respect of the same corporate debtor, then, notwithstanding anything contained in sections 7, 9 and 10, the Adjudicating Authority shall first dispose of the application under section 54C.

(*3*) Where an application under section 54C is filed after fourteen days of the filing of any application under section 7 or section 9 or section 10, in respect of the same corporate debtor, the Adjudicating Authority shall first dispose of the application under section 7or section 9 or section 10.

(*4*) The provisions of this section shall not apply where an application under section 7 or section 9 or section 10 is filed and pending as on the date of the commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2021.]

12. Time-limit for completion of insolvency resolution process.—(*1*) Subject to sub-section (*2*), the corporate insolvency resolution process shall be completed within a period of one hundred and eighty days from the date of admission of the application to initiate such process.

(*2*) The resolution professional shall file an application to the Adjudicating Authority to extend the period of the corporate insolvency resolution process beyond one hundred and eighty days, if instructed to do so by a resolution passed at a meeting of the committee of creditors by a vote of [2][sixty-six] per cent. of the voting shares.

(*3*) On receipt of an application under sub-section (*2*), if the Adjudicating Authority is satisfied that the subject matter of the case is such that corporate insolvency resolution process cannot be completed within one hundred and eighty days, it may by order extend the duration of such process beyond one hundred and eighty days by such further period as it thinks fit, but not exceeding ninety days:

Provided that any extension of the period of corporate insolvency resolution process under this section shall not be granted more than once.

[3][Provided further that the corporate insolvency resolution process shall mandatorily be completed within a period of three hundred and thirty days from the insolvency commencement date, including any extension of the period of corporate insolvency resolution process granted under this section and the time taken in legal proceedings in relation to such resolution process of the corporate debtor:

Provided also that where the insolvency resolution process of a corporate debtor is pending and has not been completed within the period referred to in the second proviso, such resolution process shall be completed within a period of ninety days from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2019.]

[4][**12A. Withdrawal of application admitted under section 7, 9 or 10.**—(*1*) Subject to sub-section (*2*), the Adjudicating Authority may allow the withdrawal of an application admitted under

1. Ins. by Act 26 of 2021, s. 5 (w.e.f. 04-04-2021).
2. Subs. by Act 26 of 2018, s. 8, for "seventy-five" (w.e.f. 06-06-2018).
3. Ins. by Act 26 of 2019, s. 4 (w.e.f. 16-08-2019).
4. Subs. by Act 6 of 2026, s. 8 (w.e.f. 26-05-2026).

section 7, 9 or 10, on an application made by the resolution professional, with the approval of ninety per cent. voting share of the committee of creditors in such manner as may be specified.

(*2*) Notwithstanding anything contained in any law for the time being in force, an application admitted under section 7, 9 or 10 shall not be withdrawn—

(*a*) before the constitution of the committee of creditors under sub-section (*1*) of section 21; and

(*b*) after the first invitation for submission of a resolution plan has been issued by the resolution professional.

(*3*) The Adjudicating Authority shall pass an order under sub-section (*1*) within a period of thirty days from the date of receipt of the application:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.]

13. Declaration of moratorium and public announcement.—(*1*) The Adjudicating Authority, after admission of the application under section 7 or section 9 or section 10, shall, by an order—

(*a*) declare a moratorium for the purposes referred to in section 14;

(*b*) cause a public announcement of the initiation of corporate insolvency resolution process and call for the submission of claims under section 15; and

(*c*) appoint an interim resolution professional in the manner as laid down in section 16.

(*2*) The public announcement referred to in clause (*b*) of sub-section (*1*) shall be made immediately after the appointment of the interim resolution professional.

14. Moratorium.—(*1*) Subject to provisions of [1][sub-sections (*2*), (*2A*) and (*3*)], on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely:—

(*a*) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

(*b*) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(*c*) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

(*d*) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

[2][*Explanation*.—For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;]

(*2*) The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

1. Subs. by Act 6 of 2026, s. 9, for "sub-sections (*2*) and (*3*)" (w.e.f. 26-05-2026).
2. Ins. by Act 1 of 2020, s. 5 (w.e.f. 28-12-2019).

[1][(*2A*) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the corporate debtor and manage the operations of such corporate debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such corporate debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified;]

[2][(*3*) The provisions of sub-section (*1*) shall not apply to—

[3][(*a*) such transactions, agreements or other arrangements as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;]

(*b*) a surety in a contract of guarantee to a corporate debtor.]

[4][*Explanation*.—For the removal of doubts, it is hereby clarified that the provisions of sub-section (*1*) shall also apply where the surety seeks to initiate or continue any action or proceedings against the corporate debtor pursuant to a contract of guarantee.]

(*4*) The order of moratorium shall have effect from the date of such order till the completion of the corporate insolvency resolution process:

Provided that where at any time during the corporate insolvency resolution process period, if the Adjudicating Authority approves the resolution plan under sub-section (*1*) of section 31 or passes an order for liquidation of corporate debtor under section 33, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be.

15. Public announcement of corporate insolvency resolution process.—(*1*) The public announcement of the corporate insolvency resolution process under the order referred to in section 13 shall contain the following information, namely:—

(*a*) name and address of the corporate debtor under the corporate insolvency resolution process;

(*b*) name of the authority with which the corporate debtor is incorporated or registered;

(*c*) the last date for submission of [5][claims, as may be specified];

(*d*) details of the interim resolution professional who shall be vested with the management of the corporate debtor and be responsible for receiving claims;

(*e*) penalties for false or misleading claims; and

(*f*) the date on which the corporate insolvency resolution process shall close, which shall be the one hundred and eightieth day from the date of the admission of the application under sections 7, 9 or section 10, as the case may be.

(*2*) The public announcement under this section shall be made in such manner as may be specified.

16. Appointment and tenure of interim resolution professional.—(*1*) The Adjudicating Authority shall appoint an interim resolution professional [6][on the insolvency commencement date].

1. Ins. by Act 1 of 2020, s. 5, (w.e.f. 28-12-2019).
2. Subs. by Act 26 of 2018, s. 10, for "sub-section (*3*)" (w.e.f. 06-06-2018).
3. Subs. by Act 1 of 2020, s. 5, for cl. (*a*) (w.e.f. 28-12-2019).
4. Ins. by Act 6 of 2026, s. 9 (w.e.f. 26-05-2026).
5. Subs. by Act 26 of 2018, s. 11, for "claims" (w.e.f. 06-06-2018).
6. Subs. by Act 1 of 2020, s. 6, for "within fourteen days from the insolvency commencement date" (w.e.f. 28-12-2019).

[1][(*2*) Where the application for corporate insolvency resolution process is made by a financial creditor, the resolution professional, as proposed in the application under section 7, shall be appointed as the interim resolution professional, if no disciplinary proceedings are pending against him.]

(*3*) Where the application for corporate insolvency resolution process is made by an operational creditor and—

(*a*) no proposal for an interim resolution professional is made, the Adjudicating Authority shall make a reference to the Board for the recommendation of an insolvency professional who may act as an interim resolution professional;

(*b*) a proposal for an interim resolution professional is made under sub-section (*4*) of section 9, the resolution professional as proposed, shall be appointed as the interim resolution professional, if no disciplinary proceedings are pending against him.

[2][(*3A*) Where an application for the corporate insolvency resolution process is made under section 10, the Adjudicating Authority shall make a reference to the Board for the recommendation of an insolvency professional who may act as an interim resolution professional.]

(*4*) The Board shall, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (*3*) [2][or sub-section (*3A*), as the case may be,] recommend the name of an insolvency professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(*5*) The term of the interim resolution professional [3][shall continue till the date of appointment of the resolution professional under section 22].

17. Management of affairs of corporate debtor by interim resolution professional.—(*1*) From the date of appointment of the interim resolution professional,—

(*a*) the management of the affairs of the corporate debtor shall vest in the interim resolution professional;

(*b*) the powers of the board of directors or the partners of the corporate debtor, as the case may be, shall stand suspended and be exercised by the interim resolution professional;

(*c*) the officers and managers of the corporate debtor shall report to the interim resolution professional and provide access to such documents and records of the corporate debtor as may be required by the interim resolution professional;

(*d*) the financial institutions maintaining accounts of the corporate debtor shall act on the instructions of the interim resolution professional in relation to such accounts and furnish all information relating to the corporate debtor available with them to the interim resolution professional.

(*2*) The interim resolution professional vested with the management of the corporate debtor shall—

(*a*) act and execute in the name and on behalf of the corporate debtor all deeds, receipts, and other documents, if any;

(*b*) take such actions, in the manner and subject to such restrictions, as may be specified by the Board;

(*c*) have the authority to access the electronic records of corporate debtor from information utility having financial information of the corporate debtor;

1. Subs. by Act 6 of 2026 s. 10, for sub-section (*2*) (w.e.f. 26-5-2026).
2. Ins. by s.10, *ibid*. (w.e.f. 26-5-2026).
3. Subs. by Act 26 of 2018, s. 12, for "shall not exceed thirty days from date of his appointment" (w.e.f. 6-6-2018).

(*d*) have the authority to access the books of account, records and other relevant documents of corporate debtor available with government authorities, statutory auditors, accountants and such other persons as [1][may be specified; and].

[2][(*e*) be responsible for complying with the requirements under any law for the time being in force on behalf of the corporate debtor.]

18. Duties of interim resolution professional.—The interim resolution professional shall perform the following duties, namely:—

(*a*) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to—

(*i*) business operations for the previous two years;

(*ii*) financial and operational payments for the previous two years;

(*iii*) list of assets and liabilities as on the initiation date; and

(*iv*) such other matters as may be specified;

(*b*) receive and collate all the claims submitted by creditors to him [3][in such manner as may be specified], pursuant to the public announcement made under sections 13 and 15;

[3][*Explanation*.—For the removal of doubts, it is hereby clarified that the interim resolution professional, while collating the claims, shall verify them, and, if required, determine the value of such verified claims.]

(*c*) constitute a committee of creditors;

(*d*) monitor the assets of the corporate debtor and manage its operations until a resolution professional is appointed by the committee of creditors;

(*e*) file information collected with the information utility, if necessary; and

(*f*) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets including—

(*i*) assets over which the corporate debtor has ownership rights which may be located in a foreign country;

(*ii*) assets that may or may not be in possession of the corporate debtor;

(*iii*) tangible assets, whether movable or immovable;

(*iv*) intangible assets including intellectual property;

(*v*) securities including shares held in any subsidiary of the corporate debtor, financial instruments, insurance policies;

(*vi*) assets subject to the determination of ownership by a court or authority;

(*g*) to perform such other duties as may be specified by the Board.

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1. Subs. by Act 26 of 2018, s. 13, for "may be specified" (w.e.f. 6-6-2018).
2. Ins. by s. 13, *ibid.* (w.e.f. 6-6-2018).
3. Ins. by Act 6 of 2026, s. 11 (w.e.f. 26-5-2026).

Explanation.—For the purposes of this [1][section], the term "assets" shall not include the following, namely:—

(*a*) assets owned by a third party in possession of the corporate debtor held under trust or under contractual arrangements including bailment;

(*b*) assets of any Indian or foreign subsidiary of the corporate debtor; and

(*c*) such other assets as may be notified by the Central Government in consultation with any financial sector regulator.

19. [2]**[Persons] to extend cooperation to interim resolution professional.—**[3]**[**(*1*) Any person who is or has been a personnel of the corporate debtor or its promoter or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the interim resolution professional as may be required by him for the purposes of managing the affairs of the corporate debtor or performing the duties conferred on him under this Chapter.]

(*2*) Where [4][any person referred to in sub-section (*1*)] or any other person required to assist or cooperate with the interim resolution professional does not assist or cooperate, the interim resolution professional may make an application to the Adjudicating Authority for necessary directions.

(*3*) The Adjudicating Authority, on receiving an application under sub-section (*2*), shall by an order, [5][direct such person referred to in sub-section (*1*)] or other person to comply with the instructions of the [6][interim resolution professional] and to cooperate with him in collection of information and management of the corporate debtor.

[7][*Explanation*.—For the purposes of this section, it is hereby clarified that references to the interim resolution professional shall also include references to the resolution professional.]

20. Management of operations of corporate debtor as going concern.—(*1*) The interim resolution professional shall make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern.

(*2*) For the purposes of sub-section (*1*), the interim resolution professional shall have the authority—

(*a*) to appoint accountants, legal or other professionals as may be necessary;

(*b*) to enter into contracts on behalf of the corporate debtor or to amend or modify the contracts or transactions which were entered into before the commencement of corporate insolvency resolution process;

(*c*) to raise interim finance provided that no security interest shall be created over any encumbered property of the corporate debtor without the prior consent of the creditors whose debt is secured over such encumbered property:

Provided that no prior consent of the creditor shall be required where the value of such property is not less than the amount equivalent to twice the amount of the debt;

(*d*) to issue instructions to personnel of the corporate debtor as may be necessary for keeping the corporate debtor as a going concern; and

(*e*) to take all such actions as are necessary to keep the corporate debtor as a going concern.

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1. Subs. by Act 26 of 2018, s. 14, for "sub-section" (w.e.f. 06-06-2018).
2. Subs. by Act 6 of 2026, s. 12, for "Personnel" (w.e.f. 26-05-2026).
3. Subs. by s. 12, *ibid*., for sub-section (*1*) (w.e.f. 26-05-2026).
4. Subs. by s. 12, *ibid*., for "any personnel of the corporate debtor, its promoter" (w.e.f. 26-05-2026).
5. Subs. by s. 12, *ibid*., for "direct such personnel" (w.e.f. 26-05-2026).
6. Subs. by s. 12, *ibid*., for "resolution professional" (w.e.f. 26-05-2026).
7. Ins. by s. 12, *ibid*. (w.e.f. 26-05-2026).

21. Committee of creditors.—(*1*) The interim resolution professional shall after collation of all claims received against the corporate debtor and determination of the financial position of the corporate debtor, constitute a committee of creditors.

(*2*) The committee of creditors shall comprise all financial creditors of the corporate debtor:

Provided that a [1][financial creditor or the authorised representative of the financial creditor referred to in sub-section (*6*) or sub-section (*6A*) or sub-section (*5*) of section 24, if it is a related party of the corporate debtor,] shall not have any right of representation, participation or voting in a meeting of the committee of creditors.

[2][Provided further that the first proviso shall not apply to a financial creditor, regulated by a financial sector regulator, if it is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares [3][or completion of such transactions as may be prescribed,] prior to the insolvency commencement date.]

(*3*) [4][Subject to sub-sections (*6*) and (*6A*), where] the corporate debtor owes financial debts to two or more financial creditors as part of a consortium or agreement, each such financial creditor shall be part of the committee of creditors and their voting share shall be determined on the basis of the financial debts owed to them.

(*4*) Where any person is a financial creditor as well as an operational creditor,—

(*a*) such person shall be a financial creditor to the extent of the financial debt owed by the corporate debtor, and shall be included in the committee of creditors, with voting share proportionate to the extent of financial debts owed to such creditor;

(*b*) such person shall be considered to be an operational creditor to the extent of the operational debt owed by the corporate debtor to such creditor.

(*5*) Where an operational creditor has assigned or legally transferred any operational debt to a financial creditor, the assignee or transferee shall be considered as an operational creditor to the extent of such assignment or legal transfer.

(*6*) Where the terms of the financial debt extended as part of a consortium arrangement or syndicated facility [5]*** provide for a single trustee or agent to act for all financial creditors, each financial creditor may—

(*a*) authorise the trustee or agent to act on his behalf in the committee of creditors to the extent of his voting share;

(*b*) represent himself in the committee of creditors to the extent of his voting share;

(*c*) appoint an insolvency professional (other than the resolution professional) at his own cost to represent himself in the committee of creditors to the extent of his voting share; or

(*d*) exercise his right to vote to the extent of his voting share with one or more financial creditors jointly or severally.

[2][(*6A*) Where a financial debt—

1. Subs. by Act 26 of 2018, s. 15, for "related party to whom a corporate debtor owes a financial debt" (w.e.f. 06-06-2018).
2. Ins. by Act s. 15, *ibid.* (w.e.f. 06-06-2018).
3. Ins. by Act 1 of 2020, s. 7 (w.e.f. 28-12-2019).
4. Subs. by Act 26 of 2018, s. 15, for "Where" (w.e.f. 06-06-2018).
5. The words "or issued as securities" omitted by s. 15, *ibid*. (w.e.f. 06-06-2018).

(*a*) is in the form of securities or deposits and the terms of the financial debt provide for appointment of a trustee or agent to act as authorised representative for all the financial creditors, such trustee or agent shall act on behalf of such financial creditors;

(*b*) is owed to a class of creditors exceeding the number as may be specified, other than the creditors covered under clause (*a*) or sub-section (*6*), the interim resolution professional shall make an application to the Adjudicating Authority along with the list of all financial creditors, containing the name of an insolvency professional, other than the interim resolution professional, to act as their authorised representative who shall be appointed by the Adjudicating Authority prior to the first meeting of the committee of creditors;

(*c*) is represented by a guardian, executor or administrator, such person shall act as authorised representative on behalf of such financial creditors,

and such authorised representative under clause (*a*) or clause (*b*) or clause (*c*) shall attend the meetings of the committee of creditors, and vote on behalf of each financial creditor to the extent of his voting share.

(*6B*) The remuneration payable to the authorised representative—

(*i*) under clauses (*a*) and (*c*) of sub-section (*6A*), if any, shall be as per the terms of the financial debt or the relevant documentation; and

(*ii*) under clause (*b*) of sub-section (*6A*) shall be as specified which shall form part of the insolvency resolution process costs];

[1][(*7*) The Board may specify the manner of voting and the determining of the voting share in respect of financial debts covered under sub-sections (*6*) and (*6A*).

(*8*) Save as otherwise provided in this Code, all decisions of the committee of creditors shall be taken by a vote of not less than fifty-one per cent. of voting share of the financial creditors:

Provided that where a corporate debtor does not have any financial creditors, the committee of creditors shall be constituted and shall comprise of such persons to exercise such functions in such manner as may be specified.]

(*9*) The committee of creditors shall have the right to require the resolution professional to furnish any financial information in relation to the corporate debtor at any time during the corporate insolvency resolution process.

(*10*) The resolution professional shall make available any financial information so required by the committee of creditors under sub-section (*9*) within a period of seven days of such requisition.

[2][(*11*) Where the liquidation process of the corporate debtor is initiated under Chapter III, the committee of creditors constituted under this section shall also supervise the conduct of the liquidation process by the liquidator, and the provisions of this section and section 24 shall apply to such liquidation process under Chapter III as the context may require:

Provided that the Board may specify any other class or classes of creditors, who may attend the meetings of the committee of creditors during liquidation process, but shall not have any right to vote in such meetings.

Explanation.—For the purposes of Chapter III, it is hereby declared that the provisions of sub-section (*11*) of this section, section 34A and sub-section (*2*) of section 35, as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall apply to—

1. Subs. by Act 26 of 2018, s. 15, for sub-sections (*7*) and (*8*) (w.e.f. 6-6-2018).
2. Ins. by Act 6 of 2026, s. 13 (w.e.f. 26-5-2026).

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(*a*) the liquidation process of a corporate debtor initiated after the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026; and

(*b*) the ongoing liquidation process of a corporate debtor as on such date of commencement, where the liquidator has not made an application under section 54, for which the committee of creditors shall continue for the remainder of the liquidation process.]

22. Appointment of resolution professional.—(*1*) The first meeting of the committee of creditors shall be held within seven days of the constitution of the committee of creditors.

(*2*) The committee of creditors, may, in the first meeting, by a majority vote of not less than [1][sixty-six] per cent. of the voting share of the financial creditors, either resolve to appoint the interim resolution professional as a resolution professional or to replace the interim resolution professional by another resolution professional.

(*3*) Where the committee of creditors resolves under sub-section (*2*)—

(*a*) to continue the interim resolution professional as resolution professional, [2][subject to a written consent from the interim resolution professional in the specified form] [3][such person shall be deemed to be appointed as the resolution professional from the date of such resolution, and this decision shall be communicated to the interim resolution professional, the corporate debtor, and the Board]; or

(*b*) to replace the interim resolution professional, it shall file an application before the Adjudicating Authority for the appointment of the proposed resolution professional [3][along with a written consent from the proposed resolution professional in the specified form].

(*4*) The Adjudicating Authority shall forward the name of the resolution professional proposed under clause (*b*) of sub-section (*3*) to the Board for its confirmation and shall make such appointment after confirmation by the Board.

(*5*) Where the Board does not confirm the name of the proposed resolution professional within ten days of the receipt of the name of the proposed resolution professional, the Adjudicating Authority shall, by order, direct the interim resolution professional to continue to function as the resolution professional until such time as the Board confirms the appointment of the proposed resolution professional.

23. Resolution professional to conduct corporate insolvency resolution process.—(*1*) Subject to section 27, the resolution professional shall conduct the entire corporate insolvency resolution process and manage the operations of the corporate debtor during the corporate insolvency resolution process period:

[4][Provided that the resolution professional shall continue to manage the operations of the corporate debtor after the expiry of the corporate insolvency resolution process period, until an order approving the resolution plan under sub-section (*1*) of section 31 or appointing a liquidator under section 34 is passed by the Adjudicating Authority.]

(*2*) The resolution professional shall exercise powers and perform duties as are vested or conferred on the interim resolution professional under this Chapter.

(*3*) In case of any appointment of a resolution professional under sub-section (*4*) of section 22, the interim resolution professional shall provide all the information, documents and records pertaining to the corporate debtor in his possession and knowledge to the resolution professional.

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1. Subs. by Act 26 of 2018, s. 16, for "seventy-five" (w.e.f. 6-6-2018).
2. Ins. by s. 16, *ibid.* (w.e.f. 6-6-2018).
3. Subs by Act 6 of 2026, s. 14, for "it shall communicate its decision to the interim resolution professional, the corporate debtor and the Adjudicating Authority" (w.e.f. 26-5-2026).
4. Subs. by Act 1 of 2020, s. 8, for the proviso (w.e.f. 28-12-2019).

24. Meeting of committee of creditors.—(*1*) The members of the committee of creditors may meet in person or by such electronic means as may be specified.

(*2*) All meetings of the committee of creditors shall be conducted by the resolution professional.

(*3*) The resolution professional shall give notice of each meeting of the committee of creditors to—

(*a*) members of [1][committee of creditors, including the authorised representatives referred to in sub-sections (*6*) and (*6A*) of section 21 and sub-section (*5*)];

(*b*) members of the suspended Board of Directors or the partners of the corporate persons, as the case may be;

(*c*) operational creditors or their representatives if the amount of their aggregate dues is not less than ten per cent. of the debt.

(*4*) The directors, partners and one representative of operational creditors, as referred to in sub-section (*3*), may attend the meetings of committee of creditors, but shall not have any right to vote in such meetings:

Provided that the absence of any such director, partner or representative of operational creditors, as the case may be, shall not invalidate proceedings of such meeting.

(*5*) [2][Subject to sub-sections (*6*), (*6A*) and (*6B*) of section 21, any creditor] who is a member of the committee of creditors may appoint an insolvency professional other than the resolution professional to represent such creditor in a meeting of the committee of creditors:

Provided that the fees payable to such insolvency professional representing any individual creditor will be borne by such creditor.

(*6*) Each creditor shall vote in accordance with the voting share assigned to him based on the financial debts owed to such creditor.

(*7*) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(*8*) The meetings of the committee of creditors shall be conducted in such manner as may be specified.

25. Duties of resolution professional.—(*1*) It shall be the duty of the resolution professional to preserve and protect the assets of the corporate debtor, including the continued business operations of the corporate debtor.

(*2*) For the purposes of sub-section (*1*), the resolution professional shall undertake the following actions, namely:—

(*a*) take immediate custody and control of all the assets of the corporate debtor, including the business records of the corporate debtor;

(*b*) represent and act on behalf of the corporate debtor with third parties, exercise rights for the benefit of the corporate debtor in judicial, quasi-judicial or arbitration proceedings;

(*c*) raise interim finances subject to the approval of the committee of creditors under section 28;

(*d*) appoint accountants, legal or other professionals in the manner as specified by Board;

(*e*) maintain an updated list of claims;

1. Subs. by Act 26 of 2018, s. 18, for "Committee of creditors" (w.e.f. 6-6-2018).
2. Subs. by s. 18, *ibid*., for "Any creditor" (w.e.f. 6-6-2018).

(*f*) convene and attend all meetings of the committee of creditors;

(*g*) prepare the information memorandum in accordance with section 29;

[1][(*h*) invite prospective resolution applicants, who fulfil such criteria as may be laid down by him with the approval of committee of creditors, having regard to the complexity and scale of operations of the business of the corporate debtor and such other conditions as may be specified by the Board, to submit a resolution plan or plans.]

(*i*) present all resolution plans at the meetings of the committee of creditors;

[2][(*j*) file an application to the Adjudicating Authority in respect of an avoidance transaction or fraudulent or wrongful trading, if any; and]

(*k*) such other actions as may be specified by the Board.

[3][**25A. Rights and duties of authorised representative of financial creditors.**—(*1*) The authorised representative under sub-section (*6*) or sub-section (*6A*) of section 21 or sub-section (*5*) of section 24 shall have the right to participate and vote in meetings of the committee of creditors on behalf of the financial creditor he represents in accordance with the prior voting instructions of such creditors obtained through physical or electronic means.

(*2*) It shall be the duty of the authorised representative to circulate the agenda and minutes of the meeting of the committee of creditors to the financial creditor he represents.

(*3*) The authorised representative shall not act against the interest of the financial creditor he represents and shall always act in accordance with their prior instructions:

Provided that if the authorised representative represents several financial creditors, then he shall cast his vote in respect of each financial creditor in accordance with instructions received from each financial creditor, to the extent of his voting share:

Provided further that if any financial creditor does not give prior instructions through physical or electronic means, the authorised representative shall abstain from voting on behalf of such creditor.

[4][(*3A*) Notwithstanding anything to the contrary contained in sub-section (*3*), the authorised representative under sub-section (*6A*) of section 21 shall cast his vote on behalf of all the financial creditors he represents in accordance with the decision taken by a vote of more than fifty per cent. of the voting share of the financial creditors he represents, who have cast their vote:

Provided that for a vote to be cast in respect of an application under section 12A, the authorised representative shall cast his vote in accordance with the provisions of sub-section (*3*).]

(*4*) The authorised representative shall file with the committee of creditors any instructions received by way of physical or electronic means, from the financial creditor he represents, for voting in accordance therewith, to ensure that the appropriate voting instructions of the financial creditor he represents is correctly recorded by the interim resolution professional or resolution professional, as the case may be.

Explanation.—For the purposes of this section, the "electronic means" shall be such as may be specified.]

1. Subs. by Act 8 of 2018, s. 4, for cl. (*h*) (w.e.f. 23-11-2017).
2. Subs. by Act 6 of 2026, s. 15, for cl. (*j*) (w.e.f. 26-5-2026).
3. Ins. by Act 26 of 2018, s. 19 (w.e.f. 6-6-2018).
4. Ins. by Act 26 of 2019, s. 5 (w.e.f. 16-08-2019).

[1][**26. Application in respect of certain transactions or trading not to affect processes.—**The filing of an application in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47, shall not affect the proceedings of the corporate insolvency resolution processor the liquidation process, as the case may be.

Explanation.—For the removal of doubts, it is hereby clarified that the completion of the corporate insolvency resolution process or the liquidation process shall not affect the continuation of proceedings in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47, as the case may be.]

27. Replacement of resolution professional by committee of creditors.—(*1*) Where, at any time during the corporate insolvency resolution process, the committee of creditors is of the opinion that a resolution professional appointed under section 22 is required to be replaced, it may replace him with another resolution professional in the manner provided under this section.

[2][(*2*) The committee of creditors may, at a meeting, by a vote of sixty-six per cent. of voting shares, resolve to replace the resolution professional appointed under section 22 with another resolution professional, subject to a written consent from the proposed resolution professional in the specified form.]

(*3*) The committee of creditors shall forward the name of the insolvency professional proposed by them to the Adjudicating Authority.

(*4*) The Adjudicating Authority shall forward the name of the proposed resolution professional to the Board for its confirmation and a resolution professional shall be appointed in the same manner as laid down in section 16.

(*5*) Where any disciplinary proceedings are pending against the proposed resolution professional under sub-section (*3*), the resolution professional appointed under section 22 shall continue till the appointment of another resolution professional under this section.

28. Approval of committee of creditors for certain actions.—(*1*) Notwithstanding anything contained in any other law for the time being in force, the resolution professional, during the corporate insolvency resolution process, shall not take any of the following actions without the prior approval of the committee of creditors namely:—

(*a*) raise any interim finance in excess of the amount as may be decided by the committee of creditors in their meeting;

(*b*) create any security interest over the assets of the corporate debtor;

(*c*) change the capital structure of the corporate debtor, including by way of issuance of additional securities, creating a new class of securities or buying back or redemption of issued securities in case the corporate debtor is a company;

(*d*) record any change in the ownership interest of the corporate debtor;

(*e*) give instructions to financial institutions maintaining accounts of the corporate debtor for a debit transaction from any such accounts in excess of the amount as may be decided by the committee of creditors in their meeting;

(*f*) undertake any related party transaction;

(*g*) amend any constitutional documents of the corporate debtor;

(*h*) delegate its authority to any other person;

1. Subs. by Act 6 of 2026, s. 16, for s. 26 (w.e.f. 26-05-2026).
2. Subs. by Act 26 of 2018, s. 20, for sub-section (*2*) (w.e.f. 06-06-2018).

(*i*) dispose of or permit the disposal of shares of any shareholder of the corporate debtor or their nominees to third parties;

(*j*) make any change in the management of the corporate debtor or its subsidiary;

(*k*) transfer rights or financial debts or operational debts under material contracts otherwise than in the ordinary course of business;

(*l*) make changes in the appointment or terms of contract of such personnel as specified by the committee of creditors; or

(*m*) make changes in the appointment or terms of contract of statutory auditors or internal auditors of the corporate debtor.

(*2*) The resolution professional shall convene a meeting of the committee of creditors and seek the vote of the creditors prior to taking any of the actions under sub-section (*1*).

(*3*) No action under sub-section (*1*) shall be approved by the committee of creditors unless approved by a vote of [1][sixty-six] per cent. of the voting shares.

(*4*) Where any action under sub-section (*1*) is taken by the resolution professional without seeking the approval of the committee of creditors in the manner as required in this section, such action shall be void.

(*5*) The committee of creditors may report the actions of the resolution professional under sub-section (*4*) to the Board for taking necessary actions against him under this Code.

[2]**[28A. Transfer of assets of guarantor of corporate debtor during process.—**(*1*) Notwithstanding anything contained in this Code or any other law for the time being in force, where a creditor of the corporate debtor has taken possession of an asset of a personal guarantor or corporate guarantor of the corporate debtor by enforcing its security interest over such asset under any law for the time being in force which empowers the creditor to transfer the asset, the creditor may, during the corporate insolvency resolution process of the corporate debtor, permit the transfer of such an asset as part of its insolvency resolution with prior approval of the committee of creditors in such manner and subject to such condition to may be specified:

Provided that where the corporate guarantor is undergoing a corporate insolvency resolution process or the liquidation process, transfer of the asset under this sub-section shall take place upon approval of the committee of creditors of the corporate guarantor, by a vote of not less than sixty-six per cent. of the voting share, and the amount received pursuant to the transfer shall form part of the corporate insolvency resolution process or the liquidation estate of the corporate guarantor, as the case may be:

Provided further that during the liquidation process of the corporate guarantor, the approval of the committee of creditors under the first proviso is required only where the creditor has relinquished such asset to the liquidation estate under section 52:

Provided also that where the personal guarantor is undergoing an insolvency resolution process or the bankruptcy process and the creditor has forfeited or surrendered his right in relation to an asset, the transfer of such asset under this sub-section shall take place upon approval by a majority of more than three-fourths in value of the creditors of the personal guarantor, and the amount received pursuant to the transfer shall form part of the insolvency resolution process or the bankruptcy process of the personal guarantor, as the case may be.

(*2*) The transfer of an asset referred to in sub-section (*1*) under a resolution plan shall vest in the transferee all rights in, or in relation to the asset, as if the transfer had been made by the owner of such asset.

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1. Subs. by Act 26 of 2018, s. 21, for "seventy-five" (w.e.f. 06-06-2018).
2. Ins. by Act 6 of 2026, s. 17 (w.e.f. 26-05-2026).

(*3*) The amount received pursuant to the transfer of the asset shall be adjusted towards the amount of debt owed by the guarantor in accordance with the applicable law, subject to any costs, charges and expenses incurred in respect of the preservation and protection of the asset before its transfer, and where such amount is more than the debt owed, the surplus shall be paid to the guarantor.]

29. Preparation of information memorandum.—(*1*) The resolution professional shall prepare an information memorandum in such form and manner containing such relevant information as may be specified by the Board for formulating a resolution plan.

(*2*) The resolution professional shall provide to the resolution applicant access to all relevant information in physical and electronic form, provided such resolution applicant undertakes—

(*a*) to comply with provisions of law for the time being in force relating to confidentiality and insider trading;

(*b*) to protect any intellectual property of the corporate debtor it may have access to; and

(*c*) not to share relevant information with third parties unless clauses (*a*) and (*b*) of this sub-section are complied with.

Explanation.—For the purposes of this section, "relevant information" means the information required by the resolution applicant to make the resolution plan for the corporate debtor, which shall include the financial position of the corporate debtor, all information related to disputes by or against the corporate debtor and any other matter pertaining to the corporate debtor as may be specified.

[1][**29A**. **Person not eligible to be resolution applicant.**—A person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person—

(*a*) is an undischarged insolvent;

(*b*) is a wilful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 of 1949);

(*c*) [2][at the time of submission of the resolution plan has an account,] or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 1949) [3][or the guidelines of a financial sector regulator issued under any other law for the time being in force,] and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor:

Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan:

[3][Provided further that nothing in this clause shall apply to a resolution applicant where such applicant is a financial entity and is not a related party to the corporate debtor.

Explanation I.—For the purposes of this proviso, the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares [4][or completion of such transactions as may be prescribed,] prior to the insolvency commencement date.

1. Ins. by Act 8 of 2018, s. 5 (w.e.f. 23-11-2017).
2. Subs. by Act 26 of 2018, s. 22, for "has an account," (w.e.f. 6-6-2018).
3. Ins. by s. 22, *ibid.* (w.e.f. 6-6-2018).
4. Ins. by Act 1 of 2020, s. 9 (w.e.f. 28-12-2019).

Explanation II.—For the purposes of this clause, where a resolution applicant has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset and such account was acquired pursuant to a prior resolution plan approved under this Code, then, the provisions of this clause shall not apply to such resolution applicant for a period of three years from the date of approval of such resolution plan by the Adjudicating Authority under this Code;]

[1][(*d*) has been convicted for any offence punishable with imprisonment—

(*i*) for two years or more under any Act specified under the Twelfth Schedule; or

(*ii*) for seven years or more under any other law for the time being in force:

Provided that this clause shall not apply to a person after the expiry of a period of two years from the date of his release from imprisonment:

Provided further that this clause shall not apply in relation to a connected person referred to in clause (*iii*) of *Explanation* I;]

(*e*) is disqualified to act as a director under the Companies Act, 2013 (18 of 2013);

[2][Provided that this clause shall not apply in relation to a connected person referred to in clause (*iii*) of *Explanation* I;]

(*f*) is prohibited by the Securities and Exchange Board of India from trading in securities or accessing the securities markets;

(*g*) has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under this Code;

[2][Provided that this clause shall not apply if a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place prior to the acquisition of the corporate debtor by the resolution applicant pursuant to a resolution plan approved under this Code or pursuant to a scheme or plan approved by a financial sector regulator or a court, and such resolution applicant has not otherwise contributed to the preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction;]

(*h*) has executed [3][a guarantee] in favour of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this Code [2][and such guarantee has been invoked by the creditor and remains unpaid in full or part];

(*i*) [4][is] subject to any disability, corresponding to clauses (*a*) to (*h*), under any law in a jurisdiction outside India; or

(*j*) has a connected person not eligible under clauses (*a*) to (*i*).

[5][*Explanation. I*] — For the purposes of this clause, the expression "connected person" means—

(*i*) any person who is the promoter or in the management or control of the resolution applicant; or

(*ii*) any person who shall be the promoter or in management or control of the business of the corporate debtor during the implementation of the resolution plan; or

(*iii*) the holding company, subsidiary company, associate company or related party of a person referred to in clauses (*i*) and (*ii*):

[6][Provided that nothing in clause (*iii*) of *Explanation* I shall apply to a resolution applicant where such applicant is a financial entity and is not a related party of the corporate debtor:

1. Subs. by Act 26 of 2018, s. 22, for clause (*d*) (w.e.f. 6-6-2018).
2. Ins. by s. 22, *ibid*. (w.e.f. 6-6-2018).
3. Subs. by s. 22, *ibid*., for "an enforceable guarantee" (w.e.f. 6-6-2018).
4. Subs. by s. 22, *ibid*., for "has been" (w.e.f. 6-6-2018).
5. *Explanation* renumbered as *Explanation* I by s. 22, *ibid.* (w.e.f. 6-6-2018).
6. Subs. by s. 22, *ibid*., (w.e.f. 6-6-2018).

Provided further that the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares [1][or completion of such transactions as may be prescribed,] prior to the insolvency commencement date;]

[1][*Explanation II*.—For the purposes of this section, "financial entity" shall mean the following entities which meet such criteria or conditions as the Central Government may, in consultation with the financial sector regulator, notify in this behalf, namely:—

(*a*) a scheduled bank;

(*b*) any entity regulated by a foreign central bank or a securities market regulator or other financial sector regulator of a jurisdiction outside India which jurisdiction is compliant with the Financial Action Task Force Standards and is a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding;

(*c*) any investment vehicle, registered foreign institutional investor, registered foreign portfolio investor or a foreign venture capital investor, where the terms shall have the meaning assigned to them in regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 made under the Foreign Exchange Management Act, 1999 (42 of 1999);

(*d*) an asset reconstruction company registered with the Reserve Bank of India under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

(*e*) an Alternate Investment Fund registered with the Securities and Exchange Board of India;

(*f*) such categories of persons as may be notified by the Central Government.].]

30. Submission of resolution plan.—(*1*) A resolution applicant may submit a resolution plan [2][along with an affidavit stating that he is eligible under section 29A] to the resolution professional prepared on the basis of the information memorandum.

(*2*) The resolution professional shall examine each resolution plan received by him to confirm that each resolution plan—

(*a*) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the [3][payment] of other debts of the corporate debtor;

[4][(*b*) provides for the payment of debts of operational creditors in such manner as may be specified by the Board which shall not be less than—

(*i*) the amount to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or

(*ii*) the amount that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed in accordance with the order of priority in sub-section (*1*) of section 53,

1. Ins. by Act 1 of 2020, s. 9 (w.e.f. 28-12-2019).
2. Ins. by Act 26 of 2018, s. 23 (w.e.f. 6-6-2018).
3. Subs. by s. 23, *ibid*., for "repayment" (w.e.f. 6-6-2018).
4. Subs. by Act 26 of 2019, s. 6, for cl. (*b*) (w.e.f. 16-08-2019).

whichever is higher [1]***.

Explanation 1.—For the removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.

Explanation 2.—For the purposes of this clause, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2019 (26 of 2019), the provisions of this clause shall also apply to the corporate insolvency resolution process of a corporate debtor—

(*i*) where a resolution plan has not been approved or rejected by the Adjudicating Authority;

(*ii*) where an appeal has been preferred under section 61 or section 62 or such an appeal is not time barred under any provision of law for the time being in force; or

(*iii*) where a legal proceeding has been initiated in any court against the decision of the Adjudicating Authority in respect of a resolution plan;]

[2][(*ba*) provides for the payment of debts of the financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified, which shall not be less than the lower of the amount—

(*i*) to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or

(*ii*) that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed, in accordance with the order of priority in sub-section (*1*) of section 53,

as the case may be.

Explanation I.—For the removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.

Explanation II.—For the purposes of this sub-section, it is hereby declared that the provisions of this sub-section as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the corporate insolvency resolution process where any of the following acts have first occurred,—

(*i*) the committee of creditors has approved a resolution plan under sub-section (*4*);

(*ii*) the Adjudicating Authority has passed a liquidation order under sub-section (*1*) of section 33; or

(*iii*) the committee of creditors has approved intimation to the Adjudicating Authority to initiate the liquidation under sub-section (*2*) of section 33,

as the case may be, on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026;]

(*c*) provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;

[3][(*d*) provides for the implementation and supervision of the resolution plan and constitution of a committee for this purpose consisting of a resolution professional or any other insolvency

1. Certain words omitted by Act 6 of 2026, s. 18 (w.e.f. 26-05-2026).
2. Ins. by s. 18, *ibid*. (w.e.f. 26-05-2026).
3. Subs by s. 18, *ibid*., for cl. (*d*) (w.e.f. 26-05-2026).

professional, representatives of a class or classes of creditors and the resolution applicant, subject to such conditions and in such manner as may be specified;]

(*e*) does not contravene any of the provisions of the law for the time being in force;

(*f*) conforms to such other requirements as may be specified by the Board.

[1][*Explanation*.—For the purposes of clause (*e*), if any approval of shareholders is required under the Companies Act, 2013 or any other law for the time being in force for the implementation of actions under the resolution plan, such approval shall be deemed to have been given and it shall not be a contravention of that Act or law];

(*3*) The resolution professional shall present to the committee of creditors for its approval such resolution plans which confirm the conditions referred to in sub-section (*2*).

[2][(*4*) The committee of creditors may approve a resolution plan by a vote of not less than [3][sixty-six] per cent. of voting share of the financial creditors [4][and record reasons for its approval], after considering its feasibility and viability, [5][the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (*1*) of section 53, including the priority and value of the security interest of a secured creditor] and such other requirements as may be specified by the Board:

Provided that the committee of creditors shall not approve a resolution plan, submitted before the commencement of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017(Ord. 7 of 2017), where the resolution applicant is ineligible under section 29A and may require the resolution professional to invite a fresh resolution plan where no other resolution plan is available with it:

Provided further that where the resolution applicant referred to in the first proviso is ineligible under clause (*c*) of section 29A, the resolution applicant shall be allowed by the committee of creditors such period, not exceeding thirty days, to make payment of overdue amounts in accordance with the proviso to clause (*c*) of section 29A:

Provided also that nothing in the second proviso shall be construed as extension of period for the purposes of the proviso to sub-section (*3*) of section 12, and the corporate insolvency resolution process shall be completed within the period specified in that sub-section.]

[6][Provided also that the eligibility criteria in section 29A as amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018 shall apply to the resolution applicant who has not submitted resolution plan as on the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018.]

(*5*) The resolution applicant may attend the meeting of the committee of creditors in which the resolution plan of the applicant is considered:

Provided that the resolution applicant shall not have a right to vote at the meeting of the committee of creditors unless such resolution applicant is also a financial creditor.

(*6*) The resolution professional shall submit the resolution plan as approved by the committee of creditors to the Adjudicating Authority.

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1. Ins. by Act 26 of 2018, s. 23 (w.e.f. 6-6-2018).
2. Subs. by Act 8 of 2018, s. 6, for sub-section (*4*) (w.e.f. 23-11-2017).
3. Subs. by Act 26 of 2018, s., 23, for “seventy-five” (w.e.f. 6-6-2018).
4. Ins. by Act 6 of 2026, s. 18 (w.e.f. 26-05-2026).
5. Ins. by Act 26 of 2019, s. 6 (w.e.f. 16-08-2019).
6. Ins. by Act 26 of 2018, s. 23 (w.e.f. 6-6-2018).

31. Approval of resolution plan.—(*1*) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (*4*) of section 30 meets the requirements as referred to in sub-section (*2*) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, [1][including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force, such as authorities to whom statutory dues are owed,] guarantors and other stakeholders involved in the resolution plan.

[2][Provided that the Adjudicating Authority shall, before passing an order for approval of resolution plan under this sub-section, satisfy that the resolution plan has provisions for its effective implementation.]

[3][Provided further that the Adjudicating Authority may, on an application made by the resolution professional, with the approval of the committee of creditors, by a vote of not less than sixty-six per cent. of the voting share, in such form and manner, and subject to such conditions as may be specified, first approve the implementation of the resolution plan and thereafter approve the manner of distribution provided therein within a period of thirty days from the date of approval of implementation of such resolution plan.]

(*2*) Where the Adjudicating Authority is satisfied that the resolution plan does not confirm to the requirements referred to in sub-section (*1*), it may, by an order, reject the resolution plan.

[3][Provided that the Adjudicating Authority may, before rejecting the resolution plan, give notice to the committee of creditors to rectify any defects in the resolution plan.]

[3][(*2A*) The Adjudicating Authority shall pass an order under sub-section (*1*) or (*2*), within a period of thirty days from the date of receipt of the resolution plan:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.]

(*3*) After the order of approval under sub-section (*1*),—

(*a*) the moratorium order passed by the Adjudicating Authority under section 14 shall cease to have effect; and

(*b*) the resolution professional shall forward all records relating to the conduct of the corporate insolvency resolution process and the resolution plan to the Board to be recorded on its database.

[2][(*4*) The resolution applicant shall, pursuant to the resolution plan approved under sub-section (*1*), obtain the necessary approval required under any law for the time being in force within a period of one year from the date of approval of the resolution plan by the Adjudicating Authority under sub-section (*1*) or within such period as provided for in such law, whichever is later:

Provided that where the resolution plan contains a provision for combination, as referred to in section 5 of the Competition Act, 2002 (12 of 2003), the resolution applicant shall obtain the approval of the Competition Commission of India under that Act [4][before the resolution plan is submitted to the Adjudicating Authority under sub-section (6) of section 30].]

1. Ins. by Act 26 of 2019, s. 7 (w.e.f. 16-08-2019).
2. Ins. by Act 26 of 2018, s. 24 (w.e.f. 06-06-2018).
3. Ins. by Act 6 of 2026, s. 19 (w.e.f. 26-05-2026).
4. Subs. by s. 19, *ibid*., for "prior to the approval of such resolution plan by the committee of creditors" (w.e.f. 26-05-2026).

[1][(*5*) Notwithstanding anything contained in any other law for the time being in force and subject to sub-section (*6*), where a resolution plan has been approved under sub-section (*1*), a licence, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, associated with such resolution plan, shall not be suspended or terminated during the subsistence of the remaining period of such grants or rights, if the corporate debtor or, if applicable, the person whose resolution plan is approved under sub-section (*1*), complies with the obligations in respect of the remaining period of such grants or rights.

(*6*) Where the Adjudicating Authority approves the resolution plan under sub-section (*1*),—

(*a*) unless otherwise provided in the resolution plan, any claim, against the corporate debtor and its assets under any other law for the time being in force, prior to the date of approval, shall be extinguished; and

(*b*) no proceedings shall be continued or instituted against the corporate debtor or its assets on the basis of such claims, including proceedings for assessment of the claims.

Explanation I.—For the purposes of this section, it is hereby clarified that nothing in this section shall affect a claim or any proceeding in respect of a person who was a promoter or in the management or control of the corporate debtor, a guarantor of the corporate debtor or any person having a joint liability or a joint and several liability with the corporate debtor, as the case may be.

Explanation II.—For the purposes of this section, it is hereby clarified that if a person has a joint liability or a joint and several liability with the corporate debtor for payment of debt owed to a creditor before the approval of resolution plan, and such person makes a payment for such debt after the approval of the resolution plan, then any right of such person to be indemnified by the corporate debtor shall be extinguished.

Explanation III.—For the removal of doubts, it is hereby clarified that the provisions of sub-sections (*5*) and (*6*) shall be deemed to apply to the resolution plan that is approved under sub-section (*1*), on and from the date of commencement of this Code, except for matters that have attained finality under this Code.]

32. Appeal.—Any appeal from an order approving the resolution plan shall be in the manner and on the grounds laid down in sub-section (*3*) of section 61.

[2][**32A. Liability for prior offences, etc.—**(*1*) Notwithstanding anything to the contrary contained in this Code or any other law for the time being in force, the liability of a corporate debtor for an offence committed prior to the commencement of the corporate insolvency resolution process shall cease, and the corporate debtor shall not be prosecuted for such an offence from the date the resolution plan has been approved by the Adjudicating Authority under section 31, if the resolution plan results in the change in the management or control of the corporate debtor to a person who was not—

(*a*) a promoter or in the management or control of the corporate debtor or a related party of such a person; or

(*b*) a person with regard to whom the relevant investigating authority has, on the basis of material in its possession, reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court:

1. Ins. by Act 6 of 2026, s. 19 (w.e.f. 26-05-2026).
2. Ins. by Act 1 of 2020, s. 10 (w.e.f. 28-12-2019).

Provided that if a prosecution had been instituted during the corporate insolvency resolution process against such corporate debtor, it shall stand discharged from the date of approval of the resolution plan subject to requirements of this sub-section having been fulfilled:

Provided further that every person who was a "designated partner" as defined in clause (*j*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), or an "officer who is in default", as defined in clause (*60*) of section 2 of the Companies Act, 2013 (18 of 2013), or was in any manner incharge of, or responsible to the corporate debtor for the conduct of its business or associated with the corporate debtor in any manner and who was directly or indirectly involved in the commission of such offence as per the report submitted or complaint filed by the investigating authority, shall continue to be liable to be prosecuted and punished for such an offence committed by the corporate debtor notwithstanding that the corporate debtor's liability has ceased under this sub-section.

(*2*) No action shall be taken against the property of the corporate debtor in relation to an offence committed prior to the commencement of the corporate insolvency resolution process of the corporate debtor, where such property is covered under a resolution plan approved by the Adjudicating Authority under section 31, which results in the change in control of the corporate debtor to a person, or sale of liquidation assets under the provisions of Chapter III of Part II of this Code to a person, who was not—

(*i*) a promoter or in the management or control of the corporate debtor or a related party of such a person; or

(*ii*) a person with regard to whom the relevant investigating authority has, on the basis of material in its possession reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court.

Explanation.—For the purposes of this sub-section, it is hereby clarified that,—

(*i*) an action against the property of the corporate debtor in relation to an offence shall include the attachment, seizure, retention or confiscation of such property under such law as may be applicable to the corporate debtor;

(*ii*) nothing in this sub-section shall be construed to bar an action against the property of any person, other than the corporate debtor or a person who has acquired such property through corporate insolvency resolution process or liquidation process under this Code and fulfils the requirements specified in this section, against whom such an action may be taken under such law as may be applicable.

(*3*) Subject to the provisions contained in sub-sections (*1*) and (*2*), and notwithstanding the immunity given in this section, the corporate debtor and any person who may be required to provide assistance under such law as may be applicable to such corporate debtor or person, shall extend all assistance and co-operation to any authority investigating an offence committed prior to the commencement of the corporate insolvency resolution process.]

CHAPTER III

LIQUIDATION PROCESS

33. Initiation of liquidation.—(*1*) Where the Adjudicating Authority,—

(*a*) before the expiry of the insolvency resolution process period or the maximum period permitted for completion of the corporate insolvency resolution process under section 12 [1]***, as the case may be, does not receive a resolution plan under sub-section (*6*) of section 30; or

1. The words "or the fast-track corporate insolvency resolution process under section 56" omitted by Act 6 of 2026, s. 20 (w.e.f. 26-05-2026).

(*b*) rejects the resolution plan under section 31 for the non-compliance of the requirements specified therein,

it shall—

(*i*) pass an order requiring the corporate debtor to be liquidated in the manner as laid down in this Chapter;

(*ii*) issue a public announcement stating that the corporate debtor is in liquidation; [1]***

(*iii*) require such order to be sent to the authority with which the corporate debtor is registered.

[2][(*iv*) subject to the provisions of section 52, declare a moratorium for the purposes referred to in clauses (*a*) and (*c*) of sub-section (*1*) read with sub-section (*3*) of section 14, which shall, *mutatis mutandis*, apply to the proceedings under this Chapter:

Provided that provisions of this sub-clause shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator or any other authority; and

(*v*) pass an order appointing a liquidator for the liquidation process in accordance with section 34.]

[2][(*1A*) Notwithstanding anything contained in sub-section (*1*), where the Adjudicating Authority is satisfied that the grounds mentioned in clause (*a*) or clause (*b*) of sub-section (*1*) of this section exist, it shall, before passing the liquidation order, consider an application made by the committee of creditors, in such manner and subject to such conditions as may be specified, by not less than sixty-six per cent. of the voting share, for restoring the corporate insolvency resolution process, and after considering such application, it may, by an order—

(*a*) if the ground mentioned in clause (*a*) of sub-section (*1*) exists, restore the corporate insolvency resolution process to be completed within such duration as it deems fit, but not exceeding one hundred and twenty days; or

(*b*) if the ground mentioned in clause (*b*) of sub-section (*1*) exists,—

(*i*) restore the corporate insolvency resolution process to the stage of invitation for submission of a resolution plan, which shall be completed in such manner and subject to such conditions as may be specified; and

(*ii*) provide the duration for completion of such restored corporate insolvency resolution process as it deems fit, but not exceeding one hundred and twenty days.

Explanation.—For the purposes of this section, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026, the provisions of sub-sections (*1A*) and (*1B*) shall also apply to the corporate insolvency resolution process of a corporate debtor initiated under Chapter II before such date of commencement, where the Adjudicating Authority has not passed a liquidation order under sub-section (*1*) of this section, and shall not apply where the liquidation order is passed.

(*1B*) The corporate insolvency resolution process of a corporate debtor may be restored in accordance with sub-section (*1A*) only once.

1. The word "and" omitted by Act 6 of 2026, s. 20 (w.e.f. 26-05-2026).
2. Ins. by s. 20, *ibid*. (w.e.f. 26-05-2026).

Explanation.—For the purposes of this section, it is hereby clarified that where the Adjudicating Authority does not receive a resolution plan under sub-section (*6*) of section 30 within the period provided under clause (*a*) or clause (*b*) of sub-section (*1A*) or rejects the resolution plan received by it during such period under sub-section (*2*) of section 31, it shall pass a liquidation order under sub-section (*1*).]

(*2*) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors [1][approved by not less than sixty-six per cent. of the voting share] to liquidate [2][or dissolve] the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (*i*), [3][(*ii*), (*iii*), (*iv*) and (*v*)] of clause (*b*) [4][of sub-section (*1*) or a dissolution order under sub-section (*2A*) of section 54, as the case may be:]

[2][Provided that the committee of creditors shall, before taking the decision to dissolve the corporate debtor, comply with such conditions, as may be specified.]

[5][*Explanation*.—For the purposes of this sub-section, it is hereby declared that the committee of creditors may take the decision to liquidate [2][or dissolve] the corporate debtor, any time after its constitution under sub-section (*1*) of section 21 and before the confirmation of the resolution plan, including at any time before the preparation of the information memorandum.]

[2][(*2A*) The Adjudicating Authority shall pass a liquidation order under this section within a period of thirty days from the date of receipt of an intimation or application, as the case may be, to initiate the liquidation process under this section:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.]

(*3*) Where the resolution plan approved by the Adjudicating Authority [6][under section 31 or under sub-section (*1*) of section 54L,] is contravened by the concerned corporate debtor, any person other than the corporate debtor, whose interests are prejudicially affected by such contravention, may make an application to the Adjudicating Authority for a liquidation order as referred to in sub-clauses (*i*), [3][(*ii*), (*iii*), (*iv*) and (*v*)] of clause (*b*) of sub-section (*1*).

(*4*) On receipt of an application under sub-section (*3*), if the Adjudicating Authority determines that the corporate debtor has contravened the provisions of the resolution plan, it shall pass a liquidation order as referred to in [7][sub-clauses (*i*), (*ii*), (*iii*), (*iv*) and (*v*) of clause (*b*) of sub-section (*1*) and pass any other order as it deems fit].

[2][Provided that where an application under sub-section (*3*) is made, the Adjudicating Authority may, if it deems fit, reinstate the corporate insolvency resolution process and pass appropriate orders.]

[8] * * * *

1. Ins. by Act 26 of 2018, s. 25 (w.e.f. 6-6-2018).
2. Ins. by Act 6 of 2026, s. 20 (w.e.f. 26-05-2026).
3. Subs. by s. 20, *ibid*., for "(*ii*) and (*iii*)" (w.e.f. 26-05-2026).
4. Subs. by s. 20, *ibid*., for "of sub-section (*1*).'' (w.e.f. 26-05-2026).
5. Ins. by Act 26 of 2019, s. 8 (w.e.f. 16-08-2019).
6. Ins. by Act 26 of 2021, s. 6 (w.e.f. 4-4-2021).
7. Subs. by Act 6 of 2026, s. 20, for "sub-clauses (*i*), (*ii*) and (*iii*) of clause (*b*) of sub-section (*1*)" (w.e.f. 26-05-2026).
8. Sub-section (*5*) omitted by s. 20, *ibid.* (w.e.f. 26-05-2026).

[1][(*6*) Where a liquidation order has been passed, no suit or other legal proceeding shall be commenced, or if pending at the date of the liquidation order, shall be proceeded with by the liquidator, on behalf of the corporate debtor, except with the leave of the Adjudicating Authority and subject to such terms as the Adjudicating Authority may impose.]

(*7*) The order for liquidation under this section shall be deemed to be a notice of discharge to the officers, employees and workmen of the corporate debtor, except when the business of the corporate debtor is continued during the liquidation process by the liquidator.

34. Appointment of liquidator and fee to be paid.—[2][(*1*) Where the Adjudicating Authority passes an order for liquidation of the corporate debtor under section 33, it shall refer to the Board for making recommendation of an insolvency professional to be appointed as the liquidator and on receipt of the recommendation, appoint such insolvency professional as the liquidator.]

(*2*) On the appointment of a liquidator under this section, all powers of the board of directors, key managerial personnel and the partners of the corporate debtor, as the case may be, shall cease to have effect and shall be vested in the liquidator.

[3][(*3*) Any person who is or has been a personnel of the corporate debtor, or its promoter, or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the liquidator as may be required by him for the purposes of managing the affairs of the corporate debtor or performing the duties conferred on him under this Chapter and the provisions of section 19 shall apply in relation to liquidation and voluntary liquidation process as they apply in relation to corporate insolvency resolution process with the substitution of references to the liquidator for references to the interim resolution professional and resolution professional and references to the corporate insolvency resolution process with liquidation and voluntary liquidation process, respectively.

(*4*) Notwithstanding anything contained in this section and section 34A, an insolvency professional appointed as a resolution professional for the corporate insolvency resolution process under Chapter II, shall not be appointed or replaced as the liquidator for the liquidation process of such corporate debtor.

(*5*) After an order of liquidation has been passed, the resolution professional shall forward to the liquidator, all records relating to the conduct of the corporate insolvency resolution process.

(*6*) The Board shall propose the name of an insolvency professional, other than the resolution professional appointed for the corporate insolvency resolution process under Chapter II, along with written consent from such insolvency professional in the specified form, within ten days of the reference made by the Adjudicating Authority under sub-section (*1*).]

(*7*) The Adjudicating Authority shall, on receipt of the proposal of the Board for the appointment of an insolvency professional as liquidator, [4]*** appoint such insolvency professional as the liquidator.

(*8*) An insolvency professional proposed to be appointed as a liquidator shall charge such fee for the conduct of the liquidation proceedings and in such proportion to the value of the liquidation estate assets, as may be specified by the Board.

(*9*) The fees for the conduct of the liquidation proceedings under sub-section (*8*) shall be paid to the liquidator from the proceeds of the liquidation estate under section 53.

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1. Subs. by Act 6 of 2026, s. 20, for sub-section (*6*) (w.e.f. 26-05-2026).
2. Subs. by s. 21, *ibid.*, for sub-section (*1*) (w.e.f. 26-05-2026).
3. Subs. by s. 21, *ibid.*, for sub-sections (*3*), (*4*), (*5*) and (*6*) (w.e.f. 26-05-2026).
4. The words "by an order" omitted by s. 21, *ibid.* (w.e.f. 26-05-2026).

[1][**34A. Replacement of liquidator by committee of creditors**.—(*1*) Where, at any time during the liquidation process, the committee of creditors is of the opinion that a liquidator appointed under section 34 or this section is required to be replaced, it may, by a vote of not less than sixty-six per cent. of the voting share, resolve to replace the liquidator with another insolvency professional, subject to a written consent from such proposed liquidator in such form as may be specified.

(*2*) Where the committee of creditors resolves under sub-section (*1*) to replace a liquidator, it shall apply to the Adjudicating Authority for the appointment of the proposed liquidator, and if no disciplinary proceedings are pending against him, the Adjudicating Authority shall, by an order, replace the liquidator appointed under section 34 or this section and appoint the proposed liquidator as the liquidator.]

35. Powers and duties of liquidator.—(*1*) Subject to the directions of the Adjudicating Authority, the liquidator shall have the following powers and duties, namely:—

[2][(*a*) to maintain an updated list of claims of creditors in such manner as may be specified;]

(*b*) to take into his custody or control all the assets, property, effects and actionable claims of the corporate debtor;

(*c*) to evaluate the assets and property of the corporate debtor in the manner as may be specified by the Board and prepare a report;

(*d*) to take such measures to protect and preserve the assets and properties of the corporate debtor as he considers necessary;

(*e*) to carry on the business of the corporate debtor for its beneficial liquidation as he considers necessary;

(*f*) subject to section 52, to sell the immovable and movable property and actionable claims of the corporate debtor in liquidation by public auction or private contract, with power to transfer such property to any person or body corporate, or to sell the same in parcels in such manner as may be specified;

[3][Provided that the liquidator shall not sell the immovable and movable property or actionable claims of the corporate debtor in liquidation to any person who is not eligible to be a resolution applicant.]

(*g*) to draw, accept, make and endorse any negotiable instruments including bill of exchange, hundi or promissory note in the name and on behalf of the corporate debtor, with the same effect with respect to the liability as if such instruments were drawn, accepted, made or endorsed by or on behalf of the corporate debtor in the ordinary course of its business;

(*h*) to take out, in his official name, letter of administration to any deceased contributory and to do in his official name any other act necessary for obtaining payment of any money due and payable from a contributory or his estate which cannot be ordinarily done in the name of the corporate debtor, and in all such cases, the money due and payable shall, for the purpose of enabling the liquidator to take out the letter of administration or recover the money, be deemed to be due to the liquidator himself;

(*i*) to obtain any professional assistance from any person or appoint any professional, in discharge of his duties, obligations and responsibilities;

1. Ins. by Act 6 of 2026, s. 22 (w.e.f. 26-05-2026).
2. Subs. by s. 23, *ibid.*, for cl. (*a*) (w.e.f. 26-05-2026).
3. Ins. by Act 8 of 2018, s. 7 (w.e.f. 23-11-2017).

(*j*) to [1]*** settle claims of creditors and claimants and distribute proceeds in accordance with the provisions of this Code;

(*k*) to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, in the name of on behalf of the corporate debtor;

[2][(*l*) continue or institute proceedings in respect of an avoidance transaction or fraudulent or wrongful trading;]

[3][*Explanation*.—For the purposes of this Chapter, it is hereby declared that the provisions of clauses (*a*) and (*j*) of this sub-section and sections 38 to 42 as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the liquidation process and voluntary liquidation process initiated on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.]

(*m*) to take all such actions, steps, or to sign, execute and verify any paper, deed, receipt document, application, petition, affidavit, bond or instrument and for such purpose to use the common seal, if any, as may be necessary for liquidation, distribution of assets and in discharge of his duties and obligations and functions as liquidator;

(*n*) to apply to the Adjudicating Authority for such orders or directions as may be necessary for the liquidation of the corporate debtor and to report the progress of the liquidation process in a manner as may be specified by the Board; and

(*o*) to perform such other functions as may be specified by the Board.

[4][(*2*) The committee of creditors shall supervise the conduct of the liquidation process by the liquidator under Chapter III in such manner as may be specified.]

36. Liquidation estate.—(*1*) For the purposes of liquidation, the liquidator shall form an estate of the assets mentioned in sub-section (*3*), which will be called the liquidation estate in relation to the corporate debtor.

(*2*) The liquidator shall hold the liquidation estate as a fiduciary for the benefit of all the creditors.

(*3*) Subject to sub-section (*4*), the liquidation estate shall comprise all liquidation estate assets which shall include the following:—

(*a*) any assets over which the corporate debtor has ownership rights, including all rights and interests therein as evidenced in the balance sheet of the corporate debtor or an information utility or records in the registry or any depository recording securities of the corporate debtor or by any other means as may be specified by the Board, including shares held in any subsidiary of the corporate debtor;

(*b*) assets that may or may not be in possession of the corporate debtor including but not limited to encumbered assets;

(*c*) tangible assets, whether movable or immovable;

(*d*) intangible assets including but not limited to intellectual property, securities (including shares held in a subsidiary of the corporate debtor) and financial instruments, insurance policies, contractual rights;

1. The words "invite and" omitted by Act 6 of 2026, s. 23 (w.e.f. 26-05-2026).
2. Subs. by s. 23, *ibid.*, for cl. (*l*) (w.e.f. 26-05-2026).
3. Ins. by s. 23, *ibid.* (w.e.f. 26-05-2026).
4. Subs. by s. 23, *ibid.*, for sub-section (*2*) (w.e.f. 26-05-2026).

(*e*) assets subject to the determination of ownership by the court or authority;

(*f*) any assets or their value recovered through [1][proceedings in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47];

(*g*) any asset of the corporate debtor in respect of which a secured creditor has relinquished security interest;

(*h*) any other property belonging to or vested in the corporate debtor at the insolvency commencement date; and

(*i*) all proceeds of liquidation as and when they are realised.

(*4*) The following shall not be included in the liquidation estate assets and shall not be used for recovery in the liquidation:—

(*a*) assets owned by a third party which are in possession of the corporate debtor, including—

(*i*) assets held in trust for any third party;

(*ii*) bailment contracts;

(*iii*) all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund;

(*iv*) other contractual arrangements which do not stipulate transfer of title but only use of the assets; and

(*v*) such other assets as may be notified by the Central Government in consultation with any financial sector regulator;

(*b*) assets in security collateral held by financial services providers and are subject to netting and set-off in multi-lateral trading or clearing transactions;

(*c*) personal assets of any shareholder or partner of a corporate debtor as the case may be provided such assets are not held on account of avoidance transactions that may be avoided under this Chapter;

(*d*) assets of any Indian or foreign subsidiary of the corporate debtor; or

(*e*) any other assets as may be specified by the Board, including assets which could be subject to set-off on account of mutual dealings between the corporate debtor and any creditor.

37. Powers of liquidator to access information.—(*1*) Notwithstanding anything contained in any other law for the time being in force, the liquidator shall have the power to access any information systems for the purpose of admission and proof of claims and identification of the liquidation estate assets relating to the corporate debtor from the following sources, namely:—

(*a*) an information utility;

(*b*) credit information systems regulated under any law for the time being in force;

(*c*) any agency of the Central, State or Local Government including any registration authorities;

(*d*) information systems for financial and non-financial liabilities regulated under any law for the time being in force;

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1. Subs. by Act 6 of 2026, s. 24, for "proceedings for avoidance of transactions in accordance with this Chapter" (w.e.f. 26-05-2026).

(*e*) information systems for securities and assets posted as security interest regulated under any law for the time being in force;

(*f*) any database maintained by the Board; and

(*g*) any other source as may be specified by the Board.

(*2*) The creditors may require the liquidator to provide them any financial information relating to the corporate debtor in such manner as may be specified.

(*3*) The liquidator shall provide information referred to in sub-section (*2*) to such creditors who have requested for such information within a period of seven days from the date of such request or provide reasons for not providing such information.

38. [Consolidation of claims.] *Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 25 (w.e.f. 26-05-2026).*

39. [Verification of claims.] *Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 25 (w.e.f. 26-05-2026).*

40. [Admission or rejection of claims.] *Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 25 (w.e.f. 26-05-2026).*

41. [Determination of valuation of claims.] *Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 25 (w.e.f. 26-05-2026).*

42. [Appeal against the decision of liquidator.] *Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 25 (w.e.f. 26-05-2026).*

43. Preferential transactions and relevant time.—(*1*) Where the liquidator or the resolution professional, as the case may be, is of the opinion that the corporate debtor has at a relevant time given a preference in such transactions and in such manner as laid down in sub-section (*2*) to any persons as referred to in sub-section (*4*), he shall apply to the Adjudicating Authority for avoidance of preferential transactions and for, one or more of the orders referred to in section 44.

(*2*) A corporate debtor shall be deemed to have given a preference, if—

(*a*) there is a transfer of property or an interest thereof of the corporate debtor for the benefit of a creditor or a surety or a guarantor for or on account of an antecedent financial debt or operational debt or other liabilities owed by the corporate debtor; and

(*b*) the transfer under clause (*a*) has the effect of putting such creditor or a surety or a guarantor in a beneficial position than it would have been in the event of a distribution of assets being made in accordance with section 53.

(*3*) For the purposes of sub-section (*2*), a preference shall not include the following transfers—

(*a*) transfer made in the ordinary course of the business or financial affairs of the corporate debtor or the transferee;

(*b*) any transfer creating a security interest in property acquired by the corporate debtor to the extent that—

(*i*) such security interest secures new value and was given at the time of or after the signing of a security agreement that contains a description of such property as security interest and was used by corporate debtor to acquire such property; and

(*ii*) such transfer was registered with an information utility on or before thirty days after the corporate debtor receives possession of such property:

Provided that any transfer made in pursuance of the order of a court shall not, preclude such transfer to be deemed as giving of preference by the corporate debtor.

Explanation.—For the purpose of sub-section (*3*) of this section, "new value" means money or its worth in goods, services, or new credit, or release by the transferee of property previously transferred to such transferee in a transaction that is neither void nor voidable by the liquidator or the resolution professional under this Code, including proceeds of such property, but does not include a financial debt or operational debt substituted for existing financial debt or operational debt.

(*4*) A preference shall be deemed to be given at a relevant time, if—

(*a*) it is given to a related party (other than by reason only of being an employee), during the [1][period starting from] two years preceding the [2][initiation date and ending on the insolvency commencement date]; or

(*b*) a preference is given to a person other than a related party during the [1][period starting from] one year preceding the [2][initiation date and ending on the insolvency commencement date].

44. Orders in case of preferential transactions.—The Adjudicating Authority, may, on an application made by the resolution professional or liquidator under sub-section (*1*) of section 43, by an order—

(*a*) require any property transferred in connection with the giving of the preference to be vested in the corporate debtor;

(*b*) require any property to be so vested if it represents the application either of the proceeds of sale of property so transferred or of money so transferred;

(*c*) release or discharge (in whole or in part) of any security interest created by the corporate debtor;

(*d*) require any person to pay such sums in respect of benefits received by him from the corporate debtor, such sums to the liquidator or the resolution professional, as the Adjudicating Authority may direct;

(*e*) direct any guarantor, whose financial debts or operational debts owed to any person were released or discharged (in whole or in part) by the giving of the preference, to be under such new or revived financial debts or operational debts to that person as the Adjudicating Authority deems appropriate;

(*f*) direct for providing security or charge on any property for the discharge of any financial debt or operational debt under the order, and such security or charge to have the same priority as a security or charge released or discharged wholly or in part by the giving of the preference; and

(*g*) direct for providing the extent to which any person whose property is so vested in the corporate debtor, or on whom financial debts or operational debts are imposed by the order, are to be proved in the liquidation or the corporate insolvency resolution process for financial debts or operational debts which arose from, or were released or discharged wholly or in part by the giving of the preference:

Provided that an order under this section shall not—

(*a*) affect any interest in property which was acquired from a person other than the corporate debtor or any interest derived from such interest and was acquired in good faith and for value;

1. Subs. by Act 6 of 2026, s. 26, for "period of" (w.e.f. 26-05-2026).
2. Subs. by s. 26, *ibid*., for "insolvency commencement date" (w.e.f. 26-05-2026).

(*b*) require a person, who received a benefit from the preferential transaction in good faith and for value to pay a sum to the liquidator or the resolution professional.

Explanation I.—For the purpose of this section, it is clarified that where a person, who has acquired an interest in property from another person other than the corporate debtor, or who has received a benefit from the preference or such another person to whom the corporate debtor gave the preference,—

(*i*) had sufficient information of the initiation or commencement of insolvency resolution process of the corporate debtor;

(*ii*) is a related party,

it shall be presumed that the interest was acquired or the benefit was received otherwise than in good faith unless the contrary is shown.

Explanation II.—A person shall be deemed to have sufficient information or opportunity to avail such information if a public announcement regarding the corporate insolvency resolution process has been made under section 13.

45. Avoidance of undervalued transactions.—(*1*) If the liquidator or the resolution professional, as the case may be, on an examination of the transactions of the corporate debtor referred to in sub-section (*2*) [1]*** determines that certain transactions were made during the relevant period under section 46, which were undervalued, he shall make an application to the Adjudicating Authority to declare such transactions as void and reverse the effect of such transaction in accordance with this Chapter.

(*2*) A transaction shall be considered undervalued where the corporate debtor—

(*a*) makes a gift to a person; or

(*b*) enters into a transaction with a person which involves the transfer of one or more assets by the corporate debtor for a consideration the value of which is significantly less than the value of the consideration provided by the corporate debtor,

and such transaction has not taken place in the ordinary course of business of the corporate debtor.

46. Relevant period for [2][undervalued] transactions.—(*1*) In an application for [3][avoidance of an undervalued transaction], the liquidator or the resolution professional, as the case may be, shall demonstrate that—

(*i*) such transaction was made with any person within the [4][period starting from] one year preceding the [5][initiation date and ending on the insolvency commencement date]; or

(*ii*) such transaction was made with a related party within the [4][period starting from] two years preceding the [5][initiation date and ending on the insolvency commencement date].

(*2*) The Adjudicating Authority may require an independent expert to assess evidence relating to the value of the transactions mentioned in this section.

[6]**[47. Application by creditors, member or partner in case of certain transactions or trading**.—(*1*) Where—

1. The words and figures "of section 43" omitted by Act 26 of 2018, s. 28 (w.e.f. 6-6-2018).
2. Subs. by Act 6 of 2026, s. 27, for "avoidable" (w.e.f. 26-05-2026).
3. Subs. by s. 27, *ibid*., for "avoiding a transaction at undervalue" (w.e.f. 26-05-2026).
4. Subs. by s. 27, *ibid*., for "period of" (w.e.f. 26-05-2026).
5. Subs. by s. 27, *ibid*., for "insolvency commencement date" (w.e.f. 26-05-2026).
6. Subs. by s. 28, *ibid*., for s. 47 (w.e.f. 26-05-2026).

(*a*) a preferential transaction under section 43;

(*b*) an undervalued transaction under section 45;

(*c*) an extortionate credit transaction under section 50; or

(*d*) fraudulent or wrongful trading under section 66,

has occurred and the liquidator or the resolution professional, as the case may be, has not reported it to the Adjudicating Authority, a creditor, either by itself or jointly with other creditors, a member, or a partner of the corporate debtor, as the case may be, may make an application to the Adjudicating Authority to pass orders in accordance with the respective provisions of this Chapter or Chapter VI, as the case may be.

(*2*) Where the Adjudicating Authority, after examination of the application made under sub-section (*1*), is satisfied that the relevant transaction or trading under clause (*a*) or (*b*) or (*c*) or (*d*) of sub-section (*1*) has occurred, it shall pass an order, for the avoidance of such transaction or trading, as the case may be, as if such an application had been filed by a liquidator or a resolution professional in accordance with the relevant provisions of this Chapter or Chapter VI.

(*3*) After passing an order under sub-section (2), where Adjudicating Authority is satisfied that the liquidator or the resolution professional, as the case may be, after having sufficient information or opportunity to avail information of such transaction or trading, did not report such transaction or trading to the Adjudicating Authority, it shall pass an order requiring the Board to initiate disciplinary proceedings against the liquidator or the resolution professional, as the case may be.]

48. Order in cases of undervalued transactions.—The order of the Adjudicating Authority under sub-section (*1*) of section 45 may provide for the following:—

(*a*) require any property transferred as part of the transaction, to be vested in the corporate debtor;

(*b*) release or discharge (in whole or in part) any security interest granted by the corporate debtor;

(*c*) require any person to pay such sums, in respect of benefits received by such person, to the liquidator or the resolution professional as the case may be, as the Adjudicating Authority may direct; or

(*d*) require the payment of such consideration for the transaction as may be determined by an independent expert.

49. Transactions defrauding creditors.—Where the corporate debtor has entered into an undervalued transaction as referred to in sub-section (*2*) of section 45 and the Adjudicating Authority is satisfied that such transaction was deliberately entered into by such corporate debtor—

(*a*) for keeping assets of the corporate debtor beyond the reach of any person who is entitled to make a claim against the corporate debtor; or

(*b*) in order to adversely affect the interests of such a person in relation to the claim,

the Adjudicating Authority shall make an order—

(*i*) restoring the position as it existed before such transaction as if the transaction had not been entered into; and

(*ii*) protecting the interests of persons who are victims of such transactions:

Provided that an order under this section—

(*a*) shall not affect any interest in property which was acquired from a person other than the corporate debtor [1][or a related party of the corporate debtor, as the case may be,] and was acquired in good faith, for value and without notice of the relevant circumstances, or affect any interest deriving from such an interest, and

(*b*) shall not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances to pay any sum unless he was a party to the transaction.

50. Extortionate credit transactions.—(*1*) Where the corporate debtor has been a party to an extortionate credit transaction involving the receipt of financial or operational debt during the [2][period starting from two years preceding the initiation date and ending on] the insolvency commencement date, the liquidator or the resolution professional as the case may be, may make an application for avoidance of such transaction to the Adjudicating Authority if the terms of such transaction required exorbitant payments to be made by the corporate debtor.

(*2*) The Board may specify the circumstances in which a transactions which shall be covered under sub-section (*1*).

Explanation.—For the purpose of this section, it is clarified that any debt extended by any person providing financial services which is in compliance with any law for the time being in force in relation to such debt shall in no event be considered as an extortionate credit transaction.

51. Order of Adjudicating Authority in respect of extortionate credit transactions.—Where the Adjudicating Authority after examining the application made under sub-section (*1*) of section 50 is satisfied that the terms of a credit transaction required exorbitant payments to be made by the corporate debtor, it shall, by an order—

(*a*) restore the position as it existed prior to such transaction;

(*b*) set aside the whole or part of the debt created on account of the extortionate credit transaction;

(*c*) modify the terms of the transaction;

(*d*) require any person who is, or was, a party to the transaction to repay any amount received by such person; or

(*e*) require any security interest that was created as part of the extortionate credit transaction to be relinquished in favour of the liquidator or the resolution professional, as the case may be.

52. Secured creditor in liquidation proceedings.—(*1*) A secured creditor in the liquidation proceedings may—

(*a*) relinquish its security interest to the liquidation estate and receive proceeds from the sale of assets by the liquidator in the manner specified in section 53; or

(*b*) realise its security interest in the manner specified in this section.

[3][(*2*) Where the secured creditor intends to realise the security interest under clause (*b*) of sub-section (*1*), he shall inform the liquidator of such security interest and identify the asset subject to such security interest to be realised within a period of fourteen days from the liquidation commencement date, and if he fails to do so, such security interest shall be deemed to be relinquished to the liquidation estate:

1.Ins. by Act 6 of 2026, s. 29 (w.e.f. 26-05-2026).

2. Subs. by s. 30, *ibid*., for "period within two years preceding" (w.e.f. 26-05-2026).

3. Subs. by s. 31, *ibid*., for sub-section (*2*) (w.e.f. 26-05-2026).

Provided that where more than one secured creditor has any security interest over an asset of the corporate debtor, no secured creditor shall be entitled to realise its security interest, unless the realisation is agreed upon by the secured creditors representing not less than sixty-six per cent. of the value of all claims that are secured by such security interests.]

(*3*) Before any security interest is realised by the secured creditor under this section, the liquidator shall verify such security interest and permit the secured creditor to realise only such security interest, the existence of which may be proved either—

(*a*) by the records of such security interest maintained by an information utility; or

(*b*) by such other means as may be specified by the Board.

(*4*) A secured creditor may enforce, realise, settle, compromise or deal with the secured assets in accordance with such law as applicable to the security interest being realised and to the secured creditor and apply the proceeds to recover the debts due to it.

(*5*) If in the course of realising a secured asset, any secured creditor faces resistance from the corporate debtor or any person connected therewith in taking possession of, selling or otherwise disposing of the security, the secured creditor may make an application to the Adjudicating Authority to facilitate the secured creditor to realise such security interest in accordance with law for the time being in force.

(*6*) The Adjudicating Authority, on the receipt of an application from a secured creditor under sub-section (*5*) may pass such order as may be necessary to permit a secured creditor to realise security interest in accordance with law for the time being in force.

(*7*) Where the enforcement of the security interest under sub-section (*4*) yields an amount by way of proceeds which is in excess of the debts due to the secured creditor, the secured creditor shall—

(*a*) account to the liquidator for such surplus; and

(*b*) tender to the liquidator any surplus funds received from the enforcement of such secured assets.

[1][(*8*) The amount of insolvency resolution process, costs and the liquidation costs, and workmen's dues as referred to in clause (*a*) and sub-clause (*i*) of clause (*b*) of sub-section (*1*) of section 53, respectively, shall be deducted from the proceeds of any realisation by the secured creditors who realise their security interests in the manner provided in this section, and they shall transfer such amounts to the liquidator to be included in the liquidation estate in such manner, within such period and subject to such conditions to secure the payment as may be specified.]

(*9*) Where the proceeds of the realisation of the secured assets are not adequate to repay debts owed to the secured creditor, the unpaid debts of such secured creditor shall be paid by the liquidator in the manner specified in clause (*e*) of sub-section (*1*) of section 53.

[2][*Explanation*.—For the purposes of this section, it is hereby declared that the provisions of sub-section (*2*) as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the liquidation process initiated on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.]

53. Distribution of assets.—(*1*) Notwithstanding anything to the contrary contained in any law enacted by the Parliament or any State Legislature for the time being in force, the proceeds from the sale of the liquidation assets shall be distributed in the following order of priority and within such period and in such manner as may be specified, namely:—

1. Subs. by Act 6 of 2026, s. 31, for sub-section (*8*) (w.e.f. 26-05-2026).
2. Ins. by s. 31, *ibid*. (w.e.f. 26-05-2026).

(*a*) the insolvency resolution process costs and the liquidation costs paid in full;

(*b*) the following debts which shall rank equally between and among the following:—

(*i*) workmen's dues for the period of twenty-four months preceding the liquidation commencement date; and

(*ii*) debts owed to a secured creditor in the event such secured creditor has relinquished security in the manner set out in section 52;

[1][*Explanation*.—For the removal of doubts, it is hereby clarified that where the value of the security interest relinquished by the secured creditor is less than the total debt owed to such secured creditor by the corporate debtor, he shall be a secured creditor to the extent of the value of such security interest, determined in such manner as may be specified, and for the remaining value of such debt, he shall be considered to be an unsecured creditor;]

(*c*) wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date;

(*d*) financial debts owed to unsecured creditors;

(*e*) the following dues shall rank equally between and among the following:—

(*i*) any amount due to the Central Government and the State Government including the amount to be received on account of the Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the liquidation commencement date;

[1][*Explanation*.—For the removal of doubts, it is hereby clarified that any amount, whether or not a security interest is created to secure such amount by an act of two or more parties or merely by operation of law, due to the Central Government and the State Government, in respect of the whole or any part of the period of two years preceding the liquidation commencement date, shall be distributed under this sub-clause and any remaining amount, whether or not such security interest is created to secure the amount, due to the Central Government and the State Government, shall be distributed under clause (*f*);]

(*ii*) debts owed to a secured creditor for any amount unpaid following the enforcement of security interest;

(*f*) any remaining debts and dues;

(*g*) preference shareholders, if any; and

(*h*) equity shareholders or partners, as the case may be.

(*2*) Any contractual arrangements between recipients under sub-section (*1*) with equal ranking, if disrupting the order of priority under that sub-section shall be disregarded by the liquidator.

[1][*Illustration* I.

The workmen and the secured creditors of the corporate debtor have a contractual arrangement which provides that in the event of insolvency or liquidation of the corporate debtor, all debt owed to the secured creditors shall be cleared before clearing any debt owed to the workmen. Such a contractual arrangement shall be disregarded.

1. Ins. by Act 6 of 2026, s. 32 (w.e.f. 26-05-2026).

Illustration II.

"X", a secured creditor of the corporate debtor, has a contractual arrangement with "Y", another secured creditor of the corporate debtor. As per the contractual arrangement, in the event of insolvency or liquidation of the corporate debtor, the debt owed to "X" shall be cleared before clearing any debt owed to "Y". Such a contractual arrangement shall not be disregarded.]

(*3*) The fees payable to the liquidator shall be deducted proportionately from the proceeds payable to each class of recipients under sub-section (*1*), and the proceeds to the relevant recipient shall be distributed after such deduction.

Explanation.—For the purpose of this section—

(*i*) it is hereby clarified that at each stage of the distribution of proceeds in respect of a class of recipients that rank equally, each of the debts will either be paid in full, or will be paid in equal proportion within the same class of recipients, if the proceeds are insufficient to meet the debts in full; and

(*ii*) the term "workmen's dues" shall have the same meaning as assigned to it in section 326 of the Companies Act, 2013 (18 of 2013).

54. Dissolution of corporate debtor.—[1][(*1*) The liquidator shall completely liquidate the assets of the corporate debtor and make an application for its dissolution to the Adjudicating Authority within a period of one hundred and eighty days from the liquidation commencement date in such manner as may be specified:

Provided that the Adjudicating Authority may, on an application by the liquidator along with sufficient reasons, extend the stipulated time by such period as it deems fit, but not exceeding a period of ninety days.

(*1A*) Where a proceeding in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47 is pending before an application is made under sub-section (*1*) or a decision is made to dissolve the corporate debtor under sub-section (*2*) of section 33, the committee of creditors shall determine the manner of pursuing such proceedings and the distribution of the proceeds arising out of such proceedings, in such manner and subject to such conditions as may be specified.

(*1B*) Where any suit or other legal proceeding against the corporate debtor in respect of any proceeds to be distributed under section 53 is pending before application is made under sub-section (*1*) or a decision is made to dissolve the corporate debtor under sub-section (*2*) of section 33, the committee of creditors shall make appropriate arrangements for pursuing such suit or proceeding, and distribution of proceeds to the parties in such suit or proceedings, in such manner and subject to such conditions as may be specified.]

(*2*) The Adjudicating Authority shall on application filed by the liquidator under sub-section (*1*) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

[2][(*2A*) Without prejudice to the provisions of sub-section (*2*), the Adjudicating Authority may, on receipt of the decision of the committee of creditors to dissolve the corporate debtor under sub-section (*2*) of section 33, order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly:

Provided that if, on the passing of an order under this sub-section, any asset of the corporate debtor remains with it, such asset may be disposed of in such manner as may be specified, and the proceeds

1. Subs. by Act 6 of 2026, s. 33, for sub-section (*1*) (w.e.f. 26-05-2026).
2. Ins. by s. 33, *ibid*. (w.e.f. 26-05-2026).

thereof shall be distributed for payment of the insolvency resolution process costs and any surplus remaining after payment of such costs shall be credited to the Insolvency and Bankruptcy Fund formed under section 224.

(*2B*) Notwithstanding anything contained in sub-section (*2*) and sub-section (*2A*), the passing of the dissolution order shall not affect the continuation of proceedings referred to in sub-sections (*1A*) and (*1B*).]

(*3*) A copy of an order under sub-section (*2*) [2][or sub-section (*2A*)] shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.

[1][(*4*) The Adjudicating Authority shall pass a dissolution order under this section within a period of thirty days from the date of receipt of the application under sub-section (*1*) or the intimation of the decision of the committee of creditors to dissolve the corporate debtor under sub-section (*2*) of section 33:

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.]

[2][CHAPTER III-A

PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

54A. Corporate debtors eligible for pre-packaged insolvency resolution process.—(*1*) An application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor classified as a micro, small or medium enterprise under sub-section (*1*) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).

(*2*) Without prejudice to sub-section (*1*), an application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor, who commits a default referred to in section 4, subject to the following conditions, that—

(*a*) it has not undergone pre-packaged insolvency resolution process or completed corporate insolvency resolution process, as the case may be, during the period of three years preceding the initiation date;

(*b*) it is not undergoing a corporate insolvency resolution process;

(*c*) no order requiring it to be liquidated is passed under section 33;

(*d*) it is eligible to submit a resolution plan under section 29A;

(*e*) the financial creditors of the corporate debtor, not being its related parties, representing such number and in such manner as may be specified, have proposed the name of the insolvency professional to be appointed as resolution professional for conducting the pre-packaged insolvency resolution process of the corporate debtor, and the financial creditors of the corporate debtor, not being its related parties, representing not less than [3][fifty-one per cent.] in value of the financial debt due to such creditors, have approved such proposal in such form as may be specified:

1. Ins. by Act 6 of 2026, s. 33 (w.e.f. 26-05-2026).
2. Ins. by Act 26 of 2021, s. 8 (w.e.f. 4-4-2021).
3. Subs. by Act 6 of 2026, s. 34(*a*) (*iii*), for "sixty-six per cent." (w.e.f. 26-05-2026).

Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the proposal and approval under this clause shall be provided by such persons as may be specified;

(*f*) the majority of the directors or partners of the corporate debtor, as the case may be, have made a declaration, in such form as may be specified, stating, *inter alia*, that—

(*i*) the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period not exceeding ninety days;

(*ii*) the pre-packaged insolvency resolution process is not being initiated to defraud any person; and

(*iii*) the name of the insolvency professional proposed and approved to be appointed as resolution professional under clause (*e*);

(*g*) the members of the corporate debtor have passed a special resolution, or at least three-fourth of the total number of partners, as the case may be, of the corporate debtor have passed a resolution, approving the filing of an application for initiating pre-packaged insolvency resolution process.

(*3*) The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing not less than [1][fifty-one per cent.] in value of the financial debt due to such creditors, for the filing of an application for initiating pre-packaged insolvency resolution process, in such form as may be specified:

Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the approval under this sub-section shall be provided by such persons as may be specified.

(*4*) Prior to seeking approval from financial creditors under sub-section (*3*), the corporate debtor shall provide such financial creditors with—

(*a*) the declaration referred to in clause (*f*) of sub-section (*2*);

(*b*) the special resolution or resolution referred to in clause (*g*) of sub-section (*2*);

(*c*) a base resolution plan which conforms to the requirements referred to in section 54K, and such other conditions as may be specified; and

(*d*) such other information and documents as may be specified.

54B. Duties of insolvency professional before initiation of pre-packaged insolvency resolution process.—(*1*) The insolvency professional, proposed to be appointed as the resolution professional, shall have the following duties commencing from the date of the approval under clause (*e*) of sub-section (*2*) of section 54A, namely:—

(*a*) prepare a report in such form as may be specified, confirming whether the corporate debtor meets the requirements of section 54A, and the base resolution plan conforms to the requirements referred to in clause (*c*) of sub-section (*4*) of section 54A;

(*b*) file such reports and other documents, with the Board, as may be specified; and

(*c*) perform such other duties as may be specified.

1. Subs. by Act 6 of 2026, s. 34(*b*), for "sixty-six per cent." (w.e.f. 26-05-2026).

(*2*) The duties of the insolvency professional under sub-section (*1*) shall cease, if,—

(*a*) the corporate debtor fails to file an application for initiating pre-packaged insolvency resolution process within the time period as stated under the declaration referred to in clause (*f*) of sub-section (*2*) of section 54A; or

(*b*) the application for initiating pre-packaged insolvency resolution process is admitted or rejected by the Adjudicating Authority,

as the case may be.

(*3*) The fees payable to the insolvency professional in relation to the duties performed under sub-section (*1*) shall be determined and borne in such manner as may be specified and such fees shall form part of the pre-packaged insolvency resolution process costs, if the application for initiation of pre-packaged insolvency resolution process is admitted.

54C. Application to initiate pre-packaged insolvency resolution process.—(*1*) Where a corporate debtor meets the requirements of section 54A, a corporate applicant thereof may file an application with the Adjudicating Authority for initiating pre-packaged insolvency resolution process.

(*2*) The application under sub-section (*1*) shall be filed in such form, containing such particulars, in such manner and accompanied with such fee as may be prescribed.

[1][(*3*) The corporate applicant shall, along with the application, furnish such information as may be specified.]

(*4*) The Adjudicating Authority shall, within a period of fourteen days of the receipt of the application, by an order,—

(*a*) admit the application, if it is complete; or

(*b*) reject the application, if it is incomplete:

Provided that the Adjudicating Authority shall, before rejecting an application, give notice to the applicant to rectify the defect in the application within seven days from the date of receipt of such notice from the Adjudicating Authority.

(*5*) The pre-packaged insolvency resolution process shall commence from the date of admission of the application under clause (*a*) of sub-section (*4*).

54D. Time-limit for completion of pre-packaged insolvency resolution process.—(*1*) The pre-packaged insolvency resolution process shall be completed within a period of one hundred and twenty days from the pre-packaged insolvency commencement date.

(*2*) Without prejudice to sub-section (*1*), the resolution professional shall submit the resolution plan, as approved by the committee of creditors, to the Adjudicating Authority under sub-section (*4*) or sub-section (*12*), as the case may be, of section 54K, within a period of ninety days from the pre-packaged insolvency commencement date.

(*3*) Where no resolution plan is approved by the committee of creditors within the time period referred to in sub-section (*2*), the resolution professional shall, on the day after the expiry of such time

1. Subs. by Act 6 of 2026, s. 35, for sub-section (*3*) (w.e.f. 26-05-2026).

period, file an application with the Adjudicating Authority for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

54E. Declaration of moratorium and public announcement during pre-packaged insolvency resolution process.—(*1*) The Adjudicating Authority shall, on the pre-packaged insolvency commencement date, along with the order of admission under section 54C—

(*a*) declare a moratorium for the purposes referred to in sub-section (*1*) read with sub-section (*3*) of section 14, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter;

(*b*) appoint a resolution professional—

(*i*) as named in the application, if no disciplinary proceeding is pending against him; or

(*ii*) based on the recommendation made by the Board, if any disciplinary proceeding is pending against the insolvency professional named in the application;

(*c*) cause a public announcement of the initiation of the pre-packaged insolvency resolution process to be made by the resolution professional, in such form and manner as may be specified, immediately after his appointment.

(*2*) The order of moratorium shall have effect from the date of such order till the date on which the pre-packaged insolvency resolution process period comes to an end.

54F. Duties and powers of resolution professional during pre-packaged insolvency resolution process.—(*1*) The resolution professional shall conduct the pre-packaged insolvency resolution process of a corporate debtor during the pre-packaged insolvency resolution process period.

(*2*) The resolution professional shall perform the following duties, namely:—

(*a*) confirm the list of claims submitted by the corporate debtor under section 54G, in such manner as may be specified;

(*b*) inform creditors regarding their claims as confirmed under clause (*a*), in such manner as may be specified;

(*c*) maintain an updated list of claims, in such manner as may be specified;

(*d*) monitor management of the affairs of the corporate debtor;

(*e*) inform the committee of creditors in the event of breach of any of the obligations of the Board of Directors or partners, as the case may be, of the corporate debtor, under the provisions of this Chapter and the rules and regulations made thereunder;

(*f*) constitute the committee of creditors and convene and attend all its meetings;

(*g*) prepare the information memorandum on the basis of the preliminary information memorandum submitted under section 54G and any other relevant information, in such form and manner as may be specified;

(*h*) file applications for avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, if any; and

(*i*) such other duties as may be specified.

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(*3*) The resolution professional shall exercise the following powers, namely:—

(*a*) access all books of account, records and information available with the corporate debtor;

(*b*) access the electronic records of the corporate debtor from an information utility having financial information of the corporate debtor;

(*c*) access the books of account, records and other relevant documents of the corporate debtor available with Government authorities, statutory auditors, accountants and such other persons as may be specified;

(*d*) attend meetings of members, Board of Directors and committee of directors, or partners, as the case may be, of the corporate debtor;

(*e*) appoint accountants, legal or other professionals in such manner as may be specified;

(*f*) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor and the existence of any transactions that may be within the scope of provisions relating to avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, including information relating to—

(*i*) business operations for the previous two years from the date of pre-packaged insolvency commencement date;

(*ii*) financial and operational payments for the previous two years from the date of pre-packaged insolvency commencement date;

(*iii*) list of assets and liabilities as on the initiation date; and

(*iv*) such other matters as may be specified;

(*g*) take such other actions in such manner as may be specified.

(*4*) From the date of appointment of the resolution professional, the financial institutions maintaining accounts of the corporate debtor shall furnish all information relating to the corporate debtor available with them to the resolution professional, as and when required by him.

[1][(*5*) Any person who is or has been a personnel of the corporate debtor or its promoter or associated with the management of the corporate debtor or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the resolution professional as may be required by him to perform his duties and exercise his powers, and for such purposes, the provisions of sub-sections (*2*) and (*3*) of section 19 shall, *mutatis mutandis*, apply in relation to the proceedings under this Chapter.]

(*6*) The fees of the resolution professional and any expenses incurred by him for conducting the pre-packaged insolvency resolution process shall be determined in such manner as may be specified:

Provided that the committee of creditors may impose limits and conditions on such fees and expenses:

Provided further that the fees and expenses for the period prior to the constitution of the committee of creditors shall be subject to ratification by it.

1. Subs. by Act 6 of 2026, s. 36, for sub-section (*5*) (w.e.f. 26-05-2026).

(*7*) The fees and expenses referred to in sub-section (*6*) shall be borne in such manner as may be specified.

54G. List of claims and preliminary information memorandum.—(*1*) The corporate debtor shall, within two days of the pre-packaged insolvency commencement date, submit to the resolution professional the following information, updated as on that date, in such form and manner as may be specified, namely:—

(*a*) a list of claims, along with details of the respective creditors, their security interests and guarantees, if any; and

(*b*) a preliminary information memorandum containing information relevant for formulating a resolution plan.

(*2*) Where any person has sustained any loss or damage as a consequence of the omission of any material information or inclusion of any misleading information in the list of claims or the preliminary information memorandum submitted by the corporate debtor, every person who—

(*a*) is a promoter or director or partner of the corporate debtor, as the case may be, at the time of submission of the list of claims or the preliminary information memorandum by the corporate debtor; or

(*b*) has authorised the submission of the list of claims or the preliminary information memorandum by the corporate debtor,

shall, without prejudice to section 77A, be liable to pay compensation to every person who has sustained such loss or damage.

(*3*) No person shall be liable under sub-section (*2*), if the list of claims or the preliminary information memorandum was submitted by the corporate debtor without his knowledge or consent.

(*4*) Subject to section 54E, any person, who sustained any loss or damage as a consequence of omission of material information or inclusion of any misleading information in the list of claims or the preliminary information memorandum shall be entitled to move a court having jurisdiction for seeking compensation for such loss or damage.

54H. Management of affairs of corporate debtor.—During the pre-packaged insolvency resolution process period,—

(*a*) the management of the affairs of the corporate debtor shall continue to vest in the Board of Directors or the partners, as the case may be, of the corporate debtor, subject to such conditions as may be specified;

(*b*) the Board of Directors or the partners, as the case may be, of the corporate debtor, shall make every endeavour to protect and preserve the value of the property of the corporate debtor, and manage its operations as a going concern; and

(*c*) the promoters, members, personnel and partners, as the case may be, of the corporate debtor, shall exercise and discharge their contractual or statutory rights and obligations in relation to the corporate debtor, subject to the provisions of this Chapter and such other conditions and restrictions as may be prescribed.

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54-I. Committee of creditors.—(*1*) The resolution professional shall, within seven days of the pre-packaged insolvency commencement date, constitute a committee of creditors, based on the list of claims confirmed under clause (*a*) of sub-section (*2*) of section 54F:

Provided that the composition of the committee of creditors shall be altered on the basis of the updated list of claims, in such manner as may be specified, and any such alteration shall not affect the validity of any past decision of the committee of creditors.

(*2*) The first meeting of the committee of creditors shall be held within seven days of the constitution of the committee of creditors.

(*3*) The provisions of section 21, except sub-section (*1*) thereof, shall, *mutatis mutandis* apply, in relation to the committee of creditors under this Chapter:

Provided that for the purposes of this sub-section, references to "resolution professional" under sub-sections (*9*) and (*10*) of section 21, shall be construed as references to "corporate debtor or the resolution professional".

54J. Vesting management of corporate debtor with resolution professional.—(*1*) Where the committee of creditors, at any time during the pre-packaged insolvency resolution process period, by a vote of not less than sixty-six per cent. of the voting shares, resolves to vest the management of the corporate debtor with the resolution professional, the resolution professional shall make an application for this purpose to the Adjudicating Authority, in such form and manner as may be specified.

(*2*) On an application made under sub-section (*1*), if the Adjudicating Authority is of the opinion that during the pre-packaged insolvency resolution process—

(*a*) the affairs of the corporate debtor have been conducted in a fraudulent manner; or

(*b*) there has been gross mismanagement of the affairs of the corporate debtor,

it shall pass an order vesting the management of the corporate debtor with the resolution professional.

(*3*) Notwithstanding anything to the contrary contained in this Chapter, the provisions of—

(*a*) sub-sections (*2*) and (*2A*) of section 14;

(*b*) section 17;

(*c*) clauses (*e*) to (*g*) of section 18;

(*d*) sections 19 and 20;

(*e*) sub-section (*1*) of section 25;

(*f*) clauses (*a*) to (*c*) and clause (*k*) of sub-section (*2*) of section 25; and

(*g*) section 28,

shall, *mutatis mutandis* apply, to the proceedings under this Chapter, from the date of the order under sub-section (*2*), until the pre-packaged insolvency resolution process period comes to an end.

54K. Consideration and approval of resolution plan.—(*1*) The corporate debtor shall submit the base resolution plan, referred to in clause (*c*) of sub-section (*4*) of section 54A, to the resolution

professional within two days of the pre-packaged insolvency commencement date, and the resolution professional shall present it to the committee of creditors.

(*2*) The committee of creditors may provide the corporate debtor an opportunity to revise the base resolution plan prior to its approval under sub-section (*4*) or invitation of prospective resolution applicants under sub-section (*5*), as the case may be.

(*3*) The resolution plans and the base resolution plan, submitted under this section shall conform to the requirements referred to in sub-sections (*1*) and (*2*) of section 30, and the provisions of sub-sections (*1*), (*2*) and (*5*) of section 30 shall, *mutatis mutandis* apply, to the proceedings under this Chapter.

(*4*) The committee of creditors may approve the base resolution plan for submission to the Adjudicating Authority if it does not impair any claims owed by the corporate debtor to the operational creditors.

(*5*) Where—

(*a*) the committee of creditors does not approve the base resolution plan under sub-section (*4*); or

(*b*) the base resolution plan impairs any claims owed by the corporate debtor to the operational creditors,

the resolution professional shall invite prospective resolution applicants to submit a resolution plan or plans, to compete with the base resolution plan, in such manner as may be specified.

(*6*) The resolution applicants submitting resolution plans pursuant to invitation under sub-section (*5*), shall fulfil such criteria as may be laid down by the resolution professional with the approval of the committee of creditors, having regard to the complexity and scale of operations of the business of the corporate debtor and such other conditions as may be specified.

(*7*) The resolution professional shall provide to the resolution applicants,—

(*a*) the basis for evaluation of resolution plans for the purposes of sub-section (*9*), as approved by the committee of creditors subject to such conditions as may be specified; and

(*b*) the relevant information referred to in section 29, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter,

in such manner as may be specified.

(*8*) The resolution professional shall present to the committee of creditors, for its evaluation, resolution plans which conform to the requirements referred to in sub-section (*2*) of section 30.

(*9*) The committee of creditors shall evaluate the resolution plans presented by the resolution professional and select a resolution plan from amongst them.

(*10*) Where, on the basis of such criteria as may be laid down by it, the committee of creditors decides that the resolution plan selected under sub-section (*9*) is significantly better than the base resolution plan, such resolution plan may be selected for approval under sub-section (*12*):

Provided that the criteria laid down by the committee of creditors under this sub-section shall be subject to such conditions as may be specified.

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(*11*) Where the resolution plan selected under sub-section (*9*) is not considered for approval or does not fulfil the requirements of sub-section (*10*), it shall compete with the base resolution plan, in such manner and subject to such conditions as may be specified, and one of them shall be selected for approval under sub-section (*12*).

(*12*) The resolution plan selected for approval under sub-section (*10*) or sub-section (*11*), as the case may be, may be approved by the committee of creditors for submission to the Adjudicating Authority:

Provided that where the resolution plan selected for approval under sub-section (*11*) is not approved by the committee of creditors, the resolution professional shall file an application for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

(*13*) The approval of the resolution plan under sub-section (*4*) or sub-section (*12*), as the case may be, by the committee of creditors, shall be by a vote of not less than sixty-six per cent. of the voting shares, after considering its feasibility and viability, the manner of distribution proposed, taking into account the order of priority amongst creditors as laid down in sub-section (*1*) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified.

(*14*) While considering the feasibility and viability of a resolution plan, where the resolution plan submitted by the corporate debtor provides for impairment of any claims owed by the corporate debtor, the committee of creditors may require the promoters of the corporate debtor to dilute their shareholding or voting or control rights in the corporate debtor:

Provided that where the resolution plan does not provide for such dilution, the committee of creditors shall, prior to the approval of such resolution plan under sub-section (*4*) or sub-section (*12*), as the case may be, record reasons for its approval.

(*15*) The resolution professional shall submit the resolution plan as approved by the committee of creditors under sub-section (*4*) or sub-section (*12*), as the case may be, to the Adjudicating Authority.

Explanation I.—For the removal of doubts, it is hereby clarified that, the corporate debtor being a resolution applicant under clause (*25*) of section 5, may submit the base resolution plan either individually or jointly with any other person.

Explanation II.—For the purposes of sub-sections (*4*) and (*14*), claims shall be considered to be impaired where the resolution plan does not provide for the full payment of the confirmed claims as per the updated list of claims maintained by the resolution professional.

54L. Approval of resolution plan.—(*1*) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (*4*) or sub-section (*12*), as the case may be of section 54K, subject to the conditions provided therein, meets the requirements as referred to in sub-section (*2*) of section 30, it shall, within thirty days of the receipt of such resolution plan, by order, approve the resolution plan:

Provided that the Adjudicating Authority shall, before passing an order for approval of a resolution plan under this sub-section, satisfy itself that the resolution plan has provisions for its effective implementation.

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(*2*) The order of approval under sub-section (*1*) shall have such effect as provided under sub-sections (*1*), (*3*) [1][, (*4*), (*5*) and (*6*)] of section 31, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter.

(*3*) Where the Adjudicating Authority is satisfied that the resolution plan does not conform to the requirements referred to in sub-section (*1*), it may, within thirty days of the receipt of such resolution plan, by an order, reject the resolution plan and pass an order under section 54N.

[2][Provided that the Adjudicating Authority may, before rejecting the resolution plan, give notice to the committee of creditors to rectify any defects in the resolution plan.]

(*4*) Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (*2*) of section 54J and the resolution plan approved by the committee of creditors under sub-section (*4*) or sub-section (*12*), as the case may be of section 54K, does not result in the change in the management or control of the corporate debtor to a person who was not a promoter or in the management or control of the corporate debtor, the Adjudicating Authority shall pass an order—

(*a*) rejecting such resolution plan;

(*b*) terminating the pre-packaged insolvency resolution process and passing a liquidation order in respect of the corporate debtor as referred to in sub-clauses (*i*), [3][(*ii*), (*iii*), (*iv*) and (*v*)] of clause (*b*) of sub-section (*1*) of section 33; and

(*c*) declaring that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

54M. Appeal against order under section 54L.—Any appeal against an order approving the resolution plan under sub-section (*1*) of section 54L, shall be on the grounds laid down in sub-section (*3*) of section 61.

54N. Termination of pre-packaged insolvency resolution process.—(*1*) Where the resolution professional files an application with the Adjudicating Authority,—

(*a*) under the proviso to sub-section (*12*) of section 54K; or

(*b*) under sub-section (*3*) of section 54D,

the Adjudicating Authority shall, within thirty days of the date of such application, by an order,—

(*i*) terminate the pre-packaged insolvency resolution process; and

(*ii*) provide for the manner of continuation of proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any.

(*2*) Where the resolution professional, at any time after the pre-packaged insolvency commencement date, but before the approval of resolution plan under sub-section (*4*) or sub-section (*12*), as the case may be of section 54K, intimates the Adjudicating Authority of the decision of the committee of creditors, approved by a vote of not less than sixty-six per cent. of the voting shares, to terminate the pre-packaged insolvency resolution process, the Adjudicating Authority shall pass an order under sub-section (*1*).

1. Subs. by Act 6 of 2026, s. 37, for "and (*4*)" (w.e.f. 26-05-2026).
2. Ins. by s. 37, *ibid*. (w.e.f. 26-05-2026).
3. Subs. by s. 37, *ibid*., for "(*ii*) and (*iii*)" (w.e.f. 26-05-2026).

(*3*) Where the Adjudicating Authority passes an order under sub-section (*1*), the corporate debtor shall bear the pre-packaged insolvency resolution process costs, if any.

(*4*) Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (*2*) of section 54J and the pre-packaged insolvency resolution process is required to be terminated under sub-section (*1*), the Adjudicating Authority shall pass an order—

(*a*) of liquidation in respect of the corporate debtor as referred to in sub-clauses (*i*), [1][(*ii*), (*iii*), (*iv*) and (*v*)] of clause (*b*) of sub-section (*1*) of section 33; and

(*b*) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

54-O. Initiation of corporate insolvency resolution process.—(*1*) The committee of creditors, at any time after the pre-packaged insolvency commencement date but before the approval of resolution plan under sub-section (*4*) or sub-section (*12*), as the case may be of section 54K, by a vote of not less than sixty-six per cent. of the voting shares, may resolve to initiate a corporate insolvency resolution process in respect of the corporate debtor, if such corporate debtor is eligible for corporate insolvency resolution process under Chapter II.

(*2*) Notwithstanding anything to the contrary contained in Chapter II, where the resolution professional intimates the Adjudicating Authority of the decision of the committee of creditors under sub-section (*1*), the Adjudicating Authority shall, within thirty days of the date of such intimation, pass an order to—

(*a*) terminate the pre-packaged insolvency resolution process and initiate corporate insolvency resolution process under Chapter II in respect of the corporate debtor;

(*b*) appoint the resolution professional referred to in clause (*b*) of sub-section (*1*) of section 54E as the interim resolution professional, subject to submission of written consent by such resolution professional to the Adjudicating Authority in such form as may be specified; and

(*c*) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of insolvency resolution process costs for the purposes of the corporate insolvency resolution process of the corporate debtor.

(*3*) Where the resolution professional fails to submit written consent under clause (*b*) of sub-section (*2*), the Adjudicating Authority shall appoint an interim resolution professional by making a reference to the Board for recommendation, in the manner as provided under section 16.

(*4*) Where the Adjudicating Authority passes an order under sub-section (*2*)—

(*a*) such order shall be deemed to be an order of admission of an application under section 7 and shall have the same effect;

(*b*) the corporate insolvency resolution process shall commence from the date of such order;

1. Subs. by Act 6 of 2026, s. 38, for "(*ii*) and (*iii*)" (w.e.f. 26-05-2026).

(*c*) the proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any, shall continue during the corporate insolvency resolution process;

(*d*) for the purposes of sections 43, 46 and 50, references to "insolvency commencement date" shall mean "pre-packaged insolvency commencement date"; and

(*e*) in computing the relevant time or the period for avoidable transactions, the time-period for the duration of the pre-packaged insolvency resolution process shall also be included, notwithstanding anything to the contrary contained in sections 43, 46 and 50.

54P. Application of provisions of Chapters II, III, VI and VII to this Chapter.—(*1*) Save as provided under this Chapter, the provisions of sections 24, 25A, 26, 27, 28, 29A, 32A, 43 to 51, and the provisions of Chapters VI and VII of this Part shall, *mutatis mutandis* apply, to the pre-packaged insolvency resolution process, subject to the following, namely:—

(*a*) reference to "members of the suspended Board of Directors or the partners" under clause (*b*) of sub-section (*3*) of section 24 shall be construed as reference to "members of the Board of Directors or the partners, unless an order has been passed by the Adjudicating Authority under section 54J";

(*b*) reference to "clause (*j*) of sub-section (*2*) of section 25" under section 26 shall be construed as reference to "clause (*h*) of sub-section (*2*) of section 54F";

(*c*) reference to "section 16" under section 27 shall be construed as reference to "section 54E";

(*d*) reference to "resolution professional" in sub-sections (*1*) and (*4*) of section 28 shall be construed as "corporate debtor";

(*e*) reference to "section 31" under sub-section (*3*) of section 61 shall be construed as reference to "sub-section (*1*) of section 54L";

(*f*) reference to "section 14" in sub-sections (*1*) and (*2*) of section 74 shall be construed as reference to "clause (*a*) of sub-section (*1*) of section 54E";

(*g*) reference to "section 31" in sub-section (*3*) of section 74 shall be construed as reference to "sub-section (*1*) of section 54L".

(*2*) Without prejudice to the provisions of this Chapter and unless the context otherwise requires, where the provisions of Chapters II, III, VI and VII are applied to the proceedings under this Chapter, references to—

(*a*) "insolvency commencement date" shall be construed as references to "pre-packaged insolvency commencement date";

(*b*) "resolution professional" or "interim resolution professional", as the case may be, shall be construed as references to the resolution professional appointed under this Chapter;

(*c*) "corporate insolvency resolution process" shall be construed as references to "pre-packaged insolvency resolution process"; and

(*d*) "insolvency resolution process period" shall be construed as references to "pre-packaged insolvency resolution process period".]

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[*CHAPTER IV FAST TRACK CORPORATE INSOLVENCY RESOLUTION PROCESS Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 39 (w.e.f. 26.05.2026).*]

CHAPTER V

VOLUNTARY LIQUIDATION OF CORPORATE PERSONS

59. Voluntary liquidation of corporate persons.—(*1*) A corporate person who intends to liquidate itself voluntarily and has not committed any default may initiate voluntary liquidation proceedings under the provisions of this Chapter.

(*2*) The voluntary liquidation of a corporate person under sub-section (*1*) shall meet such conditions and [1][procedural requirements, and be completed within such period which shall not be more than one year, as may be specified].

(*3*) Without prejudice to sub-section (*2*), voluntary liquidation proceedings of a corporate person registered as a company shall meet the following conditions, namely:—

(*a*) a declaration from majority of the directors of the company verified by an affidavit stating that—

(*i*) they have made a full inquiry into the affairs of the company and they have formed an opinion that either the company has no debt or that it will be able to pay its debts in full from the proceeds of assets to be sold in the voluntary liquidation; and

(*ii*) the company is not being liquidated to defraud any person;

(*b*) the declaration under sub-clause (*a*) shall be accompanied with the following documents, namely:—

(*i*) audited financial statements and record of business operations of the company for the previous two years or for the period since its incorporation, whichever is later;

(*ii*) a report of the valuation of the assets of the company, if any prepared by a registered valuer;

(*c*) within four weeks of a declaration under sub-clause (*a*), there shall be—

(*i*) a special resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily and appointing an insolvency professional to act as the liquidator; or

(*ii*) a resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily as a result of expiry of the period of its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company shall be dissolved, as the case may be and appointing an insolvency professional to act as the liquidator:

Provided that the company owes any debt to any person, creditors representing two-thirds in value of the debt of the company shall approve the resolution passed under sub-clause (*c*) within seven days of such resolution.

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1. Subs. by Act 6 of 2026, s. 41, for "procedural requirements as may be specified by the Board" (w.e.f. 26-05-2026).

(*4*) The company shall [1][inform] the Registrar of Companies and the Board about the resolution under sub-section (*3*) to liquidate the company within seven days of such resolution or the subsequent approval by the creditors, as the case may be.

(*5*) Subject to approval of the creditors under sub-section (*3*), the voluntary liquidation proceedings in respect of a company shall be deemed to have commenced from the date of passing of the resolution under sub-clause (*c*) of sub-section (*3*).

[2][(*5A*) Any time after the commencement of a voluntary liquidation proceeding under sub-section (*5*) but before an application under sub-section (*7*) is filed, the voluntary liquidation proceeding shall be terminated if the following conditions are satisfied, namely:—

(*a*) the members of the company have passed a special resolution for terminating the voluntary liquidation proceeding;

(*b*) where the company owes debt to any person on the date of the resolution under clause (*a*), creditors representing two-thirds in value of such debt have approved the resolution passed under clause (*a*) within a period of seven days of such resolution; and

(*c*) such other conditions as may be specified.

(*5B*) The liquidator shall intimate the Board and the Registrar of Companies regarding the special resolution under clause (*a*) of sub-section (*5A*) within a period of seven days of passing the resolution or subsequent approval of the creditors under clause (*b*) thereof, as the case may be.

(*5C*) A voluntary liquidation proceeding shall be deemed to have been terminated from the date on which the liquidator intimates the Registrar of Companies under sub-section (*5B*), and such termination shall bring the term of the liquidator to an end and have such other consequences as may be specified.]

(*6*) The provisions of [2][clause (*b*) of section 18 of Chapter II,] sections 35 to 53 of Chapter III and Chapter VII shall apply to voluntary liquidation proceedings for corporate persons with such modifications as may be necessary.

(*7*) Where the affairs of the corporate person have been completely wound up, and its assets completely liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate person.

(*8*) The Adjudicating Authority shall on an application filed by the liquidator under sub-section (*7*), pass an order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(*9*) A copy of an order under sub-section (*8*) shall within fourteen days from the date of such order, be forwarded to the authority with which the corporate person is registered.

CHAPTER VI

ADJUDICATING AUTHORITY FOR CORPORATE PERSONS

60. Adjudicating authority for corporate persons.—(*1*) The Adjudicating Authority, in relation to insolvency resolution and liquidation for corporate persons including corporate debtors and personal guarantors thereof shall be the National Company Law Tribunal having territorial jurisdiction over the place where the registered office of the corporate person is located.

(*2*) Without prejudice to sub-section (*1*) and notwithstanding anything to the contrary contained in this Code, where a corporate insolvency resolution process or liquidation proceeding of a corporate debtor

1. Subs. by Act 6 of 2026, s. 41, for "notify" (w.e.f. 26-05-2026).
2. Ins. by s. 41, *ibid*. (w.e.f. 26-05-2026)

is pending before a National Company Law Tribunal, an application relating to the insolvency resolution or [1][liquidation or bankruptcy of a corporate guarantor or personal guarantor, as the case may be, of such corporate debtor] shall be filed before such National Company Law Tribunal.

(*3*) An insolvency resolution process or [2][liquidation or bankruptcy proceeding of a corporate guarantor or personal guarantor, as the case may be, of the corporate debtor] pending in any court or tribunal shall stand transferred to the Adjudicating Authority dealing with insolvency resolution process or liquidation proceeding of such corporate debtor.

(*4*) The National Company Law Tribunal shall be vested with all the powers of the Debt Recovery Tribunal as contemplated under Part III of this Code for the purpose of sub-section (*2*).

(*5*) Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction to entertain or dispose of—

(*a*) any application or proceeding by or against the corporate debtor or corporate person;

(*b*) any claim made by or against the corporate debtor or corporate person, including claims by or against any of its subsidiaries situated in India; and

(*c*) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code.

(*6*) Notwithstanding anything contained in the Limitation Act, 1963 (36 of 1963) or in any other law for the time being in force, in computing the period of limitation specified for any suit or application by or against a corporate debtor for which an order of moratorium has been made under this Part, the period during which such moratorium is in place shall be excluded.

61. Appeals and Appellate Authority.—(*1*) Notwithstanding anything to the contrary contained under the Companies Act 2013 (18 of 2013), any person aggrieved by the order of the Adjudicating Authority under this part may prefer an appeal to the National Company Law Appellate Tribunal.

(*2*) Every appeal under sub-section (*1*) shall be filed within thirty days before the National Company Law Appellate Tribunal:

Provided that the National Company Law Appellate Tribunal may allow an appeal to be filed after the expiry of the said period of thirty days if it is satisfied that there was sufficient cause for not filing the appeal but such period shall not exceed fifteen days.

(*3*) An appeal against an order approving a resolution plan under section 31 may be filed on the following grounds, namely:—

(*i*) the approved resolution plan is in contravention of the provisions of any law for the time being in force;

(*ii*) there has been material irregularity in exercise of the powers by the resolution professional during the corporate insolvency resolution period;

(*iii*) the debts owed to operational creditors of the corporate debtor have not been provided for in the resolution plan in the manner specified by the Board;

(*iv*) the insolvency resolution process costs have not been provided for repayment in priority to all other debts; or

1. Subs. by Act 26 of 2018, s. 29, for "bankruptcy of a personal guarantor of such corporate debtor" (w.e.f. 6-6-2018).

(*v*) the resolution plan does not comply with any other criteria specified by the Board.

[1][(*4*) An appeal against a liquidation order passed under section 33, or sub-section (*4*) of section 54L, or sub-section (*4*) of section 54N, may be filed on grounds of material irregularity or fraud committed in relation to such a liquidation order.

(*5*) An appeal against an order for initiation of corporate insolvency resolution process passed under sub-section (*2*) of section 54-O, may be filed on grounds of material irregularity or fraud committed in relation to such an order.]

[2][(*6*) The National Company Law Appellate Tribunal shall dispose of the appeal within three months from the date of its receipt.]

62. Appeal to Supreme Court.—(*1*) Any person aggrieved by an order of the National Company Law Appellate Tribunal may file an appeal to the Supreme Court on a question of law arising out of such order under this Code within forty-five days from the date of receipt of such order.

(*2*) The Supreme Court may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within forty-five days, allow the appeal to be filed within a further period not exceeding fifteen days.

63. Civil court not to have jurisdiction.—No Civil court or authority shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which National Company Law Tribunal or the National Company Law Appellate Tribunal has jurisdiction under this Code. Civil court not to have jurisdiction.

64. Expeditious disposal of applications.—(*1*) Where an application is not disposed of or an order is not passed within the period specified in this Code, the National Company Law Tribunal or the National Company Law Appellate Tribunal, as the case may be, shall record the reasons for not doing so within the period so specified; and the President of the National Company Law Tribunal or the Chairperson of the National Company Law Appellate Tribunal, as the case may be, may, after taking into account the reasons so recorded, extend the period specified in the Act but not exceeding ten days.

(*2*) No injunction shall be granted by any court, tribunal or authority in respect of any action taken, or to be taken, in pursuance of any power conferred on the National Company Law Tribunal or the National Company Law Appellate Tribunal under this Code.

[3][**64A. Penalty for initiating frivolous or vexatious proceedings under Part II**.—If any person has initiated a frivolous or vexatious proceeding before the Adjudicating Authority under this Part, it may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to two crore rupees.]

65. Fraudulent or malicious initiation of proceedings.—(*1*) If, any person initiates the insolvency resolution process or liquidation proceedings fraudulently or with malicious intent for any purpose other than for the resolution of insolvency, or liquidation, as the case may be, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.

1. Subs. by Act 26 of 2021, s. 9, for sub-section (*4*) (w.e.f. 4-4-2021).
2. Ins. by Act 6 of 2026, s. 43 (w.e.f. 26-05-2026).
3. Ins. by s. 44, *ibid*. (w.e.f. 26-05-2026).

(*2*) If, any person initiates voluntary liquidation proceedings with the intent to defraud any person, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees but may extend to one crore rupees.

[1][(*3*) If any person initiates the pre-packaged insolvency resolution process—

(*a*) fraudulently or with malicious intent for any purpose other than for the resolution of insolvency; or

(*b*) with the intent to defraud any person,

the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.]

66. [2][Fraudulent or wrongful trading.]—(*1*) If during the corporate insolvency resolution process or a liquidation process, it is found that any business of the corporate debtor has been carried on with intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the Adjudicating Authority may on the application of the resolution professional [3][or the liquidator,] pass an order that any persons who were knowingly parties to the carrying on of the business in such manner shall be liable to make such contributions to the assets of the corporate debtor as it may deem fit.

(*2*) On an application made by a resolution professional during the corporate insolvency resolution process [3][or by a liquidator], the Adjudicating Authority may by an order direct that a director or partner of the corporate debtor, as the case may be, shall be liable to make such contribution to the assets of the corporate debtor as it may deem fit, if—

(*a*) before the insolvency commencement date, such director or partner knew or ought to have known that there was no reasonable prospect of avoiding the commencement of a corporate insolvency resolution process in respect of such corporate debtor; and

(*b*) such director or partner did not exercise due diligence in minimising the potential loss to the creditors of the corporate debtor.

Explanation.—For the purposes of this section a director or partner of the corporate debtor, as the case may be, shall be deemed to have exercised due diligence if such diligence was reasonably expected of a person carrying out the same functions as are carried out by such director or partner, as the case may be, in relation to the corporate debtor.

[4][(*3*) Notwithstanding anything contained in this section, no application shall be filed by a resolution professional under sub-section (*2*), in respect of such default against which initiation of corporate insolvency resolution process is suspended as per section 10A.]

67. Proceedings under section 66.—(*1*) Where the Adjudicating Authority has passed an order under sub-section (*1*) or sub-section (*2*) of section 66, as the case may be, it may give such further directions as it may deem appropriate for giving effect to the order, and in particular, the Adjudicating Authority may—

(*a*) provide for the liability of any person under the order to be a charge on any debt or obligation due from the corporate debtor to him, or on any mortgage or charge or any interest in a mortgage or

1. Ins. by Act 26 of 2021, s. 10 (w.e.f. 4-4-2021).
2. Subs. by Act 6 of 2026, s. 46, for marginal heading (w.e.f. 26-05-2026).
3. Ins. by s. 46, *ibid*. (w.e.f. 26-05-2026).
4. Ins. by Act 17 of 2020, s. 3 (w.e.f. 5-6-2020).

charge on assets of the corporate debtor held by or vested in him, or any person on his behalf, or any person claiming as assignee from or through the person liable or any person acting on his behalf; and

(*b*) from time to time, make such further directions as may be necessary for enforcing any charge imposed under this section.

Explanation.—For the purposes of this section, "assignee" includes a person to whom or in whose favour, by the directions of the person held liable under clause (*a*) the debt, obligation, mortgage or charge was created, issued or transferred or the interest created, but does not include an assignee for valuable consideration given in good faith and without notice of any of the grounds on which the directions have been made.

(*2*) Where the Adjudicating Authority has passed an order under sub-section (*1*) or sub-section (*2*) of section 66, as the case may be, in relation to a person who is a creditor of the corporate debtor, it may, by an order, direct that the whole or any part of any debt owed by the corporate debtor to that person and any interest thereon shall rank in the order of priority of payment under section 53 after all other debts owed by the corporate debtor.

[1][**67A. Fraudulent management of corporate debtor during pre-packaged insolvency resolution process**.—On and after the pre-packaged insolvency commencement date, where an officer of the corporate debtor manages its affairs with the intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the Adjudicating Authority may, on an application by the resolution professional, pass an order imposing upon any such officer, a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.]

[2][**67B. Contravention of moratorium or resolution plan**.—(*1*) Where a corporate debtor or any of its officer contravenes the provisions of section 14, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon the officer, who committed or authorised or permitted such contravention, which shall not be less than one lakh rupees, but may extend to two crore rupees.

(*2*) Where any creditor contravenes the provisions of section 14, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon any person who authorised or permitted such contravention by a creditor, which shall not be less than one lakh rupees, but may extend to two crore rupees.

(*3*) Where a corporate debtor, any of its officers or creditors or any person on whom the approved resolution plan is binding under section 31, contravenes any of the terms of such resolution plan or abets such contravention, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon such corporate debtor, officer, creditor or person, which shall not be less than one lakh rupees, but may extend to one crore rupees or twenty per cent. of the amount to be distributed under the resolution plan, whichever is higher.

1. Ins. by Act 26 of 2021, s. 11 (w.e.f. 4-4-2021).
2. Ins. by Act 6 of 2026, s. 48 (w.e.f. 26-05-2026).

67C. Contravention for non-disclosure of dispute or payment of debt by operational creditor.—Where—

(*a*) an operational creditor has concealed in an application under section 9, the fact that the corporate debtor had notified him of a dispute in respect of the unpaid operational debt or the full and final payment thereof; or

(*b*) any person who authorised or permitted such concealment under clause (*a*); or

(c) any person who acted on such authorisation or permission,

the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, as the case may be, impose penalty upon such operational creditor or person, which shall not be less than one lakh rupees but may extend to two crore rupees.]

CHAPTER VII

OFFENCES AND PENALTIES

68. Punishment for concealment of property.—Where any officer of the corporate debtor has,—

(*i*) within the twelve months immediately preceding the insolvency commencement date,—

(*a*) wilfully concealed any property or part of such property of the corporate debtor or concealed any debt due to, or from, the corporate debtor, of the value of ten thousand rupees or more; or

(*b*) fraudulently removed any part of the property of the corporate debtor of the value of ten thousand rupees or more; or

(*c*) wilfully concealed, destroyed, mutilated or falsified any book or paper affecting or relating to the property of the corporate debtor or its affairs; or

(*d*) wilfully made any false entry in any book or paper affecting or relating to the property of the corporate debtor or its affairs; or

(*e*) fraudulently parted with, altered or made any omission in any document affecting or relating to the property of the corporate debtor or its affairs; or

(*f*) wilfully created any security interest over, transferred or disposed of any property of the corporate debtor which has been obtained on credit and has not been paid for unless such creation, transfer or disposal was in the ordinary course of the business of the corporate debtor; or

(*g*) wilfully concealed the knowledge of the doing by others of any of the acts mentioned in clauses (*c*), (*d*) or clause (*e*); or

(*ii*) at any time after the insolvency commencement date, committed any of the acts mentioned in sub-clause (*a*) to (*f*) of clause (*i*) or has the knowledge of the doing by others of any of the things mentioned in sub-clauses (*c*) to (*e*) of clause (*i*); or

(*iii*) at any time after the insolvency commencement date, taken in pawn or pledge, or otherwise received the property knowing it to be so secured, transferred or disposed,

such officer shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that nothing in this section shall render a person liable to any punishment under this section if he proves that he had no intent to defraud or to conceal the state of affairs of the corporate debtor.

69. Punishment for transactions defrauding creditors.—[1][If] an officer of the corporate debtor or the corporate debtor—

(*a*) has made or caused to be made any gift or transfer of, or charge on, or has caused or connived in the execution of a decree or order against, the property of the corporate debtor;

(*b*) has concealed or removed any part of the property of the corporate debtor within two months before the date of any unsatisfied judgment, decree or order for payment of money obtained against the corporate debtor,

such officer of the corporate debtor or the corporate debtor, as the case may be, shall be punishable with imprisonment for a term which shall not be less than one year, but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that a person shall not be punishable under this section if the acts mentioned in clause (*a*) were committed more than five years before the insolvency commencement date; or if he proves that, at the time of commission of those acts, he had no intent to defraud the creditors of the corporate debtor.

70. Punishment for misconduct in course of corporate insolvency resolution process.—(*1*) On or after the insolvency commencement date, where an officer of the corporate debtor—

(*a*) does not disclose to the resolution professional all the details of property of the corporate debtor, and details of transactions thereof, or any such other information as the resolution professional may require; or

(*b*) does not deliver to the resolution professional all or part of the property of the corporate debtor in his control or custody and which he is required to deliver; or

(*c*) does not deliver to the resolution professional all books and papers in his control or custody belonging to the corporate debtor and which he is required to deliver; or

(*d*) fails to inform there solution professional the information in his knowledge that a debt has been falsely proved by any person during the corporate insolvency resolution process; or

(*e*) prevents the production of any book or paper affecting or relating to the property or affairs of the corporate debtor; or

(*f*) accounts for any part of the property of the corporate debtor by fictitious losses or expenses, or if he has so attempted at any meeting of the creditors of the corporate debtor within the twelve months immediately preceding the insolvency commencement date,

he shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that nothing in this section shall render a person liable to any punishment under this section if he proves that he had no intent to do so in relation to the state of affairs of the corporate debtor.

1. Subs. by Act 26 of 2018, s. 30, for "On or after the insolvency commencement date, if" (w.e.f. 6-6-2018).

(*2*) If an insolvency professional deliberately contravenes the provisions of this Part he shall be punishable with imprisonment for a term which may extend to six months, or with fine which shall not be less than one lakh rupees, but may extend to five lakhs rupees, or with both.

71. Punishment for falsification of books of corporate debtor.—On and after the insolvency commencement date, where any person destroys, mutilates, alters or falsifies any books, papers or securities, or makes or is in the knowledge of making of any false or fraudulent entry in any register, books of account or document belonging to the corporate debtor with intent to defraud or deceive any person, he shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

72. Punishment for wilful and material omissions from statements relating to affairs of corporate debtor.—Where an officer of the corporate debtor makes any material and wilful omission in any statement relating to the affairs of the corporate debtor, he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

73. Punishment for false representations to creditors.—Where any officer of the corporate debtor—

(*a*) on or after the insolvency commencement date, makes a false representation or commits any fraud for the purpose of obtaining the consent of the creditors of the corporate debtor or any of them to an agreement with reference to the affairs of the corporate debtor, during the corporate insolvency resolution process, or the liquidation process;

(*b*) prior to the insolvency commencement date, has made any false representation, or committed any fraud, for that purpose,

he shall be punishable with imprisonment for a term which shall not be less than three years, but may extend to five years or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

[*74. Punishment for contravention of moratorium or the resolution plan.] Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 49 (w.e.f. 26.05.2026).*

75. Punishment for false information furnished in application.—Where any person furnishes information in the application made under section 7, which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material, such person shall be punishable with fine which shall not be less than one lakh rupees, but may extend to one crore rupees.

[*76. Punishment for non-disclosure of dispute or payment of debt by operational creditor.] Omitted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (6 of 2026), s. 50 (w.e.f. 26.05.2026).*

77. Punishment for providing false information in application made by corporate debtor.—Where—

(*a*) a corporate debtor provides information in the application under section 10 which is false in material particulars, knowing it to be false and omits any material fact, knowing it to be material; or

(*b*) any person who knowingly and wilfully authorised or permitted the furnishing of such information under sub-clause (*a*),

such corporate debtor or person, as the case may be, shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years or with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

[1]* * * * *

[2]**[77A. Punishment for offences related to prepackaged insolvency resolution process**.—(*1*) Where—

(*a*) a corporate debtor provides any information in the application under section 54C which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material; or

(*b*) a corporate debtor provides any information in the list of claims or the preliminary information memorandum submitted under sub-section (*1*) of section 54G which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material; or

(*c*) any person who knowingly and wilfully authorised or permitted the furnishing of such information under sub-clauses (*a*) and (*b*),

such corporate debtor or person, as the case may be, shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years or with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

(*2*) If a director or partner of the corporate debtor, as the case may be, deliberately contravenes the provisions of Chapter III-A, such person shall be punishable with imprisonment for not less than three years, but which may extend to five years, or with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

Explanation.—For the purposes of this section and sections 75, 76 and 77, an application shall be deemed to be false in material particulars in case the facts mentioned or omitted in the application, if true, or not omitted from the application, as the case may be, would have been sufficient to determine the existence of a default under this Code.]

PART III

INSOLVENCY RESOLUTION AND BANKRUPTCY FOR INDIVIDUALS AND PARTNERSHIP FIRMS

CHAPTER I

PRELIMINARY

78. Application.—This Part shall apply to matters relating to fresh start, insolvency and bankruptcy of individuals and partnership firms where the amount of the default is not less than one thousand rupees:

Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one lakh rupees.

79. Definitions.—In this Part, unless the context otherwise requires,—

(*1*) "Adjudicating Authority" means the Debt Recovery Tribunal constituted under sub-section (*1*) of section 3 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993);

(*2*) "associate" of the debtor means—

(*a*) a person who belongs to the immediate family of the debtor;

(*b*) a person who is a relative of the debtor or a relative of the spouse of the debtor;

1. *Explanation* omitted by Act 26 of 2021, s. 12 (w.e.f. 4-4-2021).
2. Ins. by s. 13, *ibid*. (w.e.f. 4-4-2021).

(*c*) a person who is in partnership with the debtor;

(*d*) a person who is a spouse or a relative of any person with whom the debtor is in partnership;

(*e*) a person who is employer of the debtor or employee of the debtor;

(*f*) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and

(*g*) a company, where the debtor or the debtor along with his associates, own more than fifty per cent. of the share capital of the company or control the appointment of the board of directors of the company.

Explanation.—For the purposes of this clause, "relative", with reference to any person, means anyone who is related to another, if—

(*i*) they are members of a Hindu Undivided Family;

(*ii*) one person is related to the other in such manner as may be prescribed;

(*3*) "bankrupt" means—

(*a*) a debtor who has been adjudged as bankrupt by a bankruptcy order under section 126;

(*b*) each of the partners of a firm, where a bankruptcy order under section 126 has been made against a firm; or

(*c*) any person adjudged as an undischarged insolvent;

(*4*) "bankruptcy" means the state of being bankrupt;

(*5*) "bankruptcy debt", in relation to a bankrupt, means—

(*a*) any debt owed by him as on the bankruptcy commencement date;

(*b*) any debt for which he may become liable after bankruptcy commencement date but before his discharge by reason of any transaction entered into before the bankruptcy commencement date; and

(*c*) any interest which is a part of the debt under section 171;

(*6*) "bankruptcy commencement date" means the date on which a bankruptcy order is passed by the Adjudicating Authority under section 126;

(*7*) "bankruptcy order" means an order passed by an Adjudicating Authority under section 126;

(*8*) "bankruptcy process" means a process against a debtor under Chapters IV and V of this Part;

(*9*) "bankruptcy trustee" means the insolvency professional appointed as a trustee for the estate of the bankrupt under section 125;

(*10*) "Chapter" means a chapter under this Part;

(*11*) "committee of creditors" means a committee constituted under section 134;

(*12*) "debtor" includes a judgment-debtor;

(*13*) "discharge order" means an order passed by the Adjudicating Authority discharging the debtor under sections 92, 119 and section 138, as the case may be;

(*14*) "excluded assets" for the purposes of this part includes—

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(*a*) unencumbered tools, books, vehicles and other equipment as are necessary to the debtor or bankrupt for his personal use or for the purpose of his employment, business or vocation;

(*b*) unencumbered furniture, household equipment and provisions as are necessary for satisfying the basic domestic needs of the bankrupt and his immediate family;

(*c*) any unencumbered personal ornaments of such value, as may be prescribed, of the debtor or his immediate family which cannot be parted with, in accordance with religious usage;

(*d*) any unencumbered life insurance policy or pension plan taken in the name of debtor or his immediate family; and

(*e*) an unencumbered single dwelling unit owned by the debtor of such value as may be prescribed;

(*15*) "excluded debt" means—

(*a*) liability to pay fine imposed by a court or tribunal;

(*b*) liability to pay damages for negligence, nuisance or breach of a statutory, contractual or other legal obligation;

(*c*) liability to pay maintenance to any person under any law for the time being in force;

(*d*) liability in relation to a student loan; and

(*e*) any other debt as may be prescribed;

(*16*) "firm" means a body of individuals carrying on business in partnership whether or not registered under section 59 of the Indian Partnership Act, 1932 (9 of 1932);

(*17*) "immediate family" of the debtor means his spouse, dependent children and dependent parents;

(*18*) "partnership debt" means a debt for which all the partners in a firm are jointly liable;

(*19*) "qualifying debt" means amount due, which includes interest or any other sum due in respect of the amounts owed under any contract, by the debtor for a liquidated sum either immediately or at certain future time and does not include—

(*a*) an excluded debt;

(*b*) a debt to the extent it is secured; and

(*c*) any debt which has been incurred three months prior to the date of the application for fresh start process;

(*20*) "repayment plan" means a plan prepared by the debtor in consultation with the resolution professional under section 105 containing a proposal to the committee of creditors for restructuring of his debts or affairs;

(*21*) "resolution professional" means an insolvency professional appointed under this part as a resolution professional for conducting the fresh start process or insolvency resolution process;

(*22*) "undischarged bankrupt" means a bankrupt who has not received a discharge order under section 138.

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CHAPTER II

FRESH START PROCESS

80. Eligibility for making an application.—(*1*) A debtor, who is unable to pay his debt and fulfils the conditions specified in sub-section (*2*), shall be entitled to make an application for a fresh start for discharge of his qualifying debt under this Chapter.

(*2*) A debtor may apply, either personally or through a resolution professional, for a fresh start under this Chapter in respect of his qualifying debts to the Adjudicating Authority if —

(*a*) the gross annual income of the debtor does not exceed sixty thousand rupees;

(*b*) the aggregate value of the assets of the debtor does not exceed twenty thousand rupees;

(*c*) the aggregate value of the qualifying debts does not exceed thirty-five thousand rupees;

(*d*) he is not an undischarged bankrupt;

(*e*) he does not own a dwelling unit, irrespective of whether it is encumbered or not;

(*f*) a fresh start process, insolvency resolution process or bankruptcy process is not subsisting against him; and

(*g*) no previous fresh start order under this Chapter has been made in relation to him in the preceding twelve months of the date of the application for fresh start.

81. Application for fresh start order.—(*1*) When an application is filed under section 80 by a debtor, an interim-moratorium shall commence on the date of filing of said application in relation to all the debts and shall cease to have effect on the date of admission or rejection of such application, as the case may be.

(*2*) During the interim-moratorium period,—

(*i*) any legal action or legal proceeding pending in respect of any of his debts shall be deemed to have been stayed; and

(*ii*) no creditor shall initiate any legal action or proceedings in respect of such debt.

(*3*) The application under section 80 shall be in such form and manner and accompanied by such fee, as may be prescribed.

(*4*) The application under sub-section (*3*) shall contain the following information supported by an affidavit, namely:—

(*a*) a list of all debts owed by the debtor as on the date of the said application along with details relating to the amount of each debt, interest payable thereon and the names of the creditors to whom each debt is owed;

(*b*) the interest payable on the debts and the rate thereof stipulated in the contract;

(*c*) a list of security held in respect of any of the debts;

(*d*) the financial information of the debtor and his immediate family up to two years prior to the date of the application;

(*e*) the particulars of the debtor's personal details, as may be prescribed;

(*f*) the reasons for making the application;

(*g*) the particulars of any legal proceedings which, to the debtor's knowledge has been commenced against him;

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(*h*) the confirmation that no previous fresh start order under this Chapter has been made in respect of the qualifying debts of the debtor in the preceding twelve months of the date of the application.

82. Appointment of resolution professional.—(*1*) Where an application under section 80 is filed by the debtor through a resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of receipt of the application and shall seek confirmation from the Board that there are no disciplinary proceedings against the resolution professional who has submitted such application.

(*2*) The Board shall communicate to the Adjudicating Authority in writing either—

(*a*) confirmation of the appointment of the resolution professional who filed an application under sub-section (*1*); or

(*b*) rejection of the appointment of the resolution professional who filed an application under sub-section (*1*) and nominate a resolution professional suitable for the fresh start process.

(*3*) Where an application under section 80 is filed by the debtor himself and not through the resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of the receipt of an application to nominate a resolution professional for the fresh start process.

(*4*) The Board shall nominate a resolution professional within ten days of receiving the direction issued by the Adjudicating Authority under sub-section (*3*).

(*5*) The Adjudicating Authority shall by order appoint the resolution professional recommended or nominated by the Board under sub-section (*2*) or sub-section (*4*), as the case may be.

(*6*) A resolution professional appointed by the Adjudicating Authority under sub-section (*5*) shall be provided a copy of the application for fresh start.

83. Examination of application by resolution professional.—(*1*) The resolution professional shall examine the application made under section 80 within ten days of his appointment, and submit a report to the Adjudicating Authority, either recommending acceptance or rejection of the application.

(*2*) The report referred to in sub-section (*1*) shall contain the details of the amounts mentioned in the application which in the opinion of the resolution professional are—

(*a*) qualifying debts; and

(*b*) liabilities eligible for discharge under sub-section (*3*) of section 92.

(*3*) The resolution professional may call for such further information or explanation in connection with the application as may be required from the debtor or any other person who, in the opinion of the resolution professional, may provide such information.

(*4*) The debtor or any other person, as the case may be, shall furnish such information or explanation within seven days of receipt of the request under sub-section (*3*).

(*5*) The resolution professional shall presume that the debtor is unable to pay his debts at the date of the application if—

(*a*) in his opinion the information supplied in the application indicates that the debtor is unable to pay his debts and he has no reason to believe that the information supplied is incorrect or incomplete; and

(*b*) he has reason to believe that there is no change in the financial circumstances of the debtor since the date of the application enabling the debtor to pay his debts.

(*6*) The resolution professional shall reject the application, if in his opinion—

(*a*) the debtor does not satisfy the conditions specified under section 80; or

(*b*) the debts disclosed in the application by the debtor are not qualifying debts; or

(*c*) the debtor has deliberately made a false representation or omission in the application or with respect to the documents or information submitted.

(*7*) The resolution professional shall record the reasons for recommending the acceptance or rejection of the application in the report to the Adjudicating Authority under sub-section (*1*) and shall give a copy of the report to the debtor.

84. Admission or rejection of application by Adjudicating Authority.—(*1*) The Adjudicating Authority may within fourteen days from the date of submission of the report by the resolution professional, pass an order either admitting or rejecting the application made under sub-section (*1*) of section 81.

(*2*) The order passed under sub-section (*1*) accepting the application shall state the amount which has been accepted as qualifying debts by the resolution professional and other amounts eligible for discharge under section 92 for the purposes of the fresh start order.

(*3*) A copy of the order passed by the Adjudicating Authority under sub-section (*1*) along with a copy of the application shall be provided to the creditors mentioned in the application within seven days of the passing of the order.

85. Effect of admission of application.—(*1*) On the date of admission of the application, the moratorium period shall commence in respect of all the debts.

(*2*) During the moratorium period—

(*a*) any pending legal action or legal proceeding in respect of any debt shall be deemed to have been stayed; and

(*b*) subject to the provisions of section 86, the creditors shall not initiate any legal action or proceedings in respect of any debt.

(*3*) During the moratorium period, the debtor shall—

(*a*) not act as a director of any company, or directly or indirectly take part in or be concerned in the promotion, formation or management of a company;

(*b*) not dispose of or alienate any of his assets;

(*c*) inform his business partners that he is undergoing a fresh start process;

(*d*) be required to inform prior to entering into any financial or commercial transaction of such value as may be notified by the Central Government, either individually or jointly, that he is undergoing a fresh start process;

(*e*) disclose the name under which he enters into business transactions, if it is different from the name in the application admitted under section 84;

(*f*) not travel outside India except with the permission of the Adjudicating Authority.

(*4*) The moratorium ceases to have effect at the end of the period of one hundred and eighty days beginning with the date of admission unless the order admitting the application is revoked under sub-section (*2*) of section 91.

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86. Objections by creditor and their examination by resolution professional.—(*1*) Any creditor mentioned in the order of the Adjudicating Authority under section 84 to whom a qualifying debt is owed may, within a period of ten days from the date of receipt of the order under section 84, object only on the following grounds, namely:—

(*a*) inclusion of a debt as a qualifying debt; or

(*b*) incorrectness of the details of the qualifying debt specified in the order under section 84.

(*2*) A creditor may file an objection under sub-section (*1*) by way of an application to the resolution professional.

(*3*) The application under sub-section (*2*) shall be supported by such information and documents as may be prescribed.

(*4*) The resolution professional shall consider every objection made under this section.

(*5*) The resolution professional shall examine the objections under sub-section (*2*) and either accept or reject the objections, within ten days of the date of the application.

(*6*) The resolution professional may examine any matter that appears to him to be relevant to the making of a final list of qualifying debts for the purposes of section 92.

(*7*) On the basis of the examination under sub-section (*5*) or sub-section (*6*), the resolution professional shall—

(*a*) prepare an amended list of qualifying debts for the purpose of the discharge order;

(*b*) make an application to the Adjudicating Authority for directions under section 90; or

(*c*) take such other steps as he considers necessary in relation to the debtor.

87. Application against decision of resolution professional.—(*1*) The debtor or the creditor who is aggrieved by the action taken by the resolution professional under section 86 may, within ten days of such decision, make an application to the Adjudicating Authority challenging such action on any of the following grounds, namely:—

(*a*) that the resolution professional has not given an opportunity to the debtor or the creditor to make a representation; or

(*b*) that the resolution professional colluded with the other party in arriving at the decision; or

(*c*) that the resolution professional has not complied with the requirements of section 86.

(*2*) The Adjudicating Authority shall decide the application referred to in sub-section (*1*) within fourteen days of such application, and make an order as it deems fit.

(*3*) Where the application under sub-section (*1*) has been allowed by the Adjudicating Authority, it shall forward its order to the Board and the Board may take such action as may be required under Chapter VI of Part IV against the resolution professional.

88. General duties of debtor.—The debtor shall—

(*a*) make available to the resolution professional all information relating to his affairs, attend meetings and comply with the requests of the resolution professional in relation to the fresh start process.

(*b*) inform the resolution professional as soon as reasonably possible of—

(*i*) any material error or omission in relation to the information or document supplied to the resolution professional; or

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(*ii*) any change in financial circumstances after the date of application, where such change has an impact on the fresh start process.

89. Replacement of resolution professional.—(*1*) Where the debtor or the creditor is of the opinion that the resolution professional appointed under section 82 is required to be replaced, he may apply to the Adjudicating Authority for the replacement of such resolution professional.

(*2*) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (*1*) make a reference to the Board for replacement of the resolution professional.

(*3*) The Board shall, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (*2*), recommend the name of an insolvency professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(*4*) The Adjudicating Authority shall appoint another resolution professional for the purposes of the fresh start process on the basis of the recommendation by the Board.

(*5*) The Adjudicating Authority may give directions to the resolution professional replaced under sub-section (*4*)—

(*a*) to share all information with the new resolution professional in respect of the fresh start process; and

(*b*) to co-operate with the new resolution professional as may be required.

90. Directions for compliances of restrictions, etc.—(*1*) The resolution professional may apply to the Adjudicating Authority for any of the following directions, namely:—

(*a*) compliance of any restrictions referred to in sub-section (*3*) of section 85, in case of non-compliance by the debtor; or

(*b*) compliance of the duties of the debtor referred to in section 88, in case of non-compliance by the debtor.

(*2*) The resolution professional may apply to the Adjudicating Authority for directions in relation to any other matter under this Chapter for which no specific provisions have been made.

91. Revocation of order admitting application.—(*1*) The resolution professional may submit an application to the Adjudicating Authority seeking revocation of its order made under section 84 on the following grounds, namely:—

(*a*) if due to any change in the financial circumstances of the debtor, the debtor is ineligible for a fresh start process; or

(*b*) non-compliance by the debtor of the restrictions imposed under sub-section (*3*) of section 85; or

(*c*) if the debtor has acted in a *mala fide* manner and has wilfully failed to comply with the provisions of this Chapter.

(*2*) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (*1*), may by order admit or reject the application.

(*3*) On passing of the order admitting the application referred to in sub-section (*1*), the moratorium and the fresh start process shall cease to have effect.

(*4*) A copy of the order passed by the Adjudicating Authority under this section shall be provided to the Board for the purpose of recording an entry in the register referred to in section 196.

92. Discharge order.—(*1*) The resolution professional shall prepare a final list of qualifying debts and submit such list to the Adjudicating Authority at least seven days before the moratorium period comes to an end.

(*2*) The Adjudicating Authority shall pass a discharge order at the end of the moratorium period for discharge of the debtor from the qualifying debts mentioned in the list under sub-section (*1*).

(*3*) Without prejudice to the provisions of sub-section (*2*), the Adjudicating Authority shall discharge the debtor from the following liabilities, namely:—

(*a*) penalties in respect of the qualifying debts from the date of application till the date of the discharge order;

(*b*) interest including penal interest in respect of the qualifying debts from the date of application till the date of the discharge order; and

(*c*) any other sums owed under any contract in respect of the qualifying debts from the date of application till the date of the discharge order.

(*4*) The discharge order shall not discharge the debtor from any debt not included in sub-section (*2*) and from any liability not included under sub-section (*3*).

(*5*) The discharge order shall be forwarded to the Board for the purpose of recording an entry in the register referred to in section 196.

(*6*) A discharge order under sub-section (*2*) shall not discharge any other person from any liability in respect of the qualifying debts.

93. Standard of conduct.—The resolution professional shall perform his functions and duties in compliance with the code of conduct provided under section 208.

CHAPTER III

INSOLVENCY RESOLUTION PROCESS

94. Application by debtor to initiate insolvency resolution process.—(*1*) A debtor who commits a default may apply, either personally or through a resolution professional, to the Adjudicating Authority for initiating the insolvency resolution process, by submitting an application.

(*2*) Where the debtor is a partner of a firm, such debtor shall not apply under this Chapter to the Adjudicating Authority in respect of the firm unless all or a majority of the partners of the firm file the application jointly.

(*3*) An application under sub-section (*1*) shall be submitted only in respect of debts which are not excluded debts.

(*4*) A debtor shall not be entitled to make an application under sub-section (*1*) if he is—

(*a*) an undischarged bankrupt;

(*b*) undergoing a fresh start process;

(*c*) undergoing an insolvency resolution process; or

(*d*) undergoing a bankruptcy process.

(*5*) A debtor shall not be eligible to apply under sub-section (*1*) if an application under this Chapter has been admitted in respect of the debtor during the period of twelve months preceding the date of submission of the application under this section.

(*6*) The application referred to in sub-section (*1*) shall be in such form and manner and accompanied with such fee as may be prescribed.

95. Application by creditor to initiate insolvency resolution process.—(*1*) A creditor may apply either by himself, or jointly with other creditors, or through a resolution professional to the Adjudicating Authority for initiating an insolvency resolution process under this section by submitting an application.

(*2*) A creditor may apply under sub-section (*1*) in relation to any partnership debt owed to him for initiating an insolvency resolution process against—

(*a*) any one or more partners of the firm; or

(*b*) the firm.

(*3*) Where an application has been made against one partner in a firm, any other application against another partner in the same firm shall be presented in or transferred to the Adjudicating Authority in which the first mentioned application is pending for adjudication and such Adjudicating Authority may give such directions for consolidating the proceedings under the applications as it thinks just.

(*4*) An application under sub-section (*1*) shall be accompanied with details and documents relating to—

(*a*) the debts owed by the debtor to the creditor or creditors submitting the application for insolvency resolution process as on the date of application;

(*b*) the failure by the debtor to pay the debt within a period of fourteen days of the service of the notice of demand; and

(*c*) relevant evidence of such default or non-repayment of debt.

(*5*) The creditor shall also provide a copy of the application made under sub-section (*1*) to the debtor.

(*6*) The application referred to in sub-section (*1*) shall be in such form and manner and accompanied by such fee as may be prescribed.

(*7*) The details and documents required to be submitted under sub-section (*4*) shall be such as may be specified.

96. Interim moratorium.—(*1*) When an application is filed under section 94 or section 95—

(*a*) an interim-moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application; and

(*b*) during the interim-moratorium period—

(*i*) any legal action or proceeding pending in respect of any debt shall be deemed to have been stayed; and

(*ii*) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt.

(*2*) Where the application has been made in relation to a firm, the interim-moratorium under sub-section (*1*) shall operate against all the partners of the firm as on the date of the application.

(*3*) The provisions of sub-section (*1*) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

[1][(*4*) The provisions of this section shall not apply where an application is filed for initiating an insolvency resolution process in respect of a personal guarantor to a corporate debtor.]

97. Appointment of resolution professional.—(*1*) If the application under section 94 or 95 is filed through a resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of the application to confirm that there are no disciplinary proceedings pending against resolution professional.

(*2*) The Board shall within seven days of receipt of directions under sub-section (*1*) communicate to the Adjudicating Authority in writing either—

(*a*) confirming the appointment of the resolution professional; or

(*b*) rejecting the appointment of the resolution professional and nominating another resolution professional for the insolvency resolution process.

(*3*) Where an application under section 94 or 95 is filed by the debtor or the creditor himself, as the case may be, and not through the resolution professional, the Adjudicating Authority shall direct the Board, within seven days of the filing of such application, to nominate a resolution professional for the insolvency resolution process.

(*4*) The Board shall nominate a resolution professional within ten days of receiving the direction issued by the Adjudicating Authority under sub-section (*3*).

(*5*) The Adjudicating Authority shall by order appoint the resolution professional recommended under sub-section (*2*) or as nominated by the Board under sub-section (*4*).

(*6*) A resolution professional appointed by the Adjudicating Authority under sub-section (*5*) shall be provided a copy of the application for insolvency resolution process.

98. Replacement of resolution professional.—(*1*) Where the debtor or the creditor is of the opinion that the resolution professional appointed under section 97 is required to be replaced, he may apply to the Adjudicating Authority for the replacement of such resolution professional.

(*2*) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (*1*) make a reference to the Board for replacement of the resolution professional.

(*3*) The Board shall, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (*2*), recommend the name of the resolution professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(*4*) Without prejudice to the provisions contained in sub-section (*1*), the creditors may apply to the Adjudicating Authority for replacement of the resolution professional where it has been decided in the meeting of the creditors, to replace the resolution professional with a new resolution professional for implementation of the repayment plan.

(*5*) Where the Adjudicating Authority admits an application made under sub-section (*1*) or sub-section (*4*), it shall direct the Board to confirm that there are no disciplinary proceedings pending against the proposed resolution professional.

(*6*) The Board shall send a communication within ten days of receipt of the direction under sub-section (*5*) either—

(*a*) confirming appointment of the nominated resolution professional; or

1. Ins. by Act 6 of 2026, s. 51 (w.e.f. 26-05-2026).

(*b*) rejecting appointment of the nominated resolution professional and recommend a new resolution professional.

(*7*) On the basis of the communication of the Board under sub-section (*3*) or sub-section (*6*), the Adjudicating Authority shall pass an order appointing a new resolution professional.

(*8*) The Adjudicating Authority may give directions to the resolution professional replaced under sub-section (*7*)—

(*a*) to share all information with the new resolution professional in respect of the insolvency resolution process; and

(*b*) to co-operate with the new resolution professional in such matters as may be required.

99. Submission of report by resolution professional.—(*1*) The resolution professional shall examine the application referred to in section 94 or section 95, as the case may be, within [1][twenty-one days] of his appointment, and submit a report to the Adjudicating Authority recommending for approval or rejection of the application.

(*2*) Where the application has been filed under section 95, the resolution professional may require the debtor to prove repayment of the debt claimed as unpaid by the creditor by furnishing—

(*a*) evidence of electronic transfer of the unpaid amount from the bank account of the debtor;

(*b*) evidence of encashment of a cheque issued by the debtor; or

(*c*) a signed acknowledgment by the creditor accepting receipt of dues.

(*3*) Where the debt for which an application has been filed by a creditor is registered with the information utility, the debtor shall not be entitled to dispute the validity of such debt.

(*4*) For the purposes of examining an application, the resolution professional may seek such further information or explanation in connection with the application as may be required from the debtor or the creditor or any other person who, in the opinion of the resolution professional, may provide such information.

(*5*) The person from whom information or explanation is sought under sub-section (*4*) shall furnish such information or explanation within seven days of receipt of the request.

(*6*) The resolution professional shall examine the application and ascertain that—

(*a*) the application satisfies the requirements set out in section 94 or 95;

(*b*) the applicant has provided information and given explanation sought by the resolution professional under sub-section (*4*).

(*7*) After examination of the application under sub-section (*6*), he may recommend acceptance or rejection of the application in his report.

(*8*) Where the resolution professional finds that the debtor is eligible for a fresh start under Chapter II, the resolution professional shall submit a report recommending that the application by the debtor under section 94 be treated as an application under section 81 by the Adjudicating Authority.

1. Subs. by Act 6 of 2026, s. 52, for "ten days" (w.e.f. 26-05-2026).

(*9*) The resolution professional shall record the reasons for recommending the acceptance or rejection of the application in the report under sub-section (*7*).

(*10*) The resolution professional shall give a copy of the report under sub-section (*7*) to the debtor [1][and the creditor].

100. Admission or rejection of application.—(*1*) The Adjudicating Authority shall, within fourteen days from the date of submission of the report under section 99 pass an order either admitting or rejecting the application referred to in section 94 or 95, as the case may be.

(*2*) Where the Adjudicating Authority admits an application under sub-section (*1*), it may, on the request of the resolution professional, issue instructions for the purpose of conducting negotiations between the debtor and creditors and for arriving at a repayment plan.

(*3*) The Adjudicating Authority shall provide a copy of the order passed under sub-section (*1*) along with the report of the resolution professional and the application referred to in section 94 or 95, as the case may be, to the creditors within seven days from the date of the said order.

(*4*) If the application referred to in section 94 or 95, as the case may be, is rejected by the Adjudicating Authority on the basis of report submitted by the resolution professional that the application was made with the intention to defraud his creditors or the resolution professional, the order under sub-section (*1*) shall record that the creditor is entitled to file for a bankruptcy order under Chapter IV.

101. Moratorium.—(*1*) When the application is admitted under section 100, a moratorium shall commence in relation to all the debts and shall cease to have effect at the end of the period of one hundred and eighty days beginning with the date of admission of the application or on the date the Adjudicating Authority passes an order on the repayment plan under section 114, whichever is earlier.

(*2*) During the moratorium period—

(*a*) any pending legal action or proceeding in respect of any debt shall be deemed to have been stayed;

(*b*) the creditors shall not initiate any legal action or legal proceedings in respect of any debt; and

(*c*) the debtor shall not transfer, alienate, encumber or dispose of any of his assets or his legal rights or beneficial interest therein.

(*3*) Where an order admitting the application under section 96 has been made in relation to a firm, the moratorium under sub-section (*1*) shall operate against all the partners of the firm.

(*4*) The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

102. Public notice and claims from creditors.—(*1*) The Adjudicating Authority shall issue a public notice within seven days of passing the order under section 100 inviting claims from all creditors within twenty-one days of such issue.

(*2*) The notice under sub-section (*1*) shall include—

(*a*) details of the order admitting the application;

(*b*) particulars of the resolution professional with whom the claims are to be registered; and

(*c*) the last date for submission of claims.

1. Subs. by Act 6 of 2026, s. 52, for "or the creditor, as the case may be" (w.e.f. 26-05-2026).

(*3*) The notice shall be—

(*a*) published in at least one English and one vernacular newspaper which is in circulation in the state where the debtor resides;

(*b*) affixed in the premises of the Adjudicating Authority; and

(*c*) placed on the website of the Adjudicating Authority.

103. Registering of claims by creditors.—(*1*) The creditors shall register claims with the resolution professional by sending details of the claims by way of electronic communications or through courier, speed post or registered letter.

(*2*) In addition to the claims referred to in sub-section (*1*), the creditor shall provide to the resolution professional, personal information and such particulars as may be prescribed.

104. Preparation of list of creditors.—(*1*) The resolution professional shall prepare a list of creditors on the basis of—

(*a*) the information disclosed in the application filed by the debtor under section 94 or 95, as the case may be;

(*b*) claims received by the resolution professional under section 102.

(*2*) The resolution professional shall prepare the list mentioned in sub-section (*1*) within thirty days from the date of the notice.

105. Repayment plan.—(*1*) The debtor shall prepare, in consultation with the resolution professional, a repayment plan containing a proposal to the creditors for restructuring of his debts or affairs.

(*2*) The repayment plan may authorise or require the resolution professional to—

(*a*) carry on the debtor's business or trade on his behalf or in his name; or

(*b*) realise the assets of the debtor; or

(*c*) administer or dispose of any funds of the debtor.

(*3*) The repayment plan shall include the following, namely:—

(*a*) justification for preparation of such repayment plan and reasons on the basis of which the creditors may agree upon the plan;

(*b*) provision for payment of fee to the resolution professional;

(*c*) such other matters as may be specified.

106. Report of resolution professional on repayment plan.—(*1*) The resolution professional shall submit the repayment plan under section 105 along with his report on such plan to the Adjudicating Authority within a period of twenty-one days from the last date of submission of claims under section 102.

[1][(*1A*) Where no repayment plan is submitted within the period stipulated under sub-section (*1*), the resolution professional shall submit a report to the Adjudicating Authority, and the Adjudicating Authority shall pass an order terminating the insolvency resolution process of the debtor and the debtor or the creditors shall be entitled to file an application for bankruptcy under Chapter IV.]

1. Ins. by Act 6 of 2026, s. 53 (w.e.f. 26-05-2026).

(*2*) The report referred in sub-section (*1*) shall include that—

(*a*) the repayment plan is in compliance with the provisions of any law for the time being in force;

(*b*) the repayment plan has a reasonable prospect of being approved and implemented; and

(*c*) there is a necessity of summoning a meeting of the creditors, if required, to consider the repayment plan:

Provided that where the resolution professional recommends that a meeting of the creditors is not required to be summoned, reasons for the same shall be provided.

(*3*) The report referred to in sub-section (*2*) shall also specify the date on which, and the time and place at which, the meeting should be held if he is of the opinion that a meeting of the creditors should be summoned.

[1][(*3A*) Notwithstanding anything to the contrary contained in the provisions of sub-section (*2*) and sub-section (*3*), where the repayment plan is in respect of the debtor who is a personal guarantor to a corporate debtor, the resolution professional shall summon the meeting of the creditors by issuing a notice in writing specifying therein the date, time and place of such meeting.]

(*4*) For the purposes of sub-section (*3*) [1][and sub-section (*3A*)]—

(*a*) the date on which the meeting is to be held shall be not less than fourteen days and not more than twenty eight days from the date of submission of report under sub-section (*1*);

(*b*) the resolution professional shall consider the convenience of creditors in fixing the date and venue of the meeting of the creditors.

107. Summoning of meeting of creditors.—(*1*) The resolution professional shall issue a notice calling the meeting of the creditors at least fourteen days before the date fixed for such meeting.

(*2*) The resolution professional shall send the notice of the meeting to the list of creditors prepared under section 104.

(*3*) The notice sent under sub-section (*1*) shall state the address of the Adjudicating Authority to which the repayment plan and report of the resolution professional on the repayment plan has been submitted and shall be accompanied by—

(*a*) a copy of the repayment plan;

(*b*) a copy of the statement of affairs of the debtor;

(*c*) a copy of the said report of the resolution professional; and

(*d*) forms for proxy voting.

(*4*) The proxy voting, including electronic proxy voting shall take place in such manner and form as may be specified.

108. Conduct of meeting of creditors.—(*1*) The meeting of the creditors shall be conducted in accordance with the provisions of this section and sections 109, 110 and 111.

(*2*) In the meeting of the creditors, the creditors may decide to approve, modify or reject the repayment plan.

(*3*) The resolution professional shall ensure that if modifications are suggested by the creditors, consent of the debtor shall be obtained for each modification.

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(*4*) The resolution professional may for a sufficient cause adjourn the meeting of the creditors for a period of not more than seven days at a time.

109. Voting rights in meeting of creditors.—(*1*) A creditor shall be entitled to vote at every meeting of the creditors in respect of the repayment plan in accordance with the voting share assigned to him.

(*2*) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(*3*) A creditor shall not be entitled to vote in respect of a debt for an unliquidated amount.

(*4*) A creditor shall not be entitled to vote in a meeting of the creditors if he—

(*a*) is not a creditor mentioned in the list of creditors under section 104; or

(*b*) is an associate of the debtor.

110. Rights of secured creditors in relation to repayment plan.—(*1*) Secured creditors shall be entitled to participate and vote in the meetings of the creditors.

(*2*) A secured creditor participating in the meetings of the creditors and voting in relation to the repayment plan shall forfeit his right to enforce the security during the period of the repayment plan in accordance with the terms of the repayment plan.

(*3*) Where a secured creditor does not forfeit his right to enforce security, he shall submit an affidavit to the resolution professional at the meeting of the creditors stating—

(*a*) that the right to vote exercised by the secured creditor is only in respect of the unsecured part of the debt; and

(*b*) the estimated value of the unsecured part of the debt.

(*4*) In case a secured creditor participates in the voting on the repayment plan by submitting an affidavit under sub-section (*3*), the secured and unsecured parts of the debt shall be treated as separate debts.

(*5*) The concurrence of the secured creditor shall be obtained if he does not participate in the voting on repayment plan but provision of the repayment plan affects his right to enforce security.

Explanation.—For the purposes of this section, "period of the repayment plan" means the period from the date of the order passed under section 114 till the date on which the notice is given by the resolution professional under section 117 or report submitted by the resolution professional under section 118, as the case may be.

111. Approval of repayment plan by creditors.—The repayment plan or any modification to the repayment plan shall be approved by a majority of more than three-fourth in value of the creditors present in person or by proxy and voting on the resolution in a meeting of the creditors.

112. Report of meeting of creditors on repayment plan.—(*1*) The resolution professional shall prepare a report of the meeting of the creditors on repayment plan.

(*2*) The report under sub-section (*1*) shall contain—

(*a*) whether the repayment plan was approved or rejected and if approved, the list the modifications, if any;

(*b*) the resolutions which were proposed at the meeting and the decision on such resolutions;

(*c*) list of the creditors who were present or represented at the meeting, and the voting records of each creditor for all meetings of the creditors; and

(*d*) such other information as the resolution professional thinks appropriate to make known to the Adjudicating Authority.

113. Notice of decisions taken at meeting of creditors.—The resolution professional shall provide a copy of the report of the meeting of creditors prepared under section 99 to—

(*a*) the debtor;

(*b*) the creditors, including those who were not present at the meeting; and

(*c*) the Adjudicating Authority.

114. Order of Adjudicating Authority on repayment plan.—(*1*) The Adjudicating Authority shall by an order approve or reject the repayment plan on the basis of the report of the meeting of the creditors submitted by the resolution professional under section 112:

Provided that where a meeting of creditors is not summoned, the Adjudicating Authority shall pass an order on the basis of the report prepared by the resolution professional under section 106.

(*2*) The order of the Adjudicating Authority approving the repayment plan may also provide for directions for implementing the repayment plan.

(*3*) Where the Adjudicating Authority is of the opinion that the repayment plan requires modification, it may direct the resolution professional to re-convene a meeting of the creditors for reconsidering the repayment plan.

115. Effect of order of Adjudicating Authority on repayment plan.—(*1*) Where the Adjudicating Authority has approved the repayment plan under section 114, such repayment plan shall—

(*a*) take effect as if proposed by the debtor in the meeting; and

(*b*) be binding on creditors mentioned in the repayment plan and the debtor.

(*2*) Where the Adjudicating Authority rejects the repayment plan under section 114, the debtor and the creditors shall be entitled to file an application for bankruptcy under Chapter IV.

(*3*) A copy of the order passed by the Adjudicating Authority under sub-section (*2*) shall be provided to the Board, for the purpose of recording an entry in the register referred to in section 196.

116. Implementation and supervision of repayment plan.—(*1*) The resolution professional appointed under section 97 or under section 98 shall supervise the implementation of the repayment plan.

(*2*) The resolution professional may apply to the Adjudicating Authority for directions, if necessary, in relation to any particular matter arising under the repayment plan.

(*3*) The Adjudicating Authority may issue directions to the resolution professional on the basis of an application under sub-section (*2*).

117. Completion of repayment plan.—(*1*) The resolution professional shall within fourteen days of the completion of the repayment plan, forward to the persons who are bound by the repayment plan under section 115 and the Adjudicating Authority, the following documents, namely:—

(*a*) a notice that the repayment plan has been fully implemented; and

(*b*) a copy of a report by the resolution professional summarising all receipts and payments made in pursuance of the repayment plan and extent of the implementation of such plan as compared with the repayment plan approved by the meeting of the creditors.

(*2*) The resolution professional may apply to the Adjudicating Authority to extend the time mentioned in sub-section (*1*) for such further period not exceeding seven days.

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118. Repayment plan coming to end prematurely.—(*1*) A repayment plan shall be deemed to have come to an end prematurely if it has not been fully implemented in respect of all persons bound by it within the period as mentioned in the repayment plan.

(*2*) Where a repayment plan comes to an end prematurely under this section, the resolution professional shall submit a report to the Adjudicating Authority which shall state—

(*a*) the receipts and payments made in pursuance of the repayment plan;

(*b*) the reasons for premature end of the repayment plan; and

(*c*) the details of the creditors whose claims have not been fully satisfied.

(*3*) The Adjudicating Authority shall pass an order on the basis of the report submitted under sub-section (*2*) by the resolution professional that the repayment plan has not been completely implemented.

(*4*) The debtor or the creditor, whose claims under repayment plan have not been fully satisfied, shall be entitled to apply for a bankruptcy order under Chapter IV.

(*5*) The Adjudicating Authority shall forward to the persons bound by the repayment plan under section 115, a copy of the—

(*a*) report submitted by the resolution professional to the Adjudicating Authority under sub-section (*2*); and

(*b*) order passed by the Adjudicating Authority under sub-section (*3*).

(*6*) The Adjudicating Authority shall forward a copy of the order passed under sub-section (*4*) to the Board, for the purpose of recording entries in the register referred to in section 196.

119. Discharge order.—(*1*) On the basis of the repayment plan, the resolution professional shall apply to the Adjudicating Authority for a discharge order in relation to the debts mentioned in the repayment plan and the Adjudicating Authority may pass such discharge order.

(*2*) The repayment plan may provide for—

(*a*) early discharge; or

(*b*) discharge on complete implementation of the repayment plan.

(*3*) The discharge order shall be forwarded to the Board, for the purpose of recording entries in the register referred to in section 196.

(*4*) The discharge order under sub-section (*3*) shall not discharge any other person from any liability in respect of his debt.

120. Standard of conduct.—The resolution professional shall perform his functions and duties in compliance with the code of conduct provided under section 208.

CHAPTER IV

BANKRUPTCY ORDER FOR INDIVIDUALS AND PARTNERSHIP FIRM

121. Application for bankruptcy.—(*1*) An application for bankruptcy of a debtor may be made, by a creditor individually or jointly with other creditors or by a debtor, to the Adjudicating Authority in the following circumstances, namely;—

(*a*) where an order has been passed by an Adjudicating Authority under sub-section 4 of section 100; or

(*b*) where an order has been passed by an Adjudicating Authority under sub-section 2 of section 115; or

(*c*) where an order has been passed by an Adjudicating Authority under sub-section 3 [1][section 118; or]

[2][(*d*) where an order has been passed by an Adjudicating Authority under sub-section (*1A*) of section 106.]

(*2*) An application for bankruptcy shall be filed within a period of three months of the date of the order passed by the Adjudicating Authority under the sections referred to in sub-section (*1*).

(*3*) Where the debtor is a firm, the application under sub-section (*1*) may be filed by any of its partners.

122. Application by debtor.—(*1*) The application for bankruptcy by the debtor shall be accompanied by—

(*a*) the records of insolvency resolution process undertaken under Chapter III of Part III;

(*b*) the statement of affairs of the debtor in such form and manner as may be prescribed, on the date of the application for bankruptcy; and

(*c*) a copy of the order passed by the Adjudicating Authority under Chapter III of Part III permitting the debtor to apply for bankruptcy.

(*2*) The debtor may propose an insolvency professional as the bankruptcy trustee in the application for bankruptcy.

(*3*) The application referred to in sub-section (*1*) shall be in such form and manner and accompanied by such fee as may be prescribed.

(*4*) An application for bankruptcy by the debtor shall not be withdrawn without the leave of the Adjudicating Authority.

123. Application by creditor.—(*1*) The application for bankruptcy by the creditor shall be accompanied by—

(*a*) the records of insolvency resolution process undertaken under Chapter III;

(*b*) a copy of the order passed by the Adjudicating Authority under Chapter III permitting the creditor to apply for bankruptcy;

(*c*) details of the debts owed by the debtor to the creditor as on the date of the application for bankruptcy; and

(*d*) such other information as may be prescribed.

(*2*) An application under sub-section (*1*) made in respect of a debt which is secured, shall be accompanied with—

(*a*) a statement by the creditor having the right to enforce the security that he shall, in the event of a bankruptcy order being made, give up his security for the benefit of all the creditors of the bankrupt; or

(*b*) a statement by the creditor stating—

1. Subs. by Act 6 of 2026, s. 54, for "section 118." (w.e.f. 26-05-2026).
2. Ins. by s. 54, *ibid*. (w.e.f. 26-05-2026).

(*i*) that the application for bankruptcy is only in respect of the unsecured part of the debt; and

(*ii*) an estimated value of the unsecured part of the debt.

(*3*) If a secured creditor makes an application for bankruptcy and submits a statement under clause (*b*) of sub-section (*2*), the secured and unsecured parts of the debt shall be treated as separate debts.

(*4*) The creditor may propose an insolvency professional as the bankruptcy trustee in the application for bankruptcy.

(*5*) An application for bankruptcy under sub-section (*1*), in case of a deceased debtor, may be filed against his legal representatives.

(*6*) The application for bankruptcy shall be in such form and manner and accompanied by such fee as may be prescribed.

(*7*) An application for bankruptcy by the creditor shall not be withdrawn without the permission of the Adjudicating Authority.

124. Effect of application.—(*1*) When an application is filed under section 122 or section 123,—

(*a*) an interim-moratorium shall commence on the date of the making of the application on all actions against the properties of the debtor in respect of his debts and such moratorium shall cease to have effect on the bankruptcy commencement date; and

(*b*) during the interim-moratorium period—

(*i*) any pending legal action or legal proceeding against any property of the debtor in respect of any of his debts shall be deemed to have been stayed;

(*ii*) the creditors of the debtor shall not be entitled to initiate any legal action or legal proceedings against any property of the debtor in respect of any of his debts.

(*2*) Where the application has been made in relation to a firm, the interim-moratorium under sub-section (*1*) shall operate against all the partners of the firm as on the date of the making of the application.

(*3*) The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

[1][(*4*) The provisions of this section shall not apply where an application is filed for initiating a bankruptcy process in respect of a personal guarantor to a corporate debtor.]

125. Appointment of insolvency professional as bankruptcy trustee.—(*1*) If an insolvency professional is proposed as the bankruptcy trustee in the application for bankruptcy under section 122 or section 123, the Adjudicating Authority shall direct the Board within seven days of receiving the application for bankruptcy to confirm that there are no disciplinary proceedings pending against such professional.

(*2*) The Board shall within ten days of the receipt of the direction under sub-section (*1*) in writing either—

(*a*) confirm the appointment of the proposed insolvency professional as the bankruptcy trustee for the bankruptcy process; or

(*b*) reject the appointment of the proposed insolvency professional as the bankruptcy trustee and nominate another bankruptcy trustee for the bankruptcy process.

1. Ins. by Act 6 of 2026, s. 55 (w.e.f. 26-05-2026).

(*3*) Where a bankruptcy trustee is not proposed by the debtor or creditor under section 122 or 123, the Adjudicating Authority shall direct the Board within seven days of receiving the application to nominate a bankruptcy trustee for the bankruptcy process.

(*4*) The Board shall nominate a bankruptcy trustee within ten days of receiving the direction of the Adjudicating Authority under sub-section (*3*).

(*5*) The bankruptcy trustee confirmed or nominated under this section shall be appointed as the bankruptcy trustee by the Adjudicating Authority in the bankruptcy order under section 126.

126. Bankruptcy order.—(*1*) The Adjudicating Authority shall pass a bankruptcy order within fourteen days of receiving the confirmation or nomination of the bankruptcy trustee under section 125.

(*2*) The Adjudicating Authority shall provide the following documents to bankrupt, creditors and the bankruptcy trustee within seven days of the passing of the bankruptcy order, namely:—

(*a*) a copy of the application for bankruptcy; and

(*b*) a copy of the bankruptcy order.

127. Validity of bankruptcy order.—The bankruptcy order passed by the Adjudicating Authority under section 126 shall continue to have effect till the debtor is discharged under section 138.

128. Effect of bankruptcy order.—(*1*) On the passing of the bankruptcy order under section 126,—

(*a*) the estate of the bankrupt shall vest in the bankruptcy trustee as provided in section 154;

(*b*) the estate of the bankrupt shall be divided among his creditors;

(*c*) subject to provisions of sub-section (*2*), a creditor of the bankrupt indebted in respect of any debt claimed as a bankruptcy debt shall not—

(*i*) initiate any action against the property of the bankrupt in respect of such debt; or

(*ii*) commence any suit or other legal proceedings except with the leave of the Adjudicating Authority and on such terms as the Adjudicating Authority may impose.

(*2*) Subject to the provisions of section 123, the bankruptcy order shall not affect the right of any secured creditor to realise or otherwise deal with his security interest in the same manner as he would have been entitled if the bankruptcy order had not been passed:

Provided that no secured creditor shall be entitled to any interest in respect of his debt after the bankruptcy commencement date if he does not take any action to realise his security within thirty days from the said date.

(*3*) Where a bankruptcy order under section 126 has been passed against a firm, the order shall operate as if it were a bankruptcy order made against each of the individuals who, on the date of the order, is a partner in the firm.

(*4*) The provisions of sub-section (*1*) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

129. Statement of financial position.—(*1*) Where a bankruptcy order is passed on the application for bankruptcy by a creditor under section 123, the bankrupt shall submit his statement of financial position to the bankruptcy trustee within seven days from the bankruptcy commencement date.

(*2*) The statement of financial position shall be submitted in such form and manner as may be prescribed.

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(*3*) Where the bankrupt is a firm, its partners on the date of the order shall submit a joint statement of financial position of the firm, and each partner of the firm shall submit a statement of his financial position.

(*4*) The bankruptcy trustee may require the bankrupt or any other person to submit in writing further information explaining or modifying any matter contained in the statement of financial position.

130. Public notice inviting claims from creditors.—(*1*) The Adjudicating Authority shall—

(*a*) send notices within ten days of the bankruptcy commencement date, to the creditors mentioned in—

(*i*) the statement of affairs submitted by the bankrupt under section 129; or

(*ii*) the application for bankruptcy submitted by the bankrupt under section 122.

(*b*) issue a public notice inviting claims from creditors.

(*2*) The public notice under clause (*b*) of sub-section (*1*) shall include the last date up to which the claims shall be submitted and such other matters and details as may be prescribed and shall be—

(*a*) published in leading newspapers, one in English and another in vernacular having sufficient circulation where the bankrupt resides;

(*b*) affixed on the premises of the Adjudicating Authority; and

(*c*) placed on the website of the Adjudicating Authority.

(*3*) The notice to the creditors referred to under clause (*a*) of sub-section (*1*) shall include such matters and details as may be prescribed.

131. Registration of claims.—(*1*) The creditors shall register claims with the bankruptcy trustee within seven days of the publication of the public notice, by sending details of the claims to the bankruptcy trustee in such manner as may be prescribed.

(*2*) The creditor, in addition to the details of his claims, shall provide such other information and in such manner as may be prescribed.

132. Preparation of list of creditors.—The bankruptcy trustee shall, within fourteen days from the bankruptcy commencement date, prepare a list of creditors of the bankrupt on the basis of—

(*a*) the information disclosed by the bankrupt in the application for bankruptcy filed by the bankrupt under section 118 and the statement of affairs filed under section 125; and

(*b*) claims received by the bankruptcy trustee under sub-section (*2*) of section 130.

133. Summoning of meeting of creditors.—(*1*) The bankruptcy trustee shall, within twenty-one days from the bankruptcy commencement date, issue a notice for calling a meeting of the creditors, to every creditor of the bankrupt as mentioned in the list prepared under section 132.

(*2*) The notices issued under sub-section (*1*) shall—

(*a*) state the date of the meeting of the creditors, which shall not be later than twenty-one days from the bankruptcy commencement date;

(*b*) be accompanied with forms of proxy voting;

(*c*) specify the form and manner in which the proxy voting may take place.

(*3*) The proxy voting, including electronic proxy voting shall take place in such manner and form as may be specified.

134. Conduct of meeting of creditors.—(*1*) The bankruptcy trustee shall be the convener of the meeting of the creditors summoned under section 133.

(*2*) The bankruptcy trustee shall decide the quorum for the meeting of the creditors, and conduct the meeting only if the quorum is present.

(*3*) The following business shall be conducted in the meeting of the creditors in which regard a resolution may be passed, namely:—

(*a*) the establishment of a committee of creditors;

(*b*) any other business that the bankruptcy trustee thinks fit to be transacted.

(*4*) The bankruptcy trustee shall cause the minutes of the meeting of the creditors to be recorded, signed and retained as a part of the records of the bankruptcy process.

(*5*) The bankruptcy trustee shall not adjourn the meeting of the creditors for any purpose for more than seven days at a time.

135. Voting rights of creditors.—(*1*) Every creditor mentioned in the list under section 132 or his proxy shall be entitled to vote in respect of the resolutions in the meeting of the creditors in accordance with the voting share assigned to him.

(*2*) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(*3*) A creditor shall not be entitled to vote in respect of a debt for an unliquidated amount.

(*4*) The following creditors shall not be entitled to vote under this section, namely:—

(*a*) creditors who are not mentioned in the list of creditors under section 132 and those who have not been given a notice by the bankruptcy trustee;

(*b*) creditors who are associates of the bankrupt.

136. Administration and distribution of estate of bankrupt.—The bankruptcy trustee shall conduct the administration and distribution of the estate of the bankrupt in accordance with the provisions of Chapter V.

137. Completion of administration.—(*1*) The bankruptcy trustee shall convene a meeting of the committee of creditors on completion of the administration and distribution of the estate of the bankrupt in accordance with the provisions of Chapter V.

(*2*) The bankruptcy trustee shall provide the committee of creditors with a report of the administration of the estate of the bankrupt in the meeting of the said committee.

(*3*) The committee of creditors shall approve the report submitted by the bankruptcy trustee under sub-section (*2*) within seven days of the receipt of the report and determine whether the bankruptcy trustee should be released under section 148.

(*4*) The bankruptcy trustee shall retain sufficient sums from the estate of the bankrupt to meet the expenses of convening and conducting the meeting required under this section during the administration of the estate.

138. Discharge order.—(*1*) The bankruptcy trustee shall apply to the Adjudicating Authority for a discharge order—

(*a*) on the expiry of one year from the bankruptcy commencement date; or

(*b*) within seven days of the approval of the committee of creditors of the completion of administration of the estates of the bankrupt under section 137, where such approval is obtained prior to the period mentioned in clause (*a*).

(*2*) The Adjudicating Authority shall pass a discharge order on an application by the bankruptcy trustee under sub-section (*1*).

(*3*) A copy of the discharge order shall be provided to the Board for the purpose of recording an entry in the register referred to in section 196.

139. Effect of discharge.—The discharge order under sub-section (*2*) of section 138 shall release the bankrupt from all the bankruptcy debt:

Provided that discharge shall not—

(*a*) affect the functions of the bankruptcy trustee; or

(*b*) affect the operation of the provisions of Chapters IV and V of Part III; or

(*c*) release the bankrupt from any debt incurred by means of fraud or breach of trust to which he was a party; or

(*d*) discharge the bankrupt from any excluded debt.

140. Disqualification of bankrupt.—(*1*) The bankrupt shall, from the bankruptcy commencement date, be subject to the disqualifications mentioned in this section.

(*2*) In addition to any disqualification under any other law for the time being in force, a bankrupt shall be disqualified from—

(*a*) being appointed or acting as a trustee or representative in respect of any trust, estate or settlement;

(*b*) being appointed or acting as a public servant;

(*c*) being elected to any public office where the appointment to such office is by election; and

(*d*) being elected or sitting or voting as a member of any local authority.

(*3*) Any disqualification to which a bankrupt may be subject under this section shall cease to have effect, if—

(*a*) the bankruptcy order against him is modified or recalled under section 142; or

(*b*) he is discharged under section 138.

Explanation.—For the purposes of this section, the term "public servant" shall have the same meaning as assigned to it in section 21 of the Indian Penal Code (45 of 1860).

141. Restrictions on bankrupt.—(*1*) A bankrupt, from the bankruptcy commencement date, shall—

(*a*) not act as a director of any company, or directly or indirectly take part in or be concerned in the promotion, formation or management of a company;

(*b*) without the previous sanction of the bankruptcy trustee, be prohibited from creating any charge on his estate or taking any further debt;

(*c*) be required to inform his business partners that he is undergoing a bankruptcy process;

(*d*) prior to entering into any financial or commercial transaction of such value as may be prescribed, either individually or jointly, inform all the parties involved in such transaction that he is undergoing a bankruptcy process;

(*e*) without the previous sanction of the Adjudicating Authority, be incompetent to maintain any legal action or proceedings in relation to the bankruptcy debts; and

(*f*) not be permitted to travel overseas without the permission of the Adjudicating Authority.

(*2*) Any restriction to which a bankrupt may be subject under this section shall cease to have effect, if—

(*a*) the bankruptcy order against him is modified or recalled under section 142; or

(*b*) he is discharged under section 138.

142. Modification or recall of bankruptcy order.—(*1*) The Adjudicating Authority may, on an application or *suo motu*, modify or recall a bankruptcy order, whether or not the bankrupt is discharged, if it appears to the Adjudicating Authority that—

(*a*) there exists an error apparent on the face of such order; or

(*b*) both the bankruptcy debts and the expenses of the bankruptcy have, after the making of the bankruptcy order, either been paid for or secured to the satisfaction of the Adjudicating Authority.

(*2*) Where the Adjudicating Authority modifies or recalls the bankruptcy order under this section, any sale or other disposition of property, payment made or other things duly done by the bankruptcy trustee shall be valid except that the property of the bankrupt shall vest in such person as the Adjudicating Authority may appoint or, in default of any such appointment, revert to the bankrupt on such terms as the Adjudicating Authority may direct.

(*3*) A copy of the order passed by the Adjudicating Authority under sub-section (*1*) shall be provided to the Board, for the purpose of recording an entry in the register referred to in section 191.

(*4*) The modification or recall of the order by the Adjudicating Authority under sub-section (*1*) shall be binding on all creditors so far as it relates to any debts due to them which form a part of the bankruptcy.

143. Standard of conduct.—The bankruptcy trustee shall perform his functions and duties in compliance with the code of conduct provided under section 208.

144. Fees of bankruptcy trustee.—(*1*) A bankruptcy trustee appointed for conducting the bankruptcy process shall charge such fees as may be specified in proportion to the value of the estate of the bankrupt.

(*2*) The fees for the conduct of the bankruptcy process shall be paid to the bankruptcy trustee from the distribution of the estate of the bankrupt in the manner provided in section 178.

145. Replacement of bankruptcy trustee..—(*1*) Where Committee of creditors is of the opinion that at any time during the bankruptcy process, a bankruptcy trustee appointed under section 125 is required to be replaced, it may replace him with another bankruptcy trustee in the manner provided under this section.

(*2*) The Committee of creditors may, at a meeting, by a vote of seventy-five per cent. of voting share, propose to replace the bankruptcy trustee appointed under section 125 with another bankruptcy trustee.

(*3*) The Committee of creditors may apply to the Adjudicating Authority for the replacement of the bankruptcy trustee.

(*4*) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (*3*) direct the Board to recommend for replacement of bankruptcy trustee.

(*5*) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (*4*), recommend a bankruptcy trustee for replacement against whom no disciplinary proceedings are pending.

(*6*) The Adjudicating Authority shall, by an order, appoint the bankruptcy trustee as recommended by the Board under sub-section (*5*) within fourteen days of receiving such recommendation.

(*7*) The earlier bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (*6*), on the date of his appointment.

(*8*) The Adjudicating Authority may give directions to the earlier bankruptcy trustee—

(*a*) to share all information with the new bankruptcy trustee in respect of the bankruptcy process; and

(*b*) to co-operate with the new bankruptcy trustee in such matters as may be required.

(*9*) The earlier bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148.

(*10*) The bankruptcy trustee appointed under this section shall give a notice of his appointment to the bankrupt within seven days of his appointment.

146. Resignation by bankruptcy trustee.—(*1*) A bankruptcy trustee may resign if—

(*a*) he intends to cease practising as an insolvency professional; or

(*b*) there is conflict of interest or change of personal circumstances which preclude the further discharge of his duties as a bankruptcy trustee.

(*2*) The Adjudicating Authority shall, within seven days of the acceptance of the resignation of the bankruptcy trustee, direct the Board for his replacement.

(*3*) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (*2*) recommend another bankruptcy trustee as a replacement.

(*4*) The Adjudicating Authority shall appoint the bankruptcy trustee recommended by the Board under sub-section (*3*) within fourteen days of receiving the recommendation.

(*5*) The replaced bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (*4*), on the date of his appointment.

(*6*) The Adjudicating Authority may give directions to the bankruptcy trustee who has resigned—

(*a*) to share all information with the new bankruptcy trustee in respect of the bankruptcy process; and

(*b*) to co-operate with the new bankruptcy trustee in such matters as may be required.

(*7*) The bankruptcy trustee appointed under this section shall give a notice of his appointment to the committee of creditors and the bankrupt within seven days of his appointment.

(*8*) The bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148.

147. Vacancy in office of bankruptcy trustee.—(*1*) If a vacancy occurs in the office of the bankruptcy trustee for any reason other than his replacement or resignation, the vacancy shall be filled in accordance with the provisions of this section.

(*2*) In the event of the occurrence of vacancy referred to in sub-section (*1*), the Adjudicating Authority shall direct the Board for replacement of a bankruptcy trustee.

(*3*) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (*2*), recommend a bankruptcy trustee as a replacement.

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(*4*) The Adjudicating Authority shall appoint the bankruptcy trustee recommended by the Board under sub-section (*3*) within fourteen days of receiving the recommendation.

(*5*) The earlier bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (*4*), on the date of his appointment.

(*6*) The Adjudicating Authority may give directions to the bankruptcy trustee who has vacated the office—

(*a*) to share all information with the new bankruptcy trustee in respect of the bankruptcy;

(*b*) to co-operate with the new bankruptcy trustee in such matters as may be required.

(*7*) The bankruptcy trustee appointed under sub-section (*4*) shall give a notice of his appointment to the committee of creditors and the bankrupt within seven days of his appointment.

(*8*) The earlier bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148:

Provided that this section shall not apply if the vacancy has occurred due to temporary illness or temporary leave of the bankruptcy trustee.

148. Release of bankruptcy trustee.—(*1*) A bankruptcy trustee shall be released from his office with effect from the date on which the Adjudicating Authority passes an order appointing a new bankruptcy trustee in the event of replacement, resignation or occurrence of vacancy under sections 145, 146 or section 147, as the case may be.

(*2*) Notwithstanding the release under sub-section (*1*), the bankruptcy trustee who has been so released, shall share all information with the new bankruptcy trustee in respect of the bankruptcy process and co-operate with the new bankruptcy trustee in such matters as may be required.

(3) A bankruptcy trustee who has completed the administration of the bankruptcy process shall be released of his duties with effect from the date on which the committee of creditors approves the report of the bankruptcy trustee under section 137.

CHAPTER V

ADMINISTRATION AND DISTRIBUTION OF THE ESTATE OF THE BANKRUPT

149. Functions of bankruptcy trustee.—The bankruptcy trustee shall perform the following functions in accordance with the provisions of this Chapter—

(*a*) investigate the affairs of the bankrupt;

(*b*) realise the estate of the bankrupt; and

(*c*) distribute the estate of the bankrupt.

150. Duties of bankrupt towards bankruptcy trustee.—(*1*) The bankrupt shall assist the bankruptcy trustee in carrying out his functions under this Chapter by—

(*a*) giving to the bankruptcy trustee the information of his affairs;

(*b*) attending on the bankruptcy trustee at such times as may be required;

(*c*) giving notice to the bankruptcy trustee of any of the following events which have occurred after the bankruptcy commencement date,—

(*i*) acquisition of any property by the bankrupt;

(*ii*) devolution of any property upon the bankrupt;

(*iii*) increase in the income of the bankrupt;

(*d*) doing all other things as may be prescribed.

(*2*) The bankrupt shall give notice of the increase in income or acquisition or devolution of property under clause (*c*) of sub-section (*1*) within seven days of such increase, acquisition or devolution.

(*3*) The bankrupt shall continue to discharge the duties under sub-section (*1*) other than the duties under clause (*c*) even after the discharge under section 138.

151. Rights of bankruptcy trustee.—For the purpose of performing his functions under this Chapter, the bankruptcy trustee may, by his official name—

(*a*) hold property of every description;

(*b*) make contracts;

(*c*) sue and be sued;

(*d*) enter into engagements in respect of the estate of the bankrupt;

(*e*) employ persons to assist him;

(*f*) execute any power of attorney, deed or other instrument; and

(*g*) do any other act which is necessary or expedient for the purposes of or in connection with the exercise of his rights.

152. General powers of bankruptcy trustee.—The bankruptcy trustee may while discharging his functions under this Chapter,—

(*a*) sell any part of the estate of the bankrupt;

(*b*) give receipts for any money received by him;

(*c*) prove, rank, claim and draw a dividend in respect of such debts due to the bankrupt as are comprised in his estate;

(*d*) where any property comprised in the estate of the bankrupt is held by any person by way of pledge or hypothecation, exercise the right of redemption in respect of any such property subject to the relevant contract by giving notice to the said person;

(*e*) where any part of the estate of the bankrupt consists of securities in a company or any other property which is transferable in the books of a person, exercise the right to transfer the property to the same extent as the bankrupt might have exercised it if he had not become bankrupt; and

(*f*) deal with any property comprised in the estate of the bankrupt to which the bankrupt is beneficially entitled in the same manner as he might have dealt with it.

153. Approval of creditors for certain acts.—The bankruptcy trustee for the purposes of this Chapter may after procuring the approval of the committee of creditors,—

(*a*) carry on any business of the bankrupt as far as may be necessary for winding it up beneficially;

(*b*) bring, institute or defend any legal action or proceedings relating to the property comprised in the estate of the bankrupt;

(*c*) accept as consideration for the sale of any property a sum of money due at a future time subject to certain stipulations such as security;

(*d*) mortgage or pledge any property for the purpose of raising money for the payment of the debts of the bankrupt;

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(*e*) where any right, option or other power forms part of the estate of the bankrupt, make payments or incur liabilities with a view to obtaining, for the benefit of the creditors, any property which is the subject of such right, option or power;

(*f*) refer to arbitration or compromise on such terms as may be agreed, any debts subsisting or supposed to subsist between the bankrupt and any person who may have incurred any liability to the bankrupt;

(*g*) make compromise or other arrangement as may be considered expedient, with the creditors;

(*h*) make compromise or other arrangement as he may deem expedient with respect to any claim arising out of or incidental to the bankrupt's estate;

(*i*) appoint the bankrupt to—

(*A*) supervise the management of the estate of the bankrupt or any part of it;

(*B*) carry on his business for the benefit of his creditors;

(*C*) assist the bankruptcy trustee in administering the estate of the bankrupt.

154. Vesting of estate of bankrupt in bankruptcy trustee.—(*1*) The estate of the bankrupt shall vest in the bankruptcy trustee immediately from the date of his appointment.

(*2*) The vesting under sub-section (*1*) shall take effect without any conveyance, assignment or transfer.

155. Estate of bankrupt.—(*1*) The estate of the bankrupt shall include,—

(*a*) all property belonging to or vested in the bankrupt at the bankruptcy commencement date;

(*b*) the capacity to exercise and to initiate proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the bankrupt for his own benefit at the bankruptcy commencement date or before the date of the discharge order passed under section 138; and

(*c*) all property which by virtue of any of the provisions of this Chapter is comprised in the estate.

(*2*) The estate of the bankrupt shall not include—

(*a*) excluded assets;

(*b*) property held by the bankrupt on trust for any other person;

(*c*) all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund; and

(*d*) such assets as may be notified by the Central Government in consultation with any financial sector regulator.

156. Delivery of property and documents to bankruptcy trustee.—The bankrupt, his banker or agent or any other person having possession of any property, books, papers or other records which bankruptcy trustee is required to take possession for the purposes of the bankruptcy process shall deliver the said property and documents to the bankruptcy trustee.

157. Acquisition of control by bankruptcy trustee.—(*1*) The bankruptcy trustee shall take possession and control of all property, books, papers and other records relating to the estate of the bankrupt or affairs of the bankrupt which belong to him or are in his possession or under his control.

(*2*) Where any part of the estate of the bankrupt consists of things in actionable claims, they shall be deemed to have been assigned to the bankruptcy trustee without any notice of the assignment.

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158. Restrictions on disposition of property.—(*1*) Any disposition of property made by the debtor, during the period between the date of filing of the application for bankruptcy and the bankruptcy commencement date shall be void.

(*2*) Any disposition of property made under sub-section (*1*) shall not give rise to any right against any person, in respect of such property, even if he has received such property before the bankruptcy commencement date in—

(*a*) good faith;

(*b*) for value; and

(*c*) without notice of the filing of the application for bankruptcy.

(*3*) For the purposes of this section, the term "property" means all the property of the debtor, whether or not it is comprised in the estate of the bankrupt, but shall not include property held by the debtor in trust for any other person.

159. After-acquired property of bankrupt.—(*1*) The bankruptcy trustee shall be entitled to claim for the estate of the bankrupt, any after-acquired property by giving a notice to the bankrupt.

(*2*) A notice under sub-section (*1*) shall not be served in respect of—

(*a*) excluded assets; or

(*b*) any property which is acquired by or devolves upon the bankrupt after a discharge order is passed under section 138.

(*3*) The notice under sub-section (*2*) shall be given within fifteen days from the day on which the acquisition or devolution of the after-acquired property comes to the knowledge of the bankruptcy trustee.

(*4*) For the purposes of sub-section (*3*)—

(*a*) anything which comes to the knowledge of the bankruptcy trustee shall be deemed to have come to the knowledge of the successor of the bankruptcy trustee at the same time; and

(*b*) anything which comes to the knowledge of a person before he is appointed as a bankruptcy trustee shall be deemed to have come to his knowledge on the date of his appointment as bankruptcy trustee.

(*5*) The bankruptcy trustee shall not be entitled, by virtue of this section, to claim from any person who has acquired any right over after-acquired property, in good faith, for value and without notice of the bankruptcy.

(*6*) A notice may be served after the expiry of the period under sub-section (*3*) only with the approval of the Adjudicating Authority.

Explanation.—For the purposes of this section, the term "after-acquired property" means any property which has been acquired by or has devolved upon the bankrupt after the bankruptcy commencement date.

160. Onerous property of bankrupt.—(*1*) The bankruptcy trustee may, by giving notice to the bankrupt or any person interested in the onerous property, disclaim any onerous property which forms a part of the estate of the bankrupt.

(*2*) The bankruptcy trustee may give the notice under sub-section (*1*) notwithstanding that he has taken possession of the onerous property, endeavoured to sell it or has exercised rights of ownership in relation to it.

(*3*) A notice of disclaimer under sub-section (*1*) shall—

(*a*) determine, as from the date of such notice, the rights, interests and liabilities of the bankrupt in respect of the onerous property disclaimed;

(*b*) discharge the bankruptcy trustee from all personal liability in respect of the onerous property as from the date of appointment of the bankruptcy trustee.

(*4*) A notice of disclaimer under sub-section (*1*) shall not be given in respect of the property which has been claimed for the estate of the bankrupt under section 155 without the permission of the committee of creditors.

(*5*) A notice of disclaimer under sub-section (*1*) shall not affect the rights or liabilities of any other person, and any person who sustains a loss or damage in consequence of the operation of a disclaimer under this section shall be deemed to be a creditor of the bankrupt to the extent of the loss or damage.

Explanation.—For the purposes of this section, the term "onerous property" means—

(*i*) any unprofitable contract; and

(*ii*) any other property comprised in the estate of the bankrupt which is unsaleable or not readily saleable, or is such that it may give rise to a claim.

161. Notice to disclaim onerous property.—(*1*) No notice of disclaimer under section 160 shall be necessary if—

(*a*) a person interested in the onerous property has applied in writing to the bankruptcy trustee or his predecessor requiring him to decide whether the onerous property should be disclaimed or not; and

(*b*) a decision under clause (*a*) has not been taken by the bankruptcy trustee within seven days of receipt of the notice.

(*2*) Any onerous property which cannot be disclaimed under sub-section (*1*) shall be deemed to be part of the estate of the bankrupt.

Explanation.—For the purposes of this section, an onerous property is said to be disclaimed where notice in relation to that property has been given by the bankruptcy trustee under section 160.

162. Disclaimer of leaseholds.—(*1*) The bankruptcy trustee shall not be entitled to disclaim any leasehold interest, unless a notice of disclaimer has been served on every interested person and—

(*a*) no application objecting to the disclaimer by the interested person, has been filed with respect to the leasehold interest, within fourteen days of the date on which notice was served; and

(*b*) where the application objecting to the disclaimer has been filed by the interested person, the Adjudicating Authority has directed under section 163 that the disclaimer shall take effect.

(*2*) Where the Adjudicating Authority gives a direction under clause (*b*) of sub-section (*1*), it may also make order with respect to fixtures, improvements by tenant and other matters arising out of the lease as it may think fit.

163. Challenge against disclaimed property.—(*1*) An application challenging the disclaimer may be made by the following persons under this section to the Adjudicating Authority—

(*a*) any person who claims an interest in the disclaimed property; or

(*b*) any person who is under any liability in respect of the disclaimed property; or

(*c*) where the disclaimed property is a dwelling house, any person who on the date of application for bankruptcy was in occupation of or entitled to occupy that dwelling house.

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(*2*) The Adjudicating Authority may on an application under sub-section (*1*) make an order for the vesting of the disclaimed property in, or for its delivery to any of the persons mentioned in sub-section (*1*).

(*3*) The Adjudicating Authority shall not make an order in favour of a person who has made an application under clause (*b*) of sub-section (*1*) except where it appears to the Adjudicating Authority that it would be just to do so for the purpose of compensating the person.

(*4*) The effect of an order under this section shall be taken into account while assessing loss or damage sustained by any person in consequence of the disclaimer under sub-section (*5*) of section 160.

(*5*) An order under sub-section (*2*) vesting property in any person need not be completed by any consequence, assignment or transfer.

164. Undervalued transactions.—(*1*) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section in respect of an undervalued transaction between a bankrupt and any person.

(*2*) The undervalued transaction referred to in sub-section (*1*) should have—

(*a*) been entered into during the period of two years ending on the filing of the application for bankruptcy; and

(*b*) caused bankruptcy process to be triggered.

(*3*) A transaction between a bankrupt and his associate entered into during the period of two years preceding the date of making of the application for bankruptcy shall be deemed to be an undervalued transaction under this section.

(*4*) On the application of the bankruptcy trustee under sub-section (*1*), the Adjudicating Authority may—

(*a*) pass an order declaring an undervalued transaction void;

(*b*) pass an order requiring any property transferred as a part of an undervalued transaction to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and

(*c*) pass any other order it thinks fit for restoring the position to what it would have been if the bankrupt had not entered into the undervalued transaction.

(*5*) The order under clause (*a*) of sub-section (*4*) shall not be passed if it is proved by the bankrupt that the transaction was undertaken in the ordinary course of business of the bankrupt:

Provided that the provisions of this sub-section shall not be applicable to undervalued transaction entered into between a bankrupt and his associate under sub-section (*3*) of this section.

(*6*) For the purposes of this section, a bankrupt enters into an undervalued transaction with any person if—

(*a*) he makes a gift to that person;

(*b*) no consideration has been received by that person from the bankrupt;

(*c*) it is in consideration of marriage; or

(*d*) it is for a consideration, the value of which in money or money's worth is significantly less than the value in money or money's worth of the consideration provided by the bankrupt.

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[1][**164A. Transactions defrauding creditors**.—Where the debtor has entered into an undervalued transaction as referred to in sub-section (*6*) of section 164 and the Adjudicating Authority is satisfied that such transaction was deliberately entered into by such debtor—

(*a*) for keeping its assets beyond the reach of any person who is entitled to make a claim against the debtor; or

(*b*) in order to adversely affect the interests of such a person in relation to the claim,

the Adjudicating Authority shall make an order,—

(*i*) restoring the position as it existed before such transaction, as if the transaction had not been entered into; and

(*ii*) protecting the interests of persons who are victims of such transactions:

Provided that an order under this section—

(*a*) shall not affect any interest in property which was acquired from a person other than the debtor or his associate, as the case may be, and was acquired in good faith, for value and without notice of the relevant circumstances, or affect any interest deriving from such an interest; and

(*b*) shall not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances to pay any sum, unless he was a party to the transaction.]

165. Preference transactions.—(*1*) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section if a bankrupt has given a preference to any person.

(*2*) The transaction giving preference to an associate of the bankrupt under sub-section (*1*) should have been entered into by the bankrupt with the associate during the period of two years ending on the date of the application for bankruptcy.

(*3*) Any transaction giving preference not covered under sub-section (*2*) should have been entered into by the bankrupt during the period of six months ending on the date of the application for bankruptcy.

(*4*) The transaction giving preference under sub-section (*2*) or under sub-section (*3*) should have caused the bankruptcy process to be triggered.

(*5*) On the application of the bankruptcy trustee under sub-section (*1*), the Adjudicating Authority may—

(*a*) pass an order declaring a transaction giving preference void;

(*b*) pass an order requiring any property transferred in respect of a transaction giving preference to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and

(*c*) pass any other order it thinks fit for restoring the position to what it would have been if the bankrupt had not entered into the transaction giving preference.

(*6*) The Adjudicating Authority shall not pass an order under sub-section (*5*) unless the bankrupt was influenced in his decision of giving preference to a person by a desire to produce in relation to that person an effect under clause (*b*) of sub-section (*8*).

(*7*) For the purpose of sub-section (*6*), if the person is an associate of the bankrupt, (otherwise than by reason only of being his employee), at the time when the preference was given, it shall be presumed that the bankrupt was influenced in his decision under that sub-section.

1. Ins. by Act 6 of 2026, s. 56 (w.e.f. 26-05-2026).

(*8*) For the purposes of this section, a bankrupt shall be deemed to have entered into a transaction giving preference to any person if—

(*a*) the person is the creditor or surety or guarantor for any debt of the bankrupt; and

(*b*) the bankrupt does anything or suffers anything to be done which has the effect of putting that person into a position which, in the event of the debtor becoming a bankrupt, will be better than the position he would have been in, if that thing had not been done.

166. Effect of order.—(*1*) Subject to the provision of sub-section (*2*), an order passed by the Adjudicating Authority under section 164 or section 165 shall not,—

(*a*) give rise to a right against a person interested in the property which was acquired in an undervalued transaction or a transaction giving preference, whether or not he is the person with whom the bankrupt entered into such transaction; and

(*b*) require any person to pay a sum to the bankruptcy trustee in respect of the benefit received from the undervalued transaction or a transaction giving preference, whether or not he is the person with whom the bankrupt entered into such transaction.

(*2*) The provision of sub-section (*1*) shall apply only if the interest was acquired or the benefit was received—

(*a*) in good faith;

(*b*) for value;

(*c*) without notice that the bankrupt entered into the transaction at an undervalue or for giving preference;

(*d*) without notice that the bankrupt has filed an application for bankruptcy or a bankruptcy order has been passed; and

(*e*) by any person who at the time of acquiring the interest or receiving the benefit was not an associate of the bankrupt.

(*3*) Any sum required to be paid to the bankruptcy trustee under sub-section (*1*) shall be included in the estate of the bankrupt.

167. Extortionate credit transactions.—(*1*) Subject to sub-section (*6*), on an application by the bankruptcy trustee, the Adjudicating Authority may make an order under this section in respect of extortionate credit transactions to which the bankrupt is or has been a party.

(*2*) The transactions under sub-section (*1*) should have been entered into by the bankrupt during the period of two years ending on the bankruptcy commencement date.

(*3*) An order of the Adjudicating Authority may—

(*a*) set aside the whole or part of any debt created by the transaction;

(*b*) vary the terms of the transaction or vary the terms on which any security for the purposes of the transaction is held;

(*c*) require any person who has been paid by the bankrupt under any transaction, to pay a sum to the bankruptcy trustee;

(*d*) require any person to surrender to the bankruptcy trustee any property of the bankrupt held as security for the purposes of the transaction.

(*4*) Any sum paid or any property surrendered to the bankruptcy trustee shall be included in the estate of the bankrupt.

(*5*) For the purposes of this section, an extortionate credit transaction is a transaction for or involving the provision of credit to the bankrupt by any person—

(*a*) on terms requiring the bankrupt to make exorbitant payments in respect of the credit provided; or

(*b*) which is unconscionable under the principles of law relating to contracts.

(*6*) Any debt extended by a person regulated for the provision of financial services in compliance with the law in force in relation to such debt, shall not be considered as an extortionate credit transaction under this section.

168. Obligation under contracts.—(*1*) This section shall apply where a contract has been entered into by the bankrupt with a person before the bankruptcy commencement date.

(*2*) Any party to a contract, other than the bankrupt under sub-section (*1*), may apply to the Adjudicating Authority for—

(*a*) an order discharging the obligations of the applicant or the bankrupt under the contract; and

(*b*) payment of damages by the party or the bankrupt, for non-performance of the contract or otherwise.

(*3*) Any damages payable by the bankrupt by virtue of an order under clause (*b*) of sub-section (*2*) shall be provable as bankruptcy debt.

(*4*) When a bankrupt is a party to the contract under this section jointly with another person, that person may sue or be sued in respect of the contract without joinder of the bankrupt.

169. Continuance of proceedings on death of bankrupt.—If a bankrupt dies, the bankruptcy proceedings shall, continue as if he were alive.

170. Administration of estate of deceased bankrupt.—(*1*) All the provisions of Chapter V relating to the administration and distribution of the estate of the bankrupt shall, so far as the same are applicable, apply to the administration of the estate of a deceased bankrupt.

(*2*) While administering the estate of a deceased bankrupt, the bankruptcy trustee shall have regard to the claims by the legal representatives of the deceased bankrupt to payment of the proper funeral and testamentary expenses incurred by them.

(*3*) The claims under sub-section (*2*) shall rank equally to the secured creditors in the priority provided under section 178.

(*4*) If, on the administration of the estate of a deceased bankrupt, any surplus remains in the hands of the bankruptcy trustee after payment in full of all the debts due from the deceased bankrupt, together with the costs of the administration and interest as provided under section 178, such surplus shall be paid to the legal representatives of the estate of the deceased bankrupt or dealt with in such manner as may be prescribed.

171. Proof of debt.—(*1*) The bankruptcy trustee shall give notice to each of the creditors to submit proof of debt within fourteen days of preparing the list of creditors under section 132.

(*2*) The proof of debt shall—

(*a*) require the creditor to give full particulars of debt, including the date on which the debt was contracted and the value at which that person assesses it;

(*b*) require the creditor to give full particulars of the security, including the date on which the security was given and the value at which that person assesses it;

(*c*) be in such form and manner as may be prescribed.

(*3*) In case the creditor is a decree holder against the bankrupt, a copy of the decree shall be a valid proof of debt.

(*4*) Where a debt bears interest, that interest shall be provable as part of the debt except in so far as it is owed in respect of any period after the bankruptcy commencement date.

(*5*) The bankruptcy trustee shall estimate the value of any bankruptcy debt which does not have a specific value.

(*6*) The value assigned by the bankruptcy trustee under sub-section (*5*) shall be the amount provable by the concerned creditor.

(*7*) A creditor may prove for a debt where payment would have become due at a date later than the bankruptcy commencement date as if it were owed presently and may receive dividends in a manner as may be prescribed.

(*8*) Where the bankruptcy trustee serves a notice under sub-section (*1*) and the person on whom the notice is served does not file a proof of security within thirty days after the date of service of the notice, the bankruptcy trustee may, with leave of the Adjudicating Authority, sell or dispose of any property that was subject to the security, free of that security.

172. Proof of debt by secured creditors.—(*1*) Where a secured creditor realises his security, he may produce proof of the balance due to him.

(*2*) Where a secured creditor surrenders his security to the bankruptcy trustee for the general benefit of the creditors, he may produce proof of his whole claim.

173. Mutual credit and set-off.—(*1*) Where before the bankruptcy commencement date, there have been mutual dealings between the bankrupt and any creditor, the bankruptcy trustee shall—

(*a*) take an account of what is due from each party to the other in respect of the mutual dealings and the sums due from one party shall be set-off against the sums due from the other; and

(*b*) only the balance shall be provable as a bankruptcy debt or as the amount payable to the bankruptcy trustee as part of the estate of the bankrupt.

(*2*) Sums due from the bankrupt to another party shall not be included in the account taken by the bankruptcy trustee under sub-section (*1*), if that other party had notice at the time they became due that an application for bankruptcy relating to the bankrupt was pending.

174. Distribution of interim dividend.—(*1*) Whenever the bankruptcy trustee has sufficient funds in his hand, he may declare and distribute interim dividend among the creditors in respect of the bankruptcy debts which they have respectively proved.

(*2*) Where the bankruptcy trustee has declared any interim dividend, he shall give notice of such dividend and the manner in which it is proposed to be distributed.

(*3*) In the calculation and distribution of the interim dividend, the bankruptcy trustee shall make provision for—

(*a*) any bankruptcy debts which appear to him to be due to persons who, by reason of the distance of their place of residence, may not have had sufficient time to tender and establish their debts; and

(*b*) any bankruptcy debts which are subject of claims which have not yet been determined;

(*c*) disputed proofs and claims; and

(*d*) expenses necessary for the administration of the estate of the bankrupt.

175. Distribution of property.—(*1*) The bankruptcy trustee may, with the approval of the committee of creditors, divide in its existing form amongst the creditors, according to its estimated value, any

property in its existing form which from its peculiar nature or other special circumstances cannot be readily or advantageously sold.

(*2*) An approval under sub-section (*1*) shall be sought by the bankruptcy trustee for each transaction, and a person dealing with the bankruptcy trustee in good faith and for value shall not be required to enquire whether any approval required under sub-section (*1*) has been given.

(*3*) Where the bankruptcy trustee has done anything without the approval of the committee of creditors, the committee may, for the purpose of enabling him to meet his expenses out of the estate of the bankrupt, ratify the act of the bankruptcy trustee.

(*4*) The committee of the creditors shall not ratify the act of the bankruptcy trustee under sub-section (*3*) unless it is satisfied that the bankruptcy trustee acted in a case of urgency and has sought its ratification without undue delay.

176. Final dividend.—(*1*) Where the bankruptcy trustee has realised the entire estate of the bankrupt or so much of it as could be realised in the opinion of the bankruptcy trustee, he shall give notice—

(*a*) of his intention to declare a final dividend; or

(*b*) that no dividend or further dividend shall be declared.

(*2*) The notice under sub-section (*1*) shall contain such particulars as may be prescribed and shall require all claims against the estate of the bankrupt to be established by a final date specified in the notice.

(*3*) The Adjudicating Authority may, on the application of any person interested in the administration of the estate of the bankrupt, postpone the final date referred to in sub-section (*2*).

(*4*) After the final date referred to in sub-section (*2*), the bankruptcy trustee shall—

(*a*) defray any outstanding expenses of the bankruptcy out of the estate of the bankrupt; and

(*b*) if he intends to declare a final dividend, declare and distribute that dividend among the creditors who have proved their debts, without regard to the claims of any other persons.

(*5*) If a surplus remains after payment in full with interest to all the creditors of the bankrupt and the payment of the expenses of the bankruptcy, the bankrupt shall be entitled to the surplus.

(*6*) Where a bankruptcy order has been passed in respect of one partner in a firm, a creditor to whom the bankrupt is indebted jointly with the other partners in the firm or any of them shall not receive any dividend out of the separate property of the bankrupt until all the separate creditors have received the full amount of their respective debts.

177. Claims of creditors.—(*1*) A creditor who has not proved his debt before the declaration of any dividend is not entitled to disturb, by reason that he has not participated in it, the distribution of that dividend or any other dividend declared before his debt was proved, but—

(*a*) when he has proved the debt, he shall be entitled to be paid any dividend or dividends which he has failed to receive, out of any money for the time being available for the payment of any further dividend; and

(*b*) any dividend or dividends payable to him shall be paid before that money is applied to the payment of any such further dividend.

(*2*) No action shall lie against the bankruptcy trustee for a dividend, but if the bankruptcy trustee refuses to pay a dividend payable under sub-section (*1*), the Adjudicating Authority may order him to—

(*a*) pay the dividend; and

(*b*) pay, out of his own money—

(*i*) interest on the dividend; and

(*ii*) the costs of the proceedings in which the order to pay has been made.

178. Priority of payment of debts.—(*1*) Notwithstanding anything to the contrary contained in any law enacted by the Parliament or the State Legislature for the time being in force, in the distribution of the final dividend, the following debts shall be paid in priority to all other debts—

(*a*) firstly, the costs and expenses incurred by the bankruptcy trustee for the bankruptcy process in full;

(*b*) secondly,—

(*i*) the workmen's dues for the period of twenty-four months preceding the bankruptcy commencement date; and

(*ii*) debts owed to secured creditors;

(*c*) thirdly, wages and any unpaid dues owed to employees, other than workmen, of the bankrupt for the period of twelve months preceding the bankruptcy commencement date;

(*d*) fourthly, any amount due to the Central Government and the State Government including the amount to be received on account of Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the bankruptcy commencement date.

[1][*Explanation*.—For the removal of doubts, it is hereby clarified that any amount, whether or not a security interest is created to secure such amount by an act of two or more parties or merely by operation of law, due to the Central Government and the State Government, in respect of the whole or any part of the period of two years preceding the bankruptcy commencement date, shall be distributed under this clause and any remaining amount, whether or not such security interest is created to secure the amount, due to the Central Government and the State Government, shall be distributed under clause (*e*);]

(*e*) lastly, all other debts and dues owed by the bankrupt including unsecured debts.

(*2*) The debts in each class specified in sub-section (*1*) shall rank in the order mentioned in that sub-section but debts of the same class shall rank equally amongst themselves, and shall be paid in full, unless the estate of the bankrupt is insufficient to meet them, in which case they shall abate in equal proportions between themselves.

(*3*) Where any creditor has given any indemnity or has made any payment of moneys by virtue of which any asset of the bankrupt has been recovered, protected or preserved, the Adjudicating Authority may make such order as it thinks just with respect to the distribution of such asset with a view to giving that creditor an advantage over other creditors in consideration of the risks taken by him in so doing.

(*4*) Unsecured creditors shall rank equally amongst themselves unless contractually agreed to the contrary by such creditors.

(*5*) Any surplus remaining after the payment of the debts under sub-section (*1*) shall be applied in paying interest on those debts in respect of the periods during which they have been outstanding since the bankruptcy commencement date.

(*6*) Interest payments under sub-section (*5*) shall rank equally irrespective of the nature of the debt.

1. Ins. by Act 6 of 2026, s. 57 (w.e.f. 26-05-2026).

(*7*) In the case of partners, the partnership property shall be applicable in the first instance in payment of the partnership debts and the separate property of each partner shall be applicable in the first instance in payment of his separate debts.

(*8*) Where there is a surplus of the separate property of the partners, it shall be dealt with as part of the partnership property; and where there is a surplus of the partnership property, it shall be dealt with as part of the respective separate property in proportion to the rights and interests of each partner in the partnership property.

CHAPTER VI

ADJUDICATING AUTHORITY FOR INDIVIDUALS AND PARTNERSHIP FIRMS

179. Adjudicating authority for individuals and partnership firms.—(*1*) Subject to the provisions of section 60, the Adjudicating Authority, in relation to insolvency matters of individuals and firms shall be the Debt Recovery Tribunal having territorial jurisdiction over the place where the individual debtor actually and voluntarily resides or carries on business or personally works for gain and can entertain an application under this Code regarding such person.

(*2*) The Debt Recovery Tribunal shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain or dispose of—

(*a*) any suit or proceeding by or against the individual debtor;

(*b*) any claim made by or against the individual debtor;

(*c*) any question of priorities or any other question whether of law or facts, arising out of or in relation to insolvency and bankruptcy of the individual debtor or firm under this Code.

(*3*) Notwithstanding anything contained in the Limitation Act, 1963 (14 of 1963) or in any other law for the time being in force, in computing the period of limitation specified for any suit or application in the name and on behalf of a debtor for which an order of moratorium has been made under this Part, the period during which such moratorium is in place shall be excluded.

180. Civil court not to have jurisdiction.—(*1*) No civil court or authority shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal has jurisdiction under this Code.

(*2*) No injunction shall be granted by any court, tribunal or authority in respect of any action taken, or to be taken, in pursuance of any power conferred on the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal by or under this Code.

181. Appeal to Debt Recovery Appellate Tribunal.—(*1*) An appeal from an order of the Debt Recovery Tribunal under this Code shall be filed within thirty days before the Debt Recovery Appellate Tribunal.

(*2*) The Debt Recovery Appellate Tribunal may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within thirty days, allow the appeal to be filed within a further period not exceeding fifteen days.

182. Appeal to Supreme Court.—(*1*) An appeal from an order of the Debt Recovery Appellate Tribunal on a question of law under this Code shall be filed within forty-five days before the Supreme Court.

(*2*) The Supreme Court may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within forty-five days, allow the appeal to be filed within a further period not exceeding fifteen days.

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183. Expeditious disposal of applications.—Where an application is not disposed of or order is not passed within the period specified in this Code, the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal, as the case may be, shall record the reasons for not doing so within the period so specified; and the Chairperson of the Debt Recovery Appellate Tribunal, after taking into account the reasons so recorded, extend the period specified in this Code, but not exceeding ten days.

[1][**183A. Penalty for initiating frivolous or vexatious proceedings under Part III.**—If, any person has initiated a frivolous or vexatious proceeding before the Adjudicating Authority under this Part, it may impose upon such person a penalty which shall not be less than one lakh rupees but which may extend to two crore rupees.]

CHAPTER VII

OFFENCES AND PENALTIES

184. Punishment for false information, etc., by creditor in insolvency resolution process.—(*1*) If a debtor or creditor provides information which is false in any material particulars to the resolution professional, he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to five lakh rupees, or with both.

(*2*) If a creditor promises to vote in favour of the repayment plan dishonestly by accepting any money, property or security from the debtor, he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to three times the amount or its equivalent of such money, property or security accepted by such creditor, as the case may be, or with both:

Provided that where such amount is not quantifiable, the total amount of fine shall not exceed five lakh rupees.

185. Punishment for contravention of provisions.—If an insolvency professional deliberately contravenes the provisions of this Part, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which shall not be less than one lakh rupees, but may extend to five lakhs rupees, or with both.

186. Punishment for false information, concealment, etc., by bankrupt.—If the bankrupt—

(*a*) knowingly makes a false representation or wilfully omits or conceals any material information while making an application for bankruptcy under section 122 or while providing any information during the bankruptcy process, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to five lakh rupees, or with both.

Explanation.—For the purposes of clause (*a*), a false representation or omission includes non-disclosure of the details of disposal of any property, which but for the disposal, would be comprised in the estate of the bankrupt, other than dispositions made in the ordinary course of business carried on by the bankrupt;

(*b*) fraudulently has failed to provide or deliberately withheld the production of, destroyed, falsified or altered, his books of account, financial information and other records under his custody or control, he shall be punishable with imprisonment which may extend to one year, or with fine, which may extend to five lakh rupees, or with both;

1. Ins. by Act 6 of 2026, s. 58 (w.e.f. 26-05-2026)

(*c*) has contravened the restrictions under section 140 or the provisions of section 141, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which may extend to five lakh rupees, or with both;

(*d*) has failed to deliver the possession of any property comprised in the estate of the bankrupt under his possession or control, which he is required to deliver under section 156, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which may extend to five lakh rupees, or with both;

(*e*) has failed to account, without any reasonable cause or satisfactory explanation, for any loss incurred of any substantial part of his property comprised in the estate of the bankrupt from the date which is twelve months before the filing of the bankruptcy application, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, which may extend to three times of the value of the loss, or with both:

Provided that that where such loss is not quantifiable, the total amount of fine imposed shall not exceed five lakh rupees;

(*f*) has absconded or attempts to absconds after the bankruptcy commencement date, he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to five lakh rupees, or with both;

Explanation.—For the purposes of this clause, a bankrupt shall be deemed to have absconded if he leaves, or attempts to leave the country without delivering the possession of any property which he is required to deliver to the bankruptcy trustee under section 156.

187. Punishment for certain actions.—If a bankruptcy trustee,—

(*a*) has fraudulently misapplied, retained or accounted for any money or property comprised in the estate of the bankrupt; or

(*b*) has wilfully acted in a manner that the estate of the bankrupt has suffered any loss in consequence of breach of any duty of the bankruptcy trustee in carrying out his functions under section 149,

he shall be punishable with imprisonment for a term which may extend to three years, or with fine, which shall not be less than three times the amount of the loss caused, or likely to have been caused, to persons concerned on account of such contravention, or with both:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of fine imposed shall not exceed five lakh rupees:

Provided further that the bankruptcy trustee shall not be liable under this section if he seizes or disposes of any property which is not comprised in the estate of the bankrupt and at that time had reasonable grounds to believe that he is entitled to seize or dispose that property.

PART IV

REGULATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES

CHAPTER I

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

188. Establishment and incorporation of Board.—(*1*) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Code, a Board by the name of the Insolvency and Bankruptcy Board of India.

(*2*) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Code, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

(*3*) The head office of the Board shall be at such place in the National Capital Region, as the Central Government may, by notification, specify.

Explanation.—For the purposes of this section, the expression "National Capital Region" shall have the same meaning as assigned to it in clause (*f*) of section 2 of the National Capital Region Planning Board Act, 1985 (2 of 1985).

(*4*) The Board may establish offices at other places in India.

189. Constitution of Board.—(*1*) The Board shall consist of the following members who shall be appointed by the Central Government, namely:—

(*a*) a Chairperson;

(*b*) three members from amongst the officers of the Central Government not below the rank of Joint Secretary or equivalent, one each to represent the Ministry of Finance, the Ministry of Corporate Affairs and Ministry of Law, *ex officio*;

(*c*) one member to be nominated by the Reserve Bank of India, *ex officio*;

(*d*) five other members to be nominated by the Central Government, of whom at least three shall be the whole-time members.

(*2*) The Chairperson and the other members shall be persons of ability, integrity and standing, who have shown capacity in dealing with problems relating to insolvency or bankruptcy and have special knowledge and experience in the field of law, finance, economics, accountancy or administration.

(*3*) The appointment of the Chairperson and the members of the Board other than the appointment of an *ex officio* member under this section shall be made after obtaining the recommendation of a selection committee consisting of—

(*a*) Cabinet Secretary—Chairperson;

(*b*) Secretary to the Government of India to be nominated by the Central Government—Member;

(*c*) Chairperson of the Insolvency and Bankruptcy Board of India (in case of selection of members of the Board)—Member;

(*d*) three experts of repute from the field of finance, law, management, insolvency and related subjects, to be nominated by the Central Government—Members.

(*4*) The term of office of the Chairperson and members (other than *ex officio* members) shall be five years or till they attain the age of sixty-five years, whichever is earlier, and they shall be eligible for reappointment.

(*5*) The salaries and allowances payable to, and other terms and conditions of service of, the Chairperson and members (other than the *ex officio* members) shall be such as may be prescribed.

190. Removal of member from office.—The Central Government may remove a member from office if he—

(*a*) is an undischarged bankrupt as defined under Part III;

(*b*) has become physically or mentally incapable of acting as a member;

(*c*) has been convicted of an offence, which in the opinion of the Central Government involves moral turpitude;

(*d*) has, so abused his position as to render his continuation in office detrimental to the public interest:

Provided that no member shall be removed under clause (*d*) unless he has been given a reasonable opportunity of being heard in the matter.

191. Powers of Chairperson.—Save as otherwise determined by regulations, the Chairperson shall have powers of general superintendence and direction of the affairs of the Board and may also exercise such other powers as may be delegated to him by the Board.

192. Meetings of Board.—(*1*) The Board shall meet at such times and places, and observe such rules of procedure in regard to the transaction of business at its meetings (including quorum at such meetings) as may be determined by regulations.

(*2*) The Chairperson, or if, for any reason, the Chairperson is unable to attend any meeting of the Board, any other member chosen by the members present at the meeting shall preside at the meeting.

(*3*) All questions which come up before any meeting of the Board shall be decided by a majority votes of the members present and voting, and, in the event of an equality of votes, the Chairperson, or in his absence, the person presiding, shall have a second or casting vote.

193. Member not to participate in meetings in certain cases.—Any member, who is a director of a company and who as such director has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the Board, and the member shall not take any part in any deliberation or decision of the Board with respect to that matter.

194. Vacancies, etc., not to invalidate proceedings of Board, Officers and employees of Board.—(*1*) No act or proceeding of the Board shall be invalid merely by reason of—

(*a*) any vacancy in, or any defect in the constitution of, the Board; or

(*b*) any defect in the appointment of a person acting as a member of the Board; or

(*c*) any irregularity in the procedure of the Board not affecting the merits of the case.

(*2*) The Board may appoint such other officers and employees as it considers necessary for the efficient discharge of its functions in such manner as may be specified.

(*3*) The salaries and allowances payable to, and other terms and conditions of service of, officers and employees of the Board appointed under sub-section (*2*) shall be such as may be specified by regulations.

195. Power to designate financial sector regulator.—Until the Board is established, the Central Government may by notification, designate any financial sector regulator to exercise the powers and functions of the Board under this Code.

CHAPTER II

POWERS AND FUNCTIONS OF THE BOARD

196. Powers and functions of Board.—(*1*) The Board shall, subject to the general direction of the Central Government, perform all or any of the following functions namely:—

(*a*) register [1][service providers] and renew, withdraw, suspend or cancel such registrations;

1. Subs. by Act 6 of 2026, s. 59, for "insolvency professional agencies, insolvency professionals and information utilities" (w.e.f. 26-05-2026).

[1][(*aa*) promote the development of, and regulate, the working and practices of, [2][service providers] and other institutions, in furtherance of the purposes of this Code;]

(*b*) specify the minimum eligibility requirements for registration of [3][service providers];

(*c*) levy fee or other charges [4][for carrying out the purposes of this Code, including fee for registration and renewal] of [3][service providers];

[5][*Explanation*.—For removal of doubts, it is hereby clarified that the levy of fee or other charges under this clause also includes any fee or other charges levied by the Board in relation to the processes under this Code.]

(*d*) specify by regulations standards for the functioning of [3][service providers];

(*e*) lay down by regulations the minimum curriculum for the examination of the insolvency professionals for their enrolment as members of the insolvency professional agencies;

(*f*) carry out inspections and investigations on [3][service providers] and pass such orders as may be required for compliance of the provisions of this Code and the regulations issued hereunder;

(*g*) monitor the performance of [3][service providers] and pass any directions as may be required for compliance of the provisions of this Code and the regulations issued hereunder;

(*h*) call for any information and records from the [3][service providers];

(*i*) publish such information, data, research studies and other information as may be specified by regulations;

(*j*) specify by regulations the manner of collecting and storing data by the information utilities and for providing access to such data;

(*k*) collect and maintain records relating to insolvency and bankruptcy cases and disseminate information relating to such cases;

(*l*) constitute such committees as may be required including in particular the committees laid down in section 197;

(*m*) promote transparency and best practices in its governance;

(*n*) maintain websites and such other universally accessible repositories of electronic information as may be necessary;

(*o*) enter into memorandum of understanding with any other statutory authorities;

(*p*) issue necessary guidelines to the [3][service providers];

(*q*) specify mechanism for redressal of grievances against [2][service providers] and pass orders relating to complaints filed against the aforesaid for compliance of the provisions of this Code and the regulations issued hereunder;

(*r*) conduct periodic study, research and audit the functioning and performance of to the [3][service providers] at such intervals as may be specified by the Board;

1. Ins. by Act 26 of 2018, s. 32 (w.e.f. 6-6-2018)
2. Subs by Act 6 of 2026, s. 59, for "insolvency professionals, insolvency professional agencies and information utilities" (w.e.f. 26-05-2026).
3. Subs by s. 59, *ibid*., for "insolvency professional agencies, insolvency professionals and information utilities" (w.e.f. 26-05-2026).
4. Subs. by Act 26 of 2018, s. 32, for "for the registration" (w.e.f. 6-6-2018)
5. Ins. by Act 6 of 2026, s. 59 (w.e.f. 26-05-2026).

(*s*) specify mechanisms for issuing regulations, including the conduct of public consultation processes before notification of any regulations;

[1][(*sa*) specify the standards of conduct for the committee of creditors and its members, including the timelines within which the committee of creditors shall take decisions, while acting under Part II and Part III of this Code, as the case may be;]

(*t*) make regulations and guidelines on matters relating to insolvency and bankruptcy as may be required [2][for the purposes of this Code], including mechanism for time bound disposal of the assets of the corporate debtor or debtor; and

(*u*) perform such other functions as may be prescribed.

(*2*) The Board may make model bye-laws to be to adopted by insolvency professional agencies which may provide for—

(*a*) the minimum standards of professional competence of the members of insolvency professional agencies;

(*b*) the standards for professional and ethical conduct of the members of insolvency professional agencies;

(*c*) requirements for enrolment of persons as members of insolvency professional agencies which shall be non-discriminatory.

Explanation.—For the purposes of this clause, the term "non-discriminatory" means lack of discrimination on the grounds of religion, caste, gender or place of birth and such other grounds as may be specified;

(*d*) the manner of granting membership;

(*e*) setting up of a governing board for internal governance and management of insolvency professional agency in accordance with the regulations specified by the Board;

(*f*) the information required to be submitted by members including the form and the time for submitting such information;

(*g*) the specific classes of persons to whom services shall be provided at concessional rates or for no remuneration by members;

(*h*) the grounds on which penalties may be levied upon the members of insolvency professional agencies and the manner thereof;

(*i*) a fair and transparent mechanism for redressal of grievances against the members of insolvency professional agencies;

(*j*) the grounds under which the insolvency professionals may be expelled from the membership of insolvency professional agencies;

(*k*) the quantum of fee and the manner of collecting fee for inducting persons as its members;

(*l*) the procedure for enrolment of persons as members of insolvency professional agency;

(*m*) the manner of conducting examination for enrolment of insolvency professionals;

(*n*) the manner of monitoring and reviewing the working of insolvency professional who are members;

1. Ins. by Act 6 of 2026, s. 59 (w.e.f. 26-05-2026).
2. Subs. by s. 59, *ibid*., for "under this Code" (w.e.f. 26-05-2026).

(*o*) the duties and other activities to be performed by members;

(*p*) the manner of conducting disciplinary proceedings against its members and imposing penalties;

(*q*) the manner of utilising the amount received as penalty imposed against any insolvency professional.

(*3*) Notwithstanding anything contained in any other law for the time being in force, while exercising the powers under this Code, the Board shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908), while trying a suit, in respect of the following matters, namely:—

(*i*) the discovery and production of books of account and other documents, at such place and such time as may be specified by the Board;

(*ii*) summoning and enforcing the attendance of persons and examining them on oath;

(*iii*) inspection of any books, registers and other documents of any person at any place;

(*iv*) issuing of commissions for the examination of witnesses or documents.

197. Constitution of advisory committee, executive committee or other committee.—The Board may, for the efficient discharge of its functions, may constitute advisory and executive committees or such other committees, as it may deem fit, consisting of a Chairperson and such other members as may be specified by regulations.

198. Condonation of delay.—Notwithstanding anything contained in this Code, where the Board does not perform any act within the period specified under this Code, the relevant Adjudicating Authority may, for reasons to be recorded in writing, condone the delay.

CHAPTER III

INSOLVENCY PROFESSIONAL AGENCIES

199. No person to function as insolvency professional agency without valid certificate of registration.—Save as otherwise provided in this Code, no person shall carry on its business as insolvency professional agencies under this Code and enrol insolvency professionals as its members except under and in accordance with a certificate of registration issued in this behalf by the Board.

200. Principles governing registration of insolvency professional agency.—The Board shall have regard to the following principles while registering the insolvency professional agencies under this Code, namely:—

(*a*) to promote the professional development of and regulation of insolvency professionals;

(*b*) to promote the services of competent insolvency professionals to cater to the needs of debtors, creditors and such other persons as may be specified;

(*c*) to promote good professional and ethical conduct amongst insolvency professionals;

(*d*) to protect the interests of debtors, creditors and such other persons as may be specified;

(*e*) to promote the growth of insolvency professional agencies for the effective resolution of insolvency and bankruptcy processes under this Code.

201. Registration of insolvency professional agency.—(*1*) Every application for registration shall be made to the Board in such form and manner, containing such particulars, and accompanied by such fee, as may be specified by regulations:

Provided that every application received by the Board shall be acknowledged within seven days of its receipt.

(*2*) On receipt of the application under sub-section (*1*), the Board may, on being satisfied that the application conforms with all requirements specified under sub-section (*1*), grant a certificate of registration to the applicant or else, reject, by order, such application:

Provided that no order rejecting the application shall be made without giving an opportunity of being heard to the applicant:

Provided further that every order so made shall be communicated to the applicant within a period of fifteen days.

(*3*) The Board may issue a certificate of registration to the applicant in such form and manner and subject to such terms and conditions as may be specified.

(*4*) The Board may renew the certificate of registration from time to time in such manner and on payment of such fee as may be specified.

(*5*) The Board may, by order, suspend or cancel the certificate of registration granted to an insolvency professional agency on any of the following grounds, namely:—

(*a*) that it has obtained registration by making a false statement or misrepresentation or by any other unlawful means;

(*b*) that it has failed to comply with the requirements of the regulations made by the Board or bye-laws made by the insolvency professional agency;

(*c*) that it has contravened any of the provisions of the Act or the rules or the regulations made thereunder;

(*d*) on any other ground as may be specified by regulations:

Provided that no order shall be made under this sub-section unless the insolvency professional agency concerned has been given a reasonable opportunity of being heard:

Provided further that no such order shall be passed by any member except whole-time members of the Board.

202. Appeal to National Company Law Appellate Tribunal.—Any insolvency professional agency which is aggrieved by the order of the Board made under section 201 may prefer an appeal to the National Company Law Appellate Tribunal in such form, within such period, and in such manner, as may be specified by regulations.

203. Governing Board of insolvency professional agency.—The Board may, for the purposes of ensuring that every insolvency professional agency takes into account the objectives sought to be achieved under this Code, make regulations to specify—

(*a*) the setting up of a governing board of an insolvency professional agency;

(*b*) the minimum number of independent members to be on the governing board of the insolvency professional agency; and

(*c*) the number of the insolvency professionals being its members who shall be on the governing board of the insolvency professional agency.

204. Functions of insolvency professional agencies.—An insolvency professional agency shall perform the following functions, namely:—

(*a*) grant membership to persons who fulfil all requirements set out in its bye-laws on payment of membership fee;

(*b*) lay down standards of professional conduct for its members;

(*c*) monitor the performance of its members;

(*d*) safeguard the rights, privileges and interests of insolvency professionals who are its members;

(*e*) suspend or cancel the membership of insolvency professionals who are its members on the grounds set out in its bye-laws;

(*f*) redress the grievances of consumers against insolvency professionals who are its members; and

(*g*) publish information about its functions, list of its members, performance of its members and such other information as may be specified by regulations.

205. Insolvency professional agencies to make bye-laws.—Subject to the provisions of this Code and any rules or regulations made thereunder and after obtaining the approval of the Board, every insolvency professional agency shall make bye-laws consistent with the model bye-laws specified by the Board under sub-section (*2*) of section 196.

CHAPTER IV

INSOLVENCY PROFESSIONALS

206. Enrolled and registered persons to act as insolvency professionals.—No person shall render his services as insolvency professional under this Code without being enrolled as a member of an insolvency professional agency and registered with the Board.

207. Registration of insolvency professionals.—(*1*) Every insolvency professional shall, after obtaining the membership of any insolvency professional agency, register himself with the Board within such time, in such manner and on payment of such fee, as may be specified by regulations.

(*2*) The Board may specify the categories of professionals or persons possessing such qualifications and experience in the field of finance, law, management, insolvency or such other field, as it deems fit.

208. Functions and obligations of insolvency professionals.—(*1*) Where any insolvency resolution, fresh start, liquidation or bankruptcy process has been initiated, it shall be the function of an insolvency professional to take such actions as may be necessary, in the following matters, namely:—

(*a*) a fresh start order process under Chapter II of Part III;

(*b*) individual insolvency resolution process under Chapter III of Part III;

(*c*) corporate insolvency resolution process under Chapter II of Part II;

[1][(*ca*) pre-packaged insolvency resolution process under Chapter III-A of Part II;]

(*d*) individual bankruptcy process under Chapter IV of Part III; and

(*e*) liquidation of a corporate debtor firm under Chapter III of Part II.

[1][(*1A*) Where the name of the insolvency professional proposed to be appointed as a resolution professional, is approved under clause (*e*) of sub-section (*2*) of section 54A, it shall be the function of such insolvency professional to take such actions as may be necessary to perform his functions and duties prior to the initiation of the pre-packaged insolvency resolution process under Chapter III-A of Part II.]

(*2*) Every insolvency professional shall abide by the following code of conduct:—

(*a*) to take reasonable care and diligence while performing his duties;

1. Ins. by Act 26 of 2021, s. 14 (w.e.f. 4-4-2021).

(*b*) to comply with all requirements and terms and conditions specified in the bye-laws of the insolvency professional agency of which he is a member;

(*c*) to allow the insolvency professional agency to inspect his records;

(*d*) to submit a copy of the records of every proceeding before the Adjudicating Authority to the Board as well as to the insolvency professional agency of which he is a member; and

(*e*) to perform his functions in such manner and subject to such conditions as may be specified.

CHAPTER V

INFORMATION UTILITIES

209. No person to function as information utility without certificate of registration.—Save as otherwise provided in this Code, no person shall carry on its business as information utility under this Code without a certificate of registration issued in that behalf by the Board.

210. Registration of information utility.—(*1*) Every application for registration shall be made to the Board in such form and manner, containing such particulars, and accompanied by such fee, as may be specified by regulations:

Provided that every application received by the Board shall be acknowledged within seven days of its receipt.

(*2*) On receipt of the application under sub-section (*1*), the Board may, on being satisfied that the application conforms to all requirements specified under sub-section (*1*), grant a certificate of registration to the applicant or else, reject, by order, such application.

(*3*) The Board may issue a certificate of registration to the applicant in such form and manner and subject to such terms and conditions as may be specified.

(*4*) The Board may renew the certificate of registration from time to time in such manner and on payment of such fee as may be specified by regulations.

(*5*) The Board may, by order, suspend or cancel the certificate of registration granted to an information utility on any of the following grounds, namely:—

(*a*) that it has obtained registration by making a false statement or misrepresentation or any other unlawful means;

(*b*) that it has failed to comply with the requirements of the regulations made by the Board;

(*c*) that it has contravened any of the provisions of the Act or the rules or the regulations made thereunder;

(*d*) on any other ground as may be specified by regulations:

Provided that no order shall be made under this sub-section unless the information utility concerned has been given a reasonable opportunity of being heard:

Provided further that no such order shall be passed by any member except whole-time members of the Board.

211. Appeal to National Company Law Appellate Tribunal.—Any information utility which is aggrieved by the order of the Board made under section 210 may prefer an appeal to the National Company Law Appellate Tribunal in such form, within such period, and in such manner, as may be specified by regulations.

212. Governing Board of information utility.—The Board may, for ensuring that an information utility takes into account the objectives sought to be achieved under this Code, require every information

utility to set up a governing board, with such number of independent members, as may be specified by regulations.

213. Core services, etc., of information utilities.—An information utility shall provide such services as may be specified including core services to any person if such person complies with the terms and conditions as may be specified by regulations.

214. Obligation of information utility.—For the purposes of providing core services to any person, every information utility shall—

(*a*) create and store financial information in a universally accessible format;

(*b*) accept electronic submissions of financial information from persons who are under obligations to submit financial information under sub-section (*1*) of section 215, in such form and manner as may be specified by regulations;

(*c*) accept, in specified form and manner, electronic submissions of financial information from persons who intend to submit such information;

(*d*) meet such minimum service quality standards as may be specified by regulations;

(*e*) get the information received from various persons authenticated by all concerned parties before storing such information [1][in such manner as may be specified];

(*f*) provide access to the financial information stored by it to any person who intends to access such information in such manner as may be specified by regulations;

(*g*) publish such statistical information as may be specified by regulations;

(*h*) have inter-operatability with other information utilities.

215. [2][Submission and authentication of financial information to information utilities.]—(*1*) Any person who intends to submit financial information to the information utility or access the information from the information utility shall pay such fee and submit information in such form and manner as may be specified by regulations.

(*2*) A financial creditor shall submit financial information and information relating to assets in relation to which any security interest has been created, in such form and manner as may be specified by regulations.

(*3*) [3][An operational creditor shall, before filing an application under section 9 of the Code,] submit financial information to the information utility in such form and manner as may be specified.

[4][(*4*) The corporate debtor or debtor, as the case may be, in respect of whom any information is submitted under this section, shall authenticate the information in such manner and within such period, as may be specified:

Provided that where the corporate debtor or debtor does not respond to the information submitted to the information utility in the manner and period as has been specified, such information shall be deemed to be authenticated.]

216. Rights and obligations of persons submitting financial information.—(*1*) A person who intends to update or modify or rectify errors in the financial information submitted under section 215, he

1. Ins. by Act 6 of 2026, s. 61 (w.e.f. 26-05-2026).
2. Subs. by s. 62, *ibid*., for marginal heading (w.e.f. 26-05-2026).
3. Subs. by s. 62, for "An operational creditor may" (w.e.f. 26-05-2026).
4. Ins. by s. 62, *ibid*. (w.e.f. 26-05-2026).

may make an application to the information utility for such purpose stating reasons therefor, in such manner and within such time, as may be specified.

(*2*) A person who submits financial information to an information utility shall not provide such information to any other person, except to such extent, under such circumstances, and in such manner, as may be specified.

CHAPTER VI

INSPECTION AND INVESTIGATION

217. [1]**[Complaints against service providers**.]—Any person aggrieved by the functioning of [2][a service provider] may file a complaint to the Board in such form, within such time and in such manner as may be specified.

218. [3]**[Investigation of service providers.**]—(*1*) Where the Board, on receipt of a complaint under section 217 or has reasonable grounds to believe that any [2][service provider] has contravened any of the provisions of the Code or the rules or regulations made or directions issued by the Board thereunder, it may, at any time by an order in writing, direct any person or persons to act as an investigating authority to conduct an inspection or investigation of the [2][service provider].

(*2*) The inspection or investigation carried out under sub-section (*1*) of this section shall be conducted within such time and in such manner as may be specified by regulations.

(*3*) The Investigating Authority may, in the course of such inspection or investigation, require any other person who is likely to have any relevant document, record or information to furnish the same, and such person shall be bound to furnish such document, record or information:

Provided that the Investigating Authority shall provide detailed reasons to such person before requiring him to furnish such document, record or information.

(*4*) The Investigating Authority may, in the course of its inspection or investigation, enter any building or place where they may have reasons to believe that any such document, record or information relating to the subject-matter of the inquiry may be found and may seize any such document, record or information or take extracts or copies therefrom, subject to the provisions of section 100 of the Code of Criminal Procedure, 1973 (2 of 1974), insofar as they may be applicable.

(*5*) The Investigating Authority shall keep in its custody the books, registers, other documents and records seized under this section for such period not later than the conclusion of the investigation as it considers necessary and thereafter shall return the same to the concerned person from whose custody or power they were seized:

Provided that the Investigating Authority may, before returning such books, registers, other documents and record as aforesaid, place identification marks on them or any part thereof.

(6) A detailed report of inspection or investigation shall be submitted to the Board by the Investigating Authority.

[4]**[219. Show cause notice to service provider.—**Where the Board, upon completion of an inspection or investigation under section 218 or on the basis of material available on record, is of the *prima facie* opinion that sufficient cause exists to take action under section 220, it may issue a show cause notice to a service provider in such manner, providing such period for giving reply, as may be specified.]

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1. Subs. by Act 6 of 2026, s. 63, for marginal heading (w.e.f. 26-05-2026).
2. Subs. by s. 63, *ibid*., for "an insolvency professional agency or insolvency professional or an information utility" (w.e.f. 26-05-2026).
3. Subs. by s. 64, *ibid*., for marginal heading (w.e.f. 26-05-2026).
4. Subs. by s. 65, *ibid*., for s. 219 (w.e.f. 26-05-2026).

220. Appointment of disciplinary committee.—[1][(*1*) The Board shall constitute one or more disciplinary committees consisting of one or more persons from amongst its Chairperson, whole-time members or officers not below the rank of the Executive Director for the purposes of this section.]

[2][(*1A*) The show cause notice issued under section 219 shall be referred to a disciplinary committee constituted under sub-section (*1*).]

[3][(*2*) Where the disciplinary committee, after giving the service provider an opportunity of being heard, is satisfied that sufficient cause exists, it may, impose a penalty as provided in sub-section (*3*), or suspend or cancel the registration of the service provider, or direct disgorgement under sub-section (*4*).]

(*3*) [4][Where any service provider has contravened any provisions of this Code or rules or regulations made thereunder, the disciplinary committee may impose penalty which shall be up to—]

(*i*) three times the amount of the loss caused, or likely to have been caused, to persons concerned on account of such contravention; or

(*ii*) three times the amount of the unlawful gain made on account of such contravention,

whichever is higher:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of the penalty imposed shall not exceed [5][two crore rupees].

(*4*) Notwithstanding anything contained in sub-section (*3*), the [6][disciplinary committee] may direct any person who has made unlawful gain or averted loss by indulging in any activity in contravention of this Code, or the rules or regulations made thereunder, to disgorge an amount equivalent to such unlawful gain or aversion of loss.

(5) The [6][disciplinary committee] may take such action as may be required to provide restitution to the person who suffered loss on account of any contravention from the amount so disgorged, if the person who suffered such loss is identifiable and the loss so suffered is directly attributable to such person.

(*6*) The Board may make regulations to specify—

(*a*) the procedure for claiming restitution under sub-section (*5*);

(*b*) the period within which such restitution may be claimed; and

(*c*) the manner in which restitution of amount may be made.

[2][(*7*) Any person aggrieved by an order of the disciplinary committee, under sub-sections (*2*) to (*5*), may prefer an appeal to the National Company Law Appellate Tribunal within a period of thirty days from the date of receipt of the order.

(*8*) The National Company Law Appellate Tribunal may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within thirty days, allow the appeal to be filed under sub-section (*7*) within a further period not exceeding fifteen days.]

1. Subs. by Act 6 of 2026, s. 66, for sub-section (*1*) (w.e.f. 26-05-2026).
2. Ins. by s. 66, *ibid*. (w.e.f. 26-05-2026).
3. Subs. by s. 66, *ibid*., for sub-section (*2*) (w.e.f. 26-05-2026).
4. Subs. by s. 66, *ibid*., for opening portion (w.e.f. 26-05-2026).
5. Subs. by s. 66, *ibid*., for "more than one crore rupees" (w.e.f. 26-05-2026).
6. Subs. by s. 66, *ibid*., for "Board" (w.e.f. 26-05-2026).

CHAPTER VII

FINANCE, ACCOUNTS AND AUDIT

221. Grants by Central Government.—The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Board grants of such sums of money as that Government may think fit for being utilised for the purposes of this Code.

222. Board's Fund.—(*1*) There shall be constituted a Fund to be called the Fund of the Insolvency and Bankruptcy Board and there shall be credited thereto—

(*a*) all grants, fees and charges received by the Board under this Code;

(*b*) all sums received by the Board from such other sources as may be decided upon by the Central Government;

(*c*) such other funds as may be specified by the Board or prescribed by the Central Government.

(*2*) The Fund shall be applied for meeting—

(*a*) the salaries, allowances and other remuneration of the members, officers and other employees of the Board;

(*b*) the expenses of the Board in the discharge of its functions under section 196;

(*c*) the expenses on objects and for purposes authorised by this Code;

(*d*) such other purposes as may be prescribed.

223. Accounts and audit.—(*1*) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General of India.

(*3*) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(*4*) The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

PART V

MISCELLENEOUS

224. Insolvency and Bankruptcy Fund.—(*1*) There shall be formed a Fund to be called the Insolvency and Bankruptcy Fund (hereafter in this section referred to as the "Fund") for the purposes of insolvency resolution, liquidation and bankruptcy of persons under the Code.

(*2*) There shall be credited to the Fund the following amounts, namely—

(*a*) the grants made by the Central Government for the purposes of the Fund;

(*b*) the amount deposited by persons as contribution to the Fund;

(*c*) the amount received in the Fund from any other source; and

(*d*) the interest or other income received out of the investment made from the Fund.

(*3*) A person who has contributed any amount to the Fund may, in the event of proceedings initiated in respect of such person under this Code before an Adjudicating Authority, make an application to such Adjudicating Authority for withdrawal of funds not exceeding the amount contributed by it, for making payments to workmen, protecting the assets of such persons, meeting the incidental costs during the proceedings or such other purposes as may be prescribed.

(*4*) The Central Government shall, by notification, appoint an administrator to administer the fund in such manner as may be prescribed.

225. Power of Central Government to issue directions.—(*1*) Without prejudice to the foregoing provisions of this Code, the Board shall, in exercise of its powers or the performance of its functions under this Code, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Board shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(*2*) The decision of the Central Government as to whether a question is one of policy or not shall be final.

226. Power of Central Government to supersede Board.—(*1*) If at any time the Central Government is of opinion—

(*a*) that on account of grave emergency, the Board is unable to discharge the functions and duties imposed on it by or under the provisions of this Code; or

(*b*) that the Board has persistently not complied with any direction issued by the Central Government under this Code or in the discharge of the functions and duties imposed on it by or under the provisions of this Code and as a result of such non-compliance the financial position of the Board or the administration of the Board has deteriorated; or

(*c*) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification, supersede the Board for such period, not exceeding six months, as may be specified in the notification.

(*2*) Upon the publication of a notification under sub-section (*1*) superseding the Board,—

(*a*) all the members shall, as from the date of supersession, vacate their offices as such;

(*b*) all the powers, functions and duties which may, by or under the provisions of this Code, be exercised or discharged by or on behalf of the Board, shall until the Board is reconstituted under sub-section (*3*), be exercised and discharged by such person or persons as the Central Government may direct; and

(*c*) all property owned or controlled by the Board shall, until the Board is reconstituted under sub-section (*3*), vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (*1*), the Central Government may reconstitute the Board by a fresh appointment and in such case any person or persons who vacated their offices under clause (*a*) of sub-section (*2*), shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time, before the expiration of the period of supersession, take action under this sub-section.

(*4*) The Central Government shall cause a notification issued under sub-section (*1*) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

227. Power of Central Government to notify financial service providers, etc.—Notwithstanding anything to the contrary [1][contained in this Code] or any other law for the time being in force, the Central Government may, if it considers necessary, in consultation with the appropriate financial sector regulators, notify financial service providers or categories of financial service providers for the purpose of their insolvency and liquidation proceedings, which may be conducted under this Code, in such manner as may be prescribed.

[2][*Explanation*.—For the removal of doubts, it is hereby clarified that the insolvency and liquidation proceedings for financial service providers or categories of financial service providers may be conducted with such modifications and in such manner as may be prescribed.]

228. Budget.—The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Board and forward the same to the Central Government.

229. Annual report.—(*1*) The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its annual report, giving a full account of its activities during the previous financial year, and submit a copy thereof to the Central Government.

(*2*) A copy of the report received under sub-section (*1*) shall be laid, as soon as may be after it is received, before each House of Parliament.

230. Delegation.—The Board may, by general or special order in writing delegate to any member or officer of the Board subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Code (except the powers under section 240, as it may deem necessary.

231. Bar of jurisdiction.—No civil court shall have jurisdiction in respect of any matter in which the [3][Adjudicating Authority or Board] is empowered by, or under, this Code to pass any order and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any order passed by such [3][Adjudicating Authority or Board] under this Code.

232. Members, officers and employees of Board to the public servants.—The Chairperson, Members, officers and other employees of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Code, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

233. Protection of action taken in good faith.—No suit, prosecution or other legal proceeding shall lie against the Government or any officer of the Government, or the Chairperson, Member, officer or other employee of the Board or an insolvency professional or liquidator for anything which is in done or intended to be done in good faith under this Code or the rules or regulations made thereunder.

234. Agreements with foreign countries.—(*1*) The Central Government may enter into an agreement with the Government of any country outside India for enforcing the provisions of this Code.

(*2*) The Central Government may, by notification in the Official Gazette, direct that the application of provisions of this Code in relation to assets or property of corporate debtor or debtor, including a personal guarantor of a corporate debtor, as the case may be, situated at any place in a country outside India with which reciprocal arrangements have been made, shall be subject to such conditions as may be specified.

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1. Subs. by Act 1 of 2020, s. 11, for "examined in this Code" (w.e.f. 28-12-2019).
2. Ins. by s. 11, *ibid*. (w.e.f. 28-12-2019).
3. Subs. by Act 26 of 2018, s. 33, for "Adjudicating Authority" (w.e.f. 06-06-2018).

235. Letter of request to a country outside India in certain cases.—(*1*) Notwithstanding anything contained in this Code or any law for the time being in force if, in the course of insolvency resolution process, or liquidation or bankruptcy proceedings, as the case may be, under this Code, the resolution professional, liquidator or bankruptcy trustee, as the case may be, is of the opinion that assets of the corporate debtor or debtor, including a personal guarantor of a corporate debtor, are situated in a country outside India with which reciprocal arrangements have been made under section 234, he may make an application to the Adjudicating Authority that evidence or action relating to such assets is required in connection with such process or proceeding.

(*2*) The Adjudicating Authority on receipt of an application under sub-section (*1*) and, on being satisfied that evidence or action relating to assets under sub-section (*1*) is required in connection with insolvency resolution process or liquidation or bankruptcy proceeding, may issue a letter of request to a court or an authority of such country competent to deal with such request.

[1][**235A**. **Power of Adjudicating Authority to impose penalties.**—If a person has contravened any provision of this Code or any rules or the regulations made thereunder, the Adjudicating Authority may, on an application made by the Board or the Central Government or any person authorised by the Central Government in this behalf, impose upon such person, a penalty which shall not be less than one lakh rupees for each day during which the contravention continues, but which may extend up to—

(*a*) three times the amount of loss caused, or likely to have been caused, to persons concerned on account of such contravention;

(*b*) three times the amount of the unlawful gain made on account of such contravention,

whichever is higher:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of the penalty imposed shall not exceed five crore rupees:

Provided further that where the Adjudicating Authority is of the opinion that sufficient cause exists to do so, it may, for reasons to be recorded in writing, impose a penalty which may be less than one lakh rupees for each day that the failure continues.

Explanation. I—For the removal of doubts, it is hereby clarified that the Adjudicating Authority for the purposes of this section shall be the same as referred to in section 60 or section 179, as the case may be.

Explanation. II—For the purposes of this Code, it is hereby declared that the omission of sections 74 and 76, and the amendment of this section by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not affect:—

(*i*) any prosecution instituted under these sections on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026 and pending immediately before such date of commencement before any court, which shall continue to be heard and disposed of by the said court as if the Insolvency and Bankruptcy Code (Amendment) Act, 2026 had not been enacted; and

(*ii*) any punishment imposed under these sections on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.]

236. Trial of offences by Special Court.—(*1*) Notwithstanding anything in the Code of Criminal Procedure, 1973 (2 of 1974), offences under this Code shall be tried by the Special Court established under Chapter XXVIII of the Companies Act, 2013 (18 of 2013).

1. Subs. by Act 6 of 2026, s. 68, for s. 235A (w.e.f. 26-05-2026).

(*2*) No Court shall take cognizance of any offence punishable under this Act, save on a complaint made by the Board or the Central Government or any person authorised by the Central Government in this behalf.

(*3*) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974) shall apply to the proceedings before a Special Court and for the purposes of the said provisions, the Special Court shall be deemed to be a Court of Session and the person conducting a prosecution before a Special Court shall be deemed to be a Public Prosecutor.

(*4*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), in case of a complaint under sub-section (*2*), the presence of the person authorised by the Central Government or the Board before the Court trying the offences shall not be necessary unless the Court requires his personal attendance at the trial.

237. Appeal and revision.—The High Court may exercise, so far as may be applicable, all the powers conferred by Chapters XXIX and XXX of the Code of Criminal Procedure, 1973 (2 of 1974) on a High Court, as if a Special Court within the local limits of the jurisdiction of the High Court were a Court of Session trying cases within the local limits of the jurisdiction of the High Court.

238. Provisions of this Code to override other laws.—The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

[1]**[238A**. **Limitation.—**The provisions of the Limitation Act, 1963 (36 of 1963) shall, as far as may be, apply to the proceedings or appeals before the Adjudicating Authority, the National Company Law Appellate Tribunal, the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal, as the case may be.]

239. Power to make rules.—(*1*) The Central Government may, by notification, make rules for carrying out the [2][purposes] of this Code.

(*2*) Without prejudice to the generality of the provisions of sub-section (*1*), the Central Government may make rules for any of the following matters, namely:—

(*a*) any other instrument which shall be a financial product under clause (*15*) of section 3;

(*b*) other accounting standards which shall be a financial debt under clause (*d*) of sub-section (*8*) of section 5;

(*c*) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by financial creditor under sub-section (*2*) of section 7;

(*d*) the form and manner in which demand notice may be made and the manner of delivery thereof to the corporate debtor under sub-section (*1*) of section 8;

(*e*) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by operational creditor under sub-section (*2*) of section 9;

[3][(*ea*) other proof confirming that there is no payment of an unpaid operational debt by the corporate debtor or such other information under clause (*e*) of sub-section (*3*) of section 9;]

1. Ins. by Act 26 of 2018, s. 34 (w.e.f. 6-6-2018).
2. Subs. by Act 6 of 2026, s. 69, for "provisions" (w.e.f. 26-05-2026).
3. Ins. by Act 26 of 2018, s. 35 (w.e.f. 6-6-2018).

(*f*) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by corporate applicant under sub-section (*2*) of section 10;

[1][(*fa*) the transactions under the second proviso to sub-section (*2*) of section 21;

(*fb*) the transactions under *Explanation* I to clause (*c*) of section 29A;

(*fc*) the transactions under the second proviso to clause (*j*) of section 29A;]

[2][(*fd*) the form, particulars, manner and fee for making application before the Adjudicating Authority under sub-section (*2*) of section 54C;

(*fe*) the conditions and restrictions with which the promoters, members, personnel and partners of the corporate debtor shall exercise and discharge contractual or statutory rights and obligations under clause (*c*) of section 54H;]

(*g*) the persons who shall be relative under clause (*ii*) of the *Explanation* to sub-section (*1*) of section 79;

(*h*) the value of unencumbered single dwelling unit owned by the debtor under clause (*e*) of sub-section (*13*) of section 79;

(*i*) the value under clause (*c*), and any other debt under clause (*f*), of sub-section (*14*) of section 79;

(*j*) the form, the manner and the fee for making application for fresh start order under sub-section (*3*) of section 81;

(*k*) the particulars of the debtor's personal details under clause (*e*) of sub-section (*3*) of section 81;

(*l*) the information and documents to support application under sub-section (*3*) of section 86;

(*m*) the form, the manner and the fee for making application for initiating the insolvency resolution process by the debtor under sub-section (*6*) of section 94;

(*n*) the form, the manner and the fee for making application for initiating the insolvency resolution process by the creditor under sub-section (*6*) of section 95;

(*o*) the particulars to be provided by the creditor to the resolution professional under sub-section (*2*) of section 103;

(*p*) the form and the manner for making application for bankruptcy by the debtor under clause (*b*) of sub-section (*1*) of section 122;

(*q*) the form and the manner of the statement of affairs of the debtor under sub-section (*3*) of section 122;

(*r*) the other information under clause (*d*) of sub-section (*1*) of section 123;

(*s*) the form, the manner and the fee for making application for bankruptcy under sub-section (*6*) of section 123;

(*t*) the form and the manner in which statement of financial position shall be submitted under sub-section (*2*) of section 129;

(*u*) the matters and the details which shall be included in the public notice under sub-section (*2*) of section 130;

1. Ins. by Act 1 of 2020, s. 12 (w.e.f. 28-12-2019).
2. Ins. by Act 26 of 2021, s. 15 (w.e.f. 4-4-2021).

(*v*) the matters and the details which shall be included in the notice to the creditors under sub-section (*3*) of section 130;

(*w*) the manner of sending details of the claims to the bankruptcy trustee and other information under sub-sections (*1*) and (*2*) of section 131;

(*x*) the value of financial or commercial transaction under clause (*d*) of sub-section (*1*) of section 141;

(*y*) the other things to be done by a bankrupt to assist bankruptcy trustee in carrying out his functions under clause (*d*) of sub-section (*1*) of section 150;

(*z*) the manner of dealing with the surplus under sub-section (*4*) of section 170;

(*za*) the form and the manner of proof of debt under clause (*c*) of sub-section (*2*) of section 171;

(*zb*) the manner of receiving dividends under sub-section (*7*) of section 171;

(*zc*) the particulars which the notice shall contain under sub-section (*2*) of section 176;

(*zd*) the salaries and allowances payable to, and other terms and conditions of service of, the Chairperson and members of the Board under sub-section (*5*) of section 189;

(*ze*) the other functions of the Board under clause (*u*) of sub-section (*1*) of section 196;

(*zf*) the other funds under clause (*c*) of sub-section (*1*) of section 222;

(*zg*) the other purposes for which the fund shall be applied under clause (*d*) of sub-section (*2*) of section 222;

(*zh*) the form in which annual statement of accounts shall be prepared under sub-section (*1*) of section 223;

(*zi*) the purpose for which application for withdrawal of funds may be made under sub-section (*3*) of section 224;

(*zj*) the manner of administering the fund under sub-section (*4*) of section 224;

(*zk*) the manner of conducting insolvency and liquidation proceedings under section 227;

(*zl*) the form and the time for preparing budget by the Board under section 228;

(*zm*) the form and the time for preparing annual report under sub-section (*1*) of section 229;

(*zn*) the time up to which a person appointed to any office shall continue to hold such office under clause (*vi*) of sub-section (*2*) of section 243.

240. Power to make regulations.—(*1*) The Board may, by notification, make regulations consistent with this Code and the rules made thereunder, to carry out the [1][purposes] of this Code.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the form and the manner of accepting electronic submission of financial information under sub-clause (*a*) of clause (*9*) of section 3;

(*b*) the persons to whom access to information stored with the information utility may be provided under sub-clause (*d*) of clause (*9*) of section 3;

(*c*) the other information under sub-clause (*f*) of clause (*13*) of section 3;

1. Subs. by Act 6 of 2026, s. 70, for "provisions" (w.e.f. 26-05-2026).

(*d*) the other costs under clause (*e*) of sub-section (*13*) of section 5;

(*e*) the cost incurred by the liquidator during the period of liquidation which shall be liquidation cost under sub-section (*16*) of section 5;

[1][(*ea*) the other costs under sub-clause (*e*) of clause (*23C*) of section 5;]

[2][(*eb*) the conditions under *Explanation* to clause (*26*) of section 5;]

(*f*) the other record or evidence of default under clause (*a*), and any other information under clause (*c*), of sub-section (*3*) of section 7;

[2][(*fa*) other information under clause (*e*) of sub-section (*3*) of section 9;]

[3]* * * * *

[4][(*h*) the other document or any other information under clause (*a*) of sub-section (*3*) of section 10;]

[2][(*ha*) the manner under sub-section (*1*) of section 12A;]

(*i*) the supply of essential goods or services to the corporate debtor under sub-section (*2*) of section 14;

[5][(*ia*) circumstances in which supply of critical goods or services may be terminated, suspended or interrupted during the period of moratorium under sub-section (*2A*) of section 14;]

(*j*) the manner of making public announcement under sub-section (*2*) of section 15;

[6][(*ja*) the last date for submission of claims under clause (*c*) of sub-section (*1*) of section 15;]

(*k*) the manner of taking action and the restrictions thereof under clause (*b*) of sub-section (*2*) of section 17;

(*l*) the other persons under clause (*d*) of sub-section (*2*) of section 17;

(*m*) the other matters under clause (*d*) of sub-section (*2*) of section 17;

(*n*) the other matters under sub-clause (*iv*) of clause (*a*), [2][the manner under clause (*b*),] and the other duties to be performed by the interim resolution professional under clause (*g*), of section 18;

[6][(*na*) the number of creditors within a class of creditors under clause (*b*) of sub-section (*6A*) of section 21;

(*nb*) the remuneration payable to authorised representative under clause (*ii*) of the proviso to sub-section (*6B*) of section 21;

(*nc*) the manner of voting and determining the voting share in respect of financial debts under sub-section (*7*) of section 21;]

(*o*) the persons who shall comprise the committee of creditors, the functions to be exercised such committee and the manner in which functions shall be exercised under the proviso to sub-section (*8*) of section 21;

1. Ins. by Act 26 of 2021, s. 16 (w.e.f. 4-4-2021).
2. Ins. by Act 6 of 2026, s. 70 (w.e.f. 26-05-2026).
3. Cl. (*g*) omitted by Act 26 of 2018, s. 36 (w.e.f. 6-6-2018).
4. Subs. by Act 6 of 2026, s. 70, for cl. (*h*) (w.e.f. 26-05-2026).
5. Ins. by Act 1 of 2020, s. 13 (w.e.f. 28-12-2019).
6. Ins. by Act 26 of 2018, s. 36 (w.e.f. 6-6-2018).

[1][(*oa*) any other class or classes of creditors who may attend the meetings of committee of creditors under the proviso to sub-section (*11*) of section 21;]

(*p*) the other electronic means by which the members of the committee of creditors may meet under sub-section (*1*) of section 24;

(*q*) the manner of assigning voting share to each creditor under sub-section (*7*) of section 24;

(*r*) the manner of conducting the meetings of the committee of creditors under sub-section (*8*) of section 24;

(*s*) the manner of appointing accountants, lawyers and other advisors under clause (*d*) of sub-section (*2*) of section 25;

[2][(*sa*) other conditions under clause (*h*) of sub-section (*2*) of section 25;]

(*t*) the other actions under clause (*k*) of sub-section (*2*) of section 25;

[1][(*ta*) the manner and conditions under sub-section (*1*) of section 28A;]

(*u*) the form and the manner in which an information memorandum shall be prepared by the resolution professional sub-section (*1*) of section 29;

(*v*) the other matter pertaining to the corporate debtor under the *Explanation* to sub-section (*2*) of section 29;

(*w*) the manner of making payment of insolvency resolution process costs under clause (*a*), [3][the manner of payment of debts of operational creditors under clause (*b*), the manner of payment of debts of financial creditors who do not vote in favour of the resolution plan under clause (*ba*), the conditions and manner for constitution of a committee under clause (*d*) and the other requirements to which a resolution plan shall conform to under clause (*f*) of sub-section (*2*) of section 30;]

[2][(*wa*) other requirements under sub-section (*4*) of section 30;]

[1][(*wb*) the form, manner and the conditions under the second proviso to sub-section (*1*) of section 31;

(*wc*) the manner and conditions for making an application by the committee of creditors for restoring the corporate insolvency resolution process and manner and conditions for completing the restored corporate insolvency resolution process under sub-section (*1A*) of section 33;

(*wd*) the conditions under the proviso to sub-section (*2*) of section 33;]

[4][(*x*) the form of written consent from insolvency professional under sub-section (*6*) of section 34;

(*xa*) the fee for the conduct of the liquidation proceedings and proportion to the value of the liquidation estate assets under sub-section (*8*) of section 34;]

[1][(*xb*) the form for giving written consent under sub-section (*1*) of section 34A;]

(*y*) [5][the manner of maintaining an updated list of claims of creditors under clause (*a*), the manner of evaluating the assets and property of the corporate debtor under clause (*c*)], the manner of selling property in parcels under clause (*f*), the manner of reporting progress of the liquidation process under clause (*n*), and the other functions to be performed under clause (o), of sub-section (*1*) of section 35;

1. Ins. by Act 6 of 2026, s. 70 (w.e.f. 26-05-2026).
2. Ins. by Act 8 of 2018, s. 9 (w.e.f. 23-11-2017).
3. Subs. by Act 6 of 2026, s. 70, for certain words (w.e.f. 26-05-2026).
4. Subs. by s. 70, *ibid*., for cl (*x*) (w.e.f. 26-05-2026).
5. Subs. by s. 70, *ibid*., for certain words (w.e.f. 26-05-2026).

[1][(*z*) the manner in which the committee of creditors shall supervise the conduct of the liquidation process by the liquidator under sub-section (2) of section 35;]

(*za*) the other means under clause (*a*) of sub-section (*3*) of section 36;

(*zb*) the other assets under clause (*e*) of sub-section (*4*) of section 36;

(*zc*) the other source under clause (*g*) of sub-section (*1*) of section 37;

(*zd*) the manner of providing financial information relating to the corporate debtor under sub-section (*2*) of section 37;

[2]* * * *

[2]* * * *

[2]* * * *

(*zh*) the manner of relinquishing security interest to the liquidation estate and receiving proceeds from the sale of assets by the liquidator under clause (*a*), and the manner of realising security interest under clause (*b*) of sub-section (*1*) of section 52;

(*zi*) the other means under clause (*b*) of sub-section (*3*) of section 52;

[3][(*zia*) the manner, period and conditions under sub-section (*8*) of section 52;]

(*zj*) the manner in which secured creditor shall be paid by the liquidator under sub-section (*9*) of section 52;

[3][(*zja*) the period and the manner of distribution of proceeds of sale under sub-section (*1*) of section 53;

(*zjb*) the manner of determining the value of security interest under the *Explanation* to sub-clause (*ii*) of clause (*b*) of sub-section (*1*) of section 53;

(*zjc*) the manner in which the liquidator shall make an application to the Adjudicating Authority for the dissolution of the corporate debtor under sub-section (*1*) of section 54;

(*zjd*) the manner and conditions under sub-section (*1A*) of section 54;

(*zje*) the manner and conditions under sub-section (*1B*) of section 54;]

[4][(*zk*) the manner under the proviso to sub-section (*2A*) of section 54;]

[5][(*zka*) such number of financial creditors and the manner of proposing the insolvency professional, and the form for approving such insolvency professional by the financial creditors under clause (*e*), the persons who shall provide approval under the proviso to clause (*e*), the form for making a declaration under clause (*f*) of sub-section (*2*) of section 54A;

(*zkb*) the form for obtaining approval from financial creditors under sub-section (*3*), and the persons who shall provide approval under the proviso to sub-section (*3*) of section 54A;

(*zkc*) the other conditions for the base resolution plan under clause (*c*), and such information and documents under clause (*d*) of sub-section (*4*) of section 54A;

1. Subs. by Act 6 of 2026, s. 70, for cl. (*z*) (w.e.f. 26-05-2026).
2. Cls. (*ze*), (*zf*) and (*zg*) omitted by s. 70, *ibid*. (w.e.f. 26-05-2026).
3. Ins. by, s. 70, *ibid*. (w.e.f. 26-05-2026).
4. Subs. by, s. 70, *ibid*., for cl. (*zk*) (w.e.f. 26-05-2026).
5. Ins. by Act 26 of 2021, s. 16 (w.e.f. 4-4-2021).

(*zkd*) the form in which the report is to be prepared under clause (*a*), such reports and other documents under clause (*b*), and such other duties under clause (*c*) of sub-section (*1*), and the manner of determining and bearing the fees in sub-section (*3*) of section 54B;

[1][(*zke*) the information to be furnished under sub-section (3) of section 54C;]

(*zkf*) the form and manner for making application for termination of the pre-packaged insolvency resolution process under sub-section (*3*) of section 54D;

(*zkg*) the form and manner of making public announcement under clause (*c*) of sub-section (*1*) of section 54E;

(*zkh*) the manner of confirming the list of claims under clause (*a*), the manner of informing creditors under clause (*b*), the manner of maintaining an updated list of claims under clause (*c*), the form and manner of preparing the information memorandum under clause (*g*), and such other duties under clause (*i*) of sub-section (*2*) of section 54F;

(*zki*) such other persons under clause (*c*), the manner of appointing accountants, legal or other professionals under clause (*e*), such other matters under sub-clause (*iv*) of clause (*f*) and the manner of taking other actions under clause (*g*) of sub-section (*3*) of section 54F;

(*zkj*) the manner of determination of fees and expenses as may be incurred by the resolution professional under sub-section (*6*) of section 54F;

(*zkk*) the manner of bearing fees and expenses under sub-section (*7*) of section 54F;

(*zkl*) the form and manner of list of claims and preliminary information memorandum under sub-section (*1*) of section 54G;

(*zkm*) the conditions under clause (*a*) of section 54H;

(*zkn*) the manner of alteration of the composition of the committee of creditors under the proviso to sub-section (*1*) of section 54-I;

(*zko*) the form and manner of making application under sub-section (*1*) of section 54J;

(*zkp*) the manner of inviting prospective resolution applicants under sub-section (*5*) of section 54K;

(*zkq*) the other conditions under sub-section (*6*) of section 54K;

(*zkr*) the conditions under clause (*a*) and the manner of providing the basis for evaluation of resolution plans and the information referred to in section 29 under sub-section (*7*) of section 54K;

(*zks*) the conditions under the proviso to sub-section (*10*) of section 54K;

(*zkt*) the manner and conditions under sub-section (*11*) of section 54K;

(*zku*) the form and manner of filing application under the proviso to sub-section (*12*) of section 54K;

1. Subs. by Act 6 of 2026, s. 70, for cl. (*zke*) (w.e.f. 26-05-2026).

(*zkv*) the other requirements under sub-section (*13*) of section 54K;

(*zkw*) the form for submission of written consent under clause (*b*) of sub-section (*2*) of section 54-O;]

[1]* * * *

(*zm*) the [2][conditions, procedural requirements, and period] under sub-section (*2*) of section 59;

[3][(*zma*) the other conditions under clause (*c*) of sub-section (*5A*) of section 59;

(*zmb*) the other consequences under sub-section (*5C*) of section 59;]

(*zn*) the details and the documents required to be submitted under sub-section (*7*) of section 95;

(*zo*) the other matters under clause (*c*) of sub-section (*3*) of section 105;

(*zp*) the manner and form of proxy voting under sub-section (*4*) of section 107;

(*zq*) the manner of assigning voting share to creditor under sub-section (*2*) of section 109;

(*zr*) the manner and form of proxy voting under sub-section (*3*) of section 133;

(*zs*) the fee to be charged under sub-section (*1*) of section 144;

(*zt*) the appointment of other officers and employees under sub-section (*2*), and the salaries and allowances payable to, and other terms and conditions of service of, such officers and employees of the Board under sub-section (*3*), of section 194;

(*zu*) the other information under clause (*i*) of sub-section (*1*) of section 196;

(*zv*) the intervals in which the periodic study, research and audit of the functioning and performance of the insolvency professional agencies, insolvency professionals and information utilities under clause (*r*), [3][standards of conduct of the committee of creditors and its members under clause (*sa*),] and mechanism for disposal of assets under clause (*t*), of sub-section (*1*) of section 196;

(*zw*) the place and the time for discovery and production of books of account and other documents under clause (*i*) of sub-section (*3*) of section 196;

(*zx*) the other committees to be constituted by the Board and the other members of such committees under section 197;

(*zy*) the other persons under clause (*b*) and clause (*d*) of section 200;

(*zz*) the form and the manner of application for registration, the particulars to be contained therein and the fee it shall accompany under sub-section (*1*) of section 201;

(*zza*) the form and manner of issuing a certificate of registration and the terms and conditions thereof, under sub-section (*3*) of section 201;

(*zzb*) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (*4*) of section 201;

(*zzc*) the other ground under clause (*d*) of sub-section (*5*) of section 201;

(*zzd*) the form of appeal to the National Company Law Appellate Tribunal, the period within which it shall be filed under section 202;

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1. Cls. (*zl*) omitted by Act 6 of 2026, s. 70 (w.e.f. 26-05-2026).
2. Subs. by s. 70, *ibid*., for "conditions and procedural requirements" (w.e.f. 26-05-2026).
3. Ins. by s. 70, *ibid*. (w.e.f. 26-05-2026).

(*zze*) the other information under clause (*g*) of section 204;

(*zzf*) the other grounds under *Explanation* to section 196;

(*zzg*) the setting up of a governing board for its internal governance and management under clause (*e*), the curriculum under clause (*l*), the manner of conducting examination under clause (*m*), of section 196;

(*zzh*) the time within which, the manner in which, and the fee for registration of insolvency professional under sub-section (*1*) of section 207;

(*zzi*) the categories of professionals or persons, the qualifications and experience and the fields under sub-section (*2*) of section 207;

(*zzj*) the manner and the conditions subject to which the insolvency professional shall perform his function under clause (*f*) of sub-section (*2*) of section 208;

(*zzk*) the form and manner in which, and the fee for registration of information utility under sub-section (*1*) of section 210;

(*zzl*) the form and manner for issuing certificate of registration and the terms and conditions thereof, under sub-section (*3*) of section 210;

(*zzm*) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (*4*) of section 210;

(*zzn*) the other ground under clause (*d*) of sub-section (*5*) of section 210;

(*zzo*) the form, the period and the manner of filing appeal to the National Company Law Appellate Tribunal under section 211;

(*zzp*) the number of independent members under section 212;

(*zzq*) the services to be provided by information utility and the terms and conditions under section 213;

(*zzr*) the form and manner of accepting electronic submissions of financial information under clause (*b*) and clause (*c*) of section 214;

(*zzs*) the minimum service quality standards under clause (*d*) of section 214;

[1][(*zzsa*) the manner under clause (*e*) of section 214;]

(*zzt*) the information to be accessed and the manner of accessing such information under clause (*f*) of section 214;

(*zzu*) the statistical information to be published under clause (*g*) of section 214;

(*zzv*) the form, the fee and the manner for submitting or accessing information under sub-section (*1*) of section 215;

(*zzw*) the form and manner for submitting financial information and information relating to assets under sub-section (*2*) of section 215;

[1][(*zzwa*) the manner and period under sub-section (*4*) of section 215;]

(*zzx*) the manner and the time within which financial information may be updated or modified or rectified under section 216;

(*zzy*) the form, manner and time of filing complaint under section 217;

1. Ins. by Act 6 of 2026, s. 70 (w.e.f. 26-05-2026).

(*zzz*) the time and manner of carrying out inspection or investigation under sub-section (*2*) of section 218;

[1][(*zzza*) the manner and period under section 219;]

(*zzzb*) the procedure for claiming restitution under sub-section (*6*), the period within which such restitution may be claimed and the manner in which restitution of amount may be made under sub-section (*7*) of section 220;

(*zzzc*) the other funds of clause (*c*) of sub-section (*1*) of section 222.

[2]**[240A. Application of this Code to micro, small and medium enterprises.—**(*1*) Notwithstanding anything to the contrary contained in this Code, the provisions of clauses (*c*) and (*h*) of section 29A shall not apply to the resolution applicant in respect of corporate insolvency resolution process [3][or pre-packaged insolvency resolution process] of any micro, small and medium enterprises.

(*2*) Subject to sub-section (*1*), the Central Government may, in the public interest, by notification, direct that any of the provisions of this Code shall—

(*a*) not apply to micro, small and medium enterprises; or

(*b*) apply to micro, small and medium enterprises, with such modifications as may be specified in the notification.

(*3*) A draft of every notification proposed to be issued under sub-section (*2*), shall be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions.

(*4*) If both Houses agree in disapproving the issue of notification or both Houses agree in making any modification in the notification, the notification shall not be issued or shall be issued only in such modified form as may be agreed upon by both the Houses, as the case may be.

(*5*) The period of thirty days referred to in sub-section (*3*) shall not include any period during which the House referred to in sub-section (*4*) is prorogued or adjourned for more than four consecutive days.

(*6*) Every notification issued under this section shall be laid, as soon as may be after it is issued, before each House of Parliament.

Explanation.—For the purposes of this section, the expression "micro, small and medium enterprises" means any class or classes of enterprises classified as such under sub-section (*1*) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).]

241. Rules and regulations to be laid before Parliament.—Every rule and every regulation made under this Code shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

242. Power to remove difficulties.—(*1*) If any difficulty arises in giving effect to the provisions of this Code, the Central Government may, by order, published in the Official Gazette, make such provisions

1. Subs. by Act 6 of 2026, s. 70, for cl. (*zzza*) (w.e.f. 26-05-2026).
2. Ins. by Act 26 of 2018, s. 37 (w.e.f. 6-6-2018).
3. Ins. by Act 26 of 2021, s. 17 (w.e.f. 4-4-2021).

not inconsistent with the provisions of this Code as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of five years from the commencement of this Code.

[1][(*1A*) Notwithstanding anything contained in sub-section (*1*), if any difficulty arises in giving effect to the provisions of this Code, as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, the Central Government may, by an order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Code, as may appear to it to be necessary or expedient for removing such difficulty: Provided that no such order shall be made under this section after the expiry of a period of five years from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.]

(*2*) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

243. Repeal of certain enactments and savings.—(*1*) The Presidency Towns Insolvency Act, 1909 (3 of 1909) and the Provincial Insolvency Act, 1920 (5 of 1920) are hereby repealed.

(*2*) Notwithstanding the repeal under sub-sections (*1*),—

(*i*) all proceedings pending under and relating to the Presidency Towns Insolvency Act, 1909 (3 of 1909), and the Provincial Insolvency Act 1920 (5 of 1920) immediately before the commencement of this Code shall continue to be governed under the aforementioned Acts and be heard and disposed of by the concerned courts or tribunals, as if the aforementioned Acts have not been repealed;

(*ii*) any order, rule, notification, regulation, appointment, conveyance, mortgage, deed, document or agreement made, fee directed, resolution passed, direction given, proceeding taken, instrument executed or issued, or thing done under or in pursuance of any repealed enactment shall, if in force at the commencement of this Code, continue to be in force, and shall have effect as if the aforementioned Acts have not been repealed;

(*iii*) anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall be deemed valid;

(*iv*) any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure or existing usage, custom, privilege, restriction or exemption shall not be affected, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in, or from, the repealed enactments;

(*v*) any prosecution instituted under the repealed enactments and pending immediately before the commencement of this Code before any court or tribunal shall, subject to the provisions of this Code, continue to be heard and disposed of by the concerned court or tribunal;

(*vi*) any person appointed to any office under or by virtue of any repealed enactment shall continue to hold such office until such time as may be prescribed; and

(*vii*) any jurisdiction, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not in existence or in force shall not be revised or restored.

1. Ins. by Act 6 of 2026, s. 72 (w.e.f. 26-05-2026).

(*3*) The mention of particular matters in sub-section (*2*) shall not be held to prejudice the general application of section 6 of the General Clauses Act, 1897 (10 of 1897) with regard to the effect of repeal of the repealed enactments or provisions of the enactments mentioned in the Schedule.

244. Transitional provisions.—(*1*) Until the Board is constituted or a financial sector regulator is designated under section 195, as the case may be, the powers and functions of the Board or such designated financial sector regulator, including its power to make regulations, shall be exercised by the Central Government.

(*2*) Without prejudice to the generality of the power under sub-section (*1*), the Central Government may by regulations provide for the following matters:—

(*a*) recognition of persons, categories of professionals and persons having such qualifications and experience in the field of finance, law, management or insolvency as it deems necessary, as insolvency professionals and insolvency professional agencies under this Code;

(*b*) recognition of persons with technological, statistical, and data protection capability as it deems necessary, as information utilities under this Code; and

(*c*) conduct of the corporate insolvency resolution process, insolvency resolution process, liquidation process, fresh start process and bankruptcy process under this Code.

245. Amendments of Act 9 of 1932.—The Indian Partnership Act, 1932 shall be amended in the manner specified in the First Schedule.

246. Amendments of Act 1 of 1944.—The Central Excise Act, 1944 shall be amended in the manner specified in the Second Schedule.

247. Amendments of Act 43 of 1961.—The Income-tax Act, 1961 shall be amended in the manner specified in the Third Schedule.

248. Amendments of Act 52 of 1962.—The Customs Act, 1962 shall be amended in the manner specified in the Fourth Schedule.

249. Amendments of Act 51 of 1993.—The Recovery of Debts due to Banks and Financial Institutions Act, 1993 shall be amended in the manner specified in the Fifth Schedule.

250. Amendments of Act 32 of 1994.—The Finance Act, 1994 shall be amended in the manner specified in the Sixth Schedule.

251. Amendments of Act 54 of 2002.—The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 shall be amended in the manner specified in the Seventh Schedule.

252. Amendments of Act 1 of 2004.—The Sick Industrial Companies (Special Provisions) Repeal Act, 2003 shall be amended in the manner specified in the Eighth Schedule.

253. Amendments of Act 51 of 2007.—The Payment and Settlement Systems Act, 2007 shall be amended in the manner specified in the Ninth Schedule.

254. Amendments of Act 6 of 2009.—The Limited Liability Partnership Act, 2008 shall be amended in the manner specified in the Tenth Schedule.

255. Amendments of Act 18 of 2013.—The Companies Act, 2013 shall be amended in the manner specified in the Eleventh Schedule.

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THE FIRST SCHEDULE

(*See* section 245)

AMENDMENT TO THE INDIAN PARTNERSHIP ACT, 1932

(9 OF 1932)

1. In section 41, clause (*a*) shall be omitted.

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THE SECOND SCHEDULE

(*See* section 246)

AMENDMENT TO THE CENTRAL EXCISE ACT, 1944

(1 OF 1944)

1. In section 11E, for the words, figures and brackets "and the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 (54 of 2002) ", the words, figures and brackets "the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 (54 of 2002) and the Insolvency and Bankruptcy Code, 2016" shall be substituted.

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THE THIRD SCHEDULE

(*See* section 247)

AMENDMENT TO THE INCOME-TAX ACT, 1961

(43 OF 1961)

In sub-section (*6*) of section 178, after the words "for the time being in force", the words and figures "except the provisions of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

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THE FOURTH SCHEDULE

(*See* section 248)

AMENDMENT TO THE CUSTOMS ACT, 1962

(52 OF 1962)

In section 142A, for the words, figures and brackets "and the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 (54 of 2002)", the words and figures "the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 and the Insolvency and Bankruptcy Code, 2016" shall be substituted.

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THE FIFTH SCHEDULE

(*See* section 249)

AMENDMENTS TO THE RECOVERY OF DEBTS DUE TO BANKS AND FINANCIAL INSTITUTIONS ACT, 1993

(51 OF 1993)

1. In the long title, after the words "financial institutions", the words ", insolvency resolution and bankruptcy of individuals and partnership firms" shall be inserted, namely:—.

2. In section 1,—

(*a*) in sub-section (*1*), for the words "Due to Banks and Financial Institutions" the words "and Bankruptcy" shall be substituted;

(*b*) in sub-section (*4*), for the words "The provision of this Code", the words "Save as otherwise provided, the provisions of this Code", shall be substituted.

3. In section 3, after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) The Central Government shall by notification establish such number of Debts Recovery Tribunals and its benches as it may consider necessary, to exercise the jurisdiction, powers and authority of the Adjudicating Authority conferred on such Tribunal by or under the Insolvency and Bankruptcy Code, 2016.".

4. In section 8, after sub-section (*1*), the following section shall be inserted, namely:—

"(*1A*) The Central Government shall, by notification, establish such number of Debt Recovery Appellate Tribunals to exercise jurisdiction, powers and authority to entertain appeal against the order made by the Adjudicating Authority under Part III of the Insolvency and Bankruptcy Code, 2016.".

5. In section 17,—

(*i*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Without prejudice to sub-section (*1*),—

(*a*) the Tribunal shall exercise, on and from the date to be appointed by the Central Government, the jurisdiction, powers and authority to entertain and decide applications under Part III of Insolvency and Bankruptcy Code, 2016.

(*b*) the Tribunal shall have circuit sittings in all district headquarters.".

(*ii*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) Without prejudice to sub-section (*2*), the Appellate Tribunal shall exercise, on and from the date to be appointed by the Central Government, the jurisdiction, powers and authority to entertain appeals against the order made by the Adjudicating Authority under Part III of the Insolvency and Bankruptcy Code, 2016.".

6. After section 19, the following section shall be inserted, namely:—

"19A. The application made to Tribunal for exercising the powers of the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall be dealt with in the manner as provided under that Code.".

7. In section 20, in sub-section (*4*), after the word, brackets and figure "sub-section (*1*)", the words, brackets and figures "or under sub-section (*1*) of section 181 of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

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THE SIXTH SCHEDULE

(*See* section 250)

AMENDMENT TO THE FINANCE ACT, 1994

(32 OF 1994)

In section 88, for the words, figures and brackets "and the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 (54 of 2002)", the words and figures "the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002 and the Insolvency and Bankruptcy Code, 2016" shall be substituted.

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THE SEVENTH SCHEDULE

(*See* section 251)

AMENDMENT TO THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002

(54 OF 2002)

In section 13, in sub-section (*9*), for the words "In the case of", the words and figures "Subject to the provisions of the Insolvency and Bankruptcy Code, 2016, in the case of" shall be substituted.

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THE EIGHTH SCHEDULE

(*See* section 252)

AMENDMENT TO THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) REPEAL ACT, 2003

(1 OF 2004)

In section 4, for sub-clause (*b*), the following sub-clause shall be substituted, namely—

"(*b*) On such date as may be notified by the Central Government in this behalf, any appeal preferred to the Appellate Authority or any reference made or inquiry pending to or before the Board or any proceeding of whatever nature pending before the Appellate Authority or the Board under the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) shall stand abated:

Provided that a company in respect of which such appeal or reference or inquiry stands abated under this clause may make reference to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 within one hundred and eighty days from the commencement of the Insolvency and Bankruptcy Code, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016:

Provided further that no fees shall be payable for making such reference under Insolvency and Bankruptcy Code, 2016 by a company whose appeal or reference or inquiry stands abated under this clause.

[1][Provided also that any scheme sanctioned under sub-section (4) or any scheme under implementation under sub-section (12) of section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 shall be deemed to be an approved resolution plan under sub-section (1) of section 31 of the Insolvency and Bankruptcy Code, 2016 and the same shall be dealt with, in accordance with the provisions of Part II of the said Code:

Provided also that in case, the statutory period within which an appeal was allowed under the Sick Industrial Companies (Special Provisions) Act, 1985 against an order of the Board had not expired as on the date of notification of this Act, an appeal against any such deemed approved resolution plan may be preferred by any person before National Company Law Appellate Tribunal within ninety days from the date of publication of this order.]"

1. Ins. by Notification No. S.O. 1683(E) dated 24th May 2017.

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THE NINTH SCHEDULE

(*See* section 253)

AMENDMENTS TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

(51 OF 2007)

1. In section 23, in sub-sections (*4*), (*5*) and (*6*), after the words, figures and brackets "the Banking Regulation Act, 1949 (10 of 1949)" "the Companies Act, 2013 (18 of 2013)", the words and figures "or the Insolvency and Bankruptcy Code, 2016" shall be inserted.

2. In section 23A, in sub-section (*3*), after the words and figures "the Companies Act, 2013", the words and figures "or the Insolvency and Bankruptcy Code, 2016" shall be inserted.

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THE TENTH SCHEDULE

(*See* section 254)

AMENDMENT TO THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

(6 OF 2009)

In section 64, clause (*c*) shall be omitted.

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THE ELEVENTH SCHEDULE

(*See* section 255)

AMENDMENTS TO THE COMPANIES ACT, 2013

(18 OF 2013)

1. In section 2,—

(*a*) for clause (*23*), the following clause shall be substituted, namely:—

"(*23*) "Company Liquidator" means a person appointed by the Tribunal as the Company Liquidator in accordance with the provisions of section 275 for the winding up of a company under this Act;";

(*b*) after clause (*94*), the following clause shall be inserted, namely:—

"(*94A*) "winding up" means winding up under this Act or liquidation under the Insolvency and Bankruptcy Code, 2016, as applicable.".

2. In section 8, in sub-section (*9*), for the words and figures "the Rehabilitation and Insolvency Fund formed under section 269", the words and figures "Insolvency and Bankruptcy Fund formed under section 224 of the Insolvency and Bankruptcy Code, 2016" shall be substituted.

3. In section 66, in sub-section (*8*), for the words, brackets and figures "is unable, within the meaning of sub-section (*2*) of section 271, to pay the amount of his debt or claim,", the words and figures "commits a default, within the meaning of section 6 of the Insolvency and Bankruptcy Code, 2016, in respect of the amount of his debt or claim," shall be substituted.

4. In section 77, in sub-section (*3*), after the words "the liquidator", the words and figures "appointed under this Act or the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted.

5. In section 117, in sub-section (*3*), in clause (*f*), for the word and figures "section 304", the words and figures "section 59 of the Insolvency and Bankruptcy Code, 2016" shall be substituted.

6. In section 224, in sub-section (*2*), after the words "wound up under this Act", the words and figures "or under the Insolvency and Bankruptcy Code, 2016" shall be inserted.

6A. In section 230,—

(*a*) in sub-section (*1*), after the word "liquidator", the words and figures "appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted;

(*b*) in sub-section (*6*), after the words "on the liquidator", the words and figures "appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted;

7. In section 249, in sub-section (*1*), for clause (*e*), the following clause shall be substituted, namely:—

"(*e*) is being wound up under Chapter XX of this Act or under the Insolvency and Bankruptcy Code, 2016.".

8. Sections 253 to 269 shall be omitted.

9. For section 270, the following section shall be substituted, namely:—

"270. Winding up by Tribunal.—The provisions of Part I shall apply to the winding up of a company by the Tribunal under this Act.".

10. For section 271, the following section shall be substituted, namely:—

"271. Circumstances in which company may be wound up by Tribunal.—A company may, on a petition under section 272, be wound up by the Tribunal,—

(*a*) if the company has, by special resolution, resolved that the company be wound up by the Tribunal;

(*b*) if the company has acted against the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality;

(*c*) if on an application made by the Registrar or any other person authorised by the Central Government by notification under this Act, the Tribunal is of the opinion that the affairs of the company have been conducted in a fraudulent manner or the company was formed for fraudulent and unlawful purpose or the persons concerned in the formation or management of its affairs have been guilty of fraud, misfeasance or misconduct in connection therewith and that it is proper that the company be wound up;

(*d*) if the company has made a default in filing with the Registrar its financial statements or annual returns for immediately preceding five consecutive financial years; or

(*e*) if the Tribunal is of the opinion that it is just and equitable that the company should be wound up.".

12. For section 272, the following section shall be substituted, namely:—

"272. Petition for winding up.—(*1*) Subject to the provisions of this section, a petition to the Tribunal for the winding up of a company shall be presented by—

(*a*) the company;

(*b*) any contributory or contributories;

(*c*) all or any of the persons specified in clauses (*a*) and (*b*);

(*d*) the Registrar;

(*e*) any person authorised by the Central Government in that behalf; or

(*f*) in a case falling under clause (*b*) of section 271, by the Central Government or a State Government.

(*2*) A contributory shall be entitled to present a petition for the winding up of a company, notwithstanding that he may be the holder of fully paid-up shares, or that the company may have no assets at all or may have no surplus assets left for distribution among the shareholders after the satisfaction of its liabilities, and shares in respect of which he is a contributory or some of them were either originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months immediately before the commencement of the winding up or have devolved on him through the death of a former holder.

(*3*) The Registrar shall be entitled to present a petition for winding up under section 271, except on the grounds specified in clause (*a*) or clause (*e*) of that sub-section:

Provided that the Registrar shall obtain the previous sanction of the Central Government to the presentation of a petition:

Provided further that the Central Government shall not accord its sanction unless the company has been given a reasonable opportunity of making representations.

(*4*) A petition presented by the company for winding up before the Tribunal shall be admitted only if accompanied by a statement of affairs in such form and in such manner as may be prescribed.

(*5*) A copy of the petition made under this section shall also be filed with the Registrar and the Registrar shall, without prejudice to any other provisions, submit his views to the Tribunal within sixty days of receipt of such petition.”.

13. In section 275,—

(*a*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

“(*2*) The provisional liquidator or the Company Liquidator, as the case may, shall be appointed by the Tribunal from amongst the insolvency professionals registered under the Insolvency and Bankruptcy Code, 2016;”;

(*b*) sub-section (*4*) shall be omitted.

14. For section 280, the following section shall be substituted, namely:—

“280. Jurisdiction of Tribunal.—The Tribunal shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain, or dispose of,—

(*a*) any suit or proceeding by or against the company;

(*b*) any claim made by or against the company, including claims by or against any of its branches in India;

(*c*) any application made under section 233;

(*d*) any question of priorities or any other question whatsoever, whether of law or facts, including those relating to assets, business, actions, rights, entitlements, privileges, benefits, duties, responsibilities, obligations or in any matter arising out of, or in relation to winding up of the company,

whether such suit or proceeding has been instituted, or is instituted, or such claim or question has arisen or arises or such application has been made or is made or such scheme has been submitted, or is submitted, before or after the order for the winding up of the company is made.”.

15. Section 289 shall be omitted.

15A. The heading “Part II.—Voluntary winding up” shall be omitted.

16. Sections 304 to 323 shall be omitted.

17. Section 325 shall be omitted.

18. For section 326, the following section shall be substituted, namely:—

“326. Overriding preferential payments.—(*1*) In the winding up of a company under this Act, the following debts shall be paid in priority to all other debts:—

(*a*) workmen’s dues; and

(*b*) where a secured creditor has realised a secured asset, so much of the debts due to such secured creditor as could not be realised by him or the amount of the workmen’s portion in his security (if payable under the law), whichever is less, *pari passu* with the workmen’s dues:

Provided that in case of the winding up of a company, the sums referred to in sub-clauses (*i*) and (*ii*) of clause (*b*) of the *Explanation*, which are payable for a period of two years preceding the winding up order or such other period as may be prescribed, shall be paid in priority to all other debts (including debts due to secured creditors), within a period of thirty days of sale of assets and shall be subject to such charge over the security of secured creditors as may be prescribed.

(*2*) The debts payable under the proviso to sub-section (*1*) shall be paid in full before any payment is made to secured creditors and thereafter debts payable under that sub-section shall be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions.

Explanation.—For the purposes of this section, and section 327—

(*a*) "workmen", in relation to a company, means the employees of the company, being workmen within the meaning of clause (*s*) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947);

(*b*) "workmen's dues", in relation to a company, means the aggregate of the following sums due from the company to its workmen, namely:—

(*i*) all wages or salary including wages payable for time or piece work and salary earned wholly or in part by way of commission of any workman in respect of services rendered to the company and any compensation payable to any workman under any of the provisions of the Industrial Disputes Act, 1947 (14 of 1947);

(*ii*) all accrued holiday remuneration becoming payable to any workman or, in the case of his death, to any other person in his right on the termination of his employment before or by the effect of the winding up order or resolution;

(*iii*) unless the company is being wound up voluntarily merely for the purposes of reconstruction or amalgamation with another company or unless the company has, at the commencement of the winding up, under such a contract with insurers as is mentioned in section 14 of the Workmen's Compensation Act, 1923 (19 of 1923), rights capable of being transferred to and vested in the workmen, all amount due in respect of any compensation or liability for compensation under the said Act in respect of the death or disablement of any workman of the company;

(*iv*) all sums due to any workman from the provident fund, the pension fund, the gratuity fund or any other fund for the welfare of the workmen, maintained by the company;

(*c*) "workmen's portion'', in relation to the security of any secured creditor of a company, means the amount which bears to the value of the security the same proportion as the amount of the workmen's dues bears to the aggregate of the amount of workmen's dues and the amount of the debts due to the secured creditors.

Illustration

The value of the security of a secured creditor of a company is Rs. 1,00,000. The total amount of the workmen's dues is Rs. 1,00,000. The amount of the debts due from the company to its secured creditors is Rs. 3,00,000. The aggregate of the amount of workmen's dues and the amount of debts due to secured creditors is Rs. 4,00,000. The workmen's portion of the security is, therefore, one-fourth of the value of the security, that is Rs. 25,000.".

19. In section 327,—

(*a*) after sub-section (*6*), the following sub-section shall be inserted, namely:—

"(*7*) Sections 326 and 327 shall not be applicable in the event of liquidation under the Insolvency and Bankruptcy Code, 2016.";

(*b*) in the *Explanation*, for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) the expression "relevant date" means in the case of a company being wound up by the Tribunal, the date of appointment or first appointment of a provisional liquidator, or if no such appointment was made, the date of the winding up order, unless, in either case, the company had

commenced to be wound up voluntarily before that date under the Insolvency and Bankruptcy Code, 2016;".

20. For section 329, the following section shall be substituted, namely:—

"329. *Transfers not in good faith to be void*.—Any transfer of property, movable or immovable, or any delivery of goods, made by a company, not being a transfer or delivery made in the ordinary course of its business or in favour of a purchaser or encumbrancer in good faith and for valuable consideration, if made within a period of one year before the presentation of a petition for winding up by the Tribunal under this Act shall be void against the Company Liquidator.".

21. For section 334, the following section shall be substituted, namely:—

"334. Transfer, etc., after commencement of winding up to be void.—In the case of a winding up by the Tribunal, any disposition of the property including actionable claims, of the company and any transfer of shares in the company or alteration in the status of its members, made after the commencement of the winding up shall, unless the Tribunal otherwise orders, be void.".

22. In section 336, in sub-section (*1*), in the opening paragraph, for the words "whether by the Tribunal or voluntarily, or which is subsequently ordered to be wound up by the Tribunal or which subsequently passes a resolution for voluntary winding up", the words "by the Tribunal under this Act or which is subsequently ordered to be wound up by the Tribunal under this Act" shall be substituted.

23. In section 337, for the words "or which subsequently passes a resolution for voluntary winding up,", the words "under this Act", shall be substituted.

24. In section 342, sub-sections (*2*), (*3*) and (*4*) shall be omitted.

25. In section 343, for sub-section (*1*), the following sub-section shall be substituted, namely—

"(*1*) The Company Liquidator may, with the sanction of the Tribunal, when the company is being wound up by the Tribunal,—

(*i*) pay any class of creditors in full;

(*ii*) make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim, present or future, certain or contingent, against the company, or whereby the company may be rendered liable; or

(*iii*) compromise any call or liability to call, debt, and liability capable of resulting in a debt, and any claim, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or alleged to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharge in respect thereof.".

26. In section 347, for sub-section (*1*), the following sub-section shall be substituted, namely—

"(*1*) When the affairs of a company have been completely wound up and it is about to be dissolved, the books and papers of such company and those of the Company Liquidator may be disposed of in such manner as the Tribunal directs.".

27. In section 348, for sub-section (*1*), the following sub-section shall be substituted, namely—

"(*1*) If the winding up of a company is not concluded within one year after its commencement, the Company Liquidator shall, unless he is exempted from so doing, either wholly or in part by the Central Government, within two months of the expiry of such year and thereafter until the winding up is concluded, at intervals of not more than one year or at such shorter intervals, if any, as may be

prescribed, file a statement in such form containing such particulars as may be prescribed, duly audited, by a person qualified to act as auditor of the company, with respect to the proceedings in, and position of, the liquidation, with the Tribunal:

Provided that no such audit as is referred to in this sub-section shall be necessary where the provisions of section 294 apply;".

28. For section 357, the following section shall be substituted, namely:—

"357. Commencement of winding up by Tribunal.—The winding up of a company by the Tribunal under this Act shall be deemed to commence at the time of the presentation of the petition for the winding up.".

29. In section 370, in the proviso, after the words "obtained for the winding up the company", the words and figures "in accordance with the provisions of this Act or of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

30. In section 372, after the words "The provisions of this Act", the words and figures "or of the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted.

31. In section 419, for sub-section (*4*), the following sub-section shall be substituted, namely:—

"(*4*) The Central Government shall, by notification, establish such number of benches of the Tribunal, as it may consider necessary, to exercise the jurisdiction, powers and authority of the Adjudicating Authority conferred on such Tribunal by or under Part II of the Insolvency and Bankruptcy Code, 2016.".

32. In section 424,—

(*i*) in sub-section (*1*), after the words, "other provisions of this Act", the words and figures "or of the Insolvency and Bankruptcy Code, 2016" shall be inserted;

(*ii*) in sub-section (*2*), after the words, "under this Act", the words and figures "or under the Insolvency and Bankruptcy Code, 2016" shall be inserted.

33. In section 429, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Tribunal may, in any proceedings for winding up of a company under this Act or in any proceedings under the Insolvency and Bankruptcy Code, 2016, in order to take into custody or under its control all property, books of account or other documents, request, in writing, the Chief Metropolitan Magistrate, Chief Judicial Magistrate or the District Collector within whose jurisdiction any such property, books of account or other documents of such company under this Act or of corporate persons under the said Code, are situated or found, to take possession thereof, and the Chief Metropolitan Magistrate, Chief Judicial Magistrate or the District Collector, as the case may be, shall, on such request being made to him,—

(*a*) take possession of such property, books of account or other documents; and

(*b*) cause the same to be entrusted to the Tribunal or other persons authorised by it.".

34. For section 434, the following section shall be substituted, namely:—

"434. (*1*) On such date as may be notified by the Central Government in this behalf,—

(*a*) all matters, proceedings or cases pending before the Board of Company Law Administration (herein in this section referred to as the Company Law Board) constituted under sub-section (*1*) of section 10E of the Companies Act, 1956 (1 of 1956), immediately before such date shall stand transferred to the Tribunal and the Tribunal shall dispose of such matters, proceedings or cases in accordance with the provisions of this Act;

(*b*) any person aggrieved by any decision or order of the Company Law Board made before such date may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Company Law Board to him on any question of law arising out of such order:

Provided that the High Court may if it is satisfied that the appellant was prevented by sufficient cause from filing an appeal within the said period, allow it to be filed within a further period not exceeding sixty days; and

(*c*) all proceedings under the Companies Act, 1956 (1 of 1956), including proceedings relating to arbitration, compromise, arrangements and reconstruction and winding up of companies, pending immediately before such date before any District Court or High Court, shall stand transferred to the Tribunal and the Tribunal may proceed to deal with such proceedings from the stage before their transfer:

Provided that only such proceedings relating to the winding up of companies shall be transferred to the Tribunal that are at a stage as may be prescribed by the Central Government.

(*2*) The Central Government may make rules consistent with the provisions of this Act to ensure timely transfer of all matters, proceedings or cases pending before the Company Law Board or the courts, to the Tribunal under this section.".

35. In section 468, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*i*) as to the mode of proceedings to be held for winding up of a company by the Tribunal under this Act;

(*ii*) for the holding of meetings of creditors and members in connection with proceedings under section 230;

(*iii*) for giving effect to the provisions of this Act as to the reduction of the capital;

(*iv*) generally for all applications to be made to the Tribunal under the provisions of this Act;

(*v*) the holding and conducting of meetings to ascertain the wishes of creditors and contributories;

(*vi*) the settling of lists of contributories and the rectifying of the register of members where required, and collecting and applying the assets;

(*vii*) the payment, delivery, conveyance, surrender or transfer of money, property, books or papers to the liquidator;

(*viii*) the making of calls; and

(*ix*) the fixing of a time within which debts and claims shall be proved.".

36. In Schedule V, in Part II, in section III, for clause (*b*), the following clause shall be substituted, namely:—

"(*b*) where the company—

(*i*) is a newly incorporated company, for a period of seven years from the date of its incorporation, or

(*ii*) is a sick company, for whom a scheme of revival or rehabilitation has been ordered by the Board for Industrial and Financial Reconstruction for a period of five years from the date of sanction of scheme of revival, or

(*iii*) is a company in relation to which a resolution plan has been approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for a period of five years from the date of such approval,

it may pay remuneration up to two times the amount permissible under section II.”.

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[1][THE TWELFTH SCHEDULE

[*See* clause (*d*) of section 29A]

ACTS FOR THE PURPOSES OF CLAUSE (d) OF SECTION 29A

(*1*) The Foreign Trade (Development and Regulation) Act, 1922 (22 of 1922);

(*2*) The Reserve Bank of India Act, 1934 (2 of 1934);

(*3*) The Central Excise Act, 1944 (1 of 1944);

(*4*) The Prevention of Food Adulteration Act, 1954 (37 of 1954);

(*5*) The Essential Commodities Act, 1955 (10 of 1955);

(*6*) The Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*7*) The Income-tax Act, 1961 (43 of 1961);

(*8*) The Customs Act, 1962 (52 of 1962);

(*9*) The Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974);

(*10*) The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974);

(*11*) The Air (Prevention and Control of Pollution) Act, 1981 (14 of 1981);

(*12*) The Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986);

(*13*) The Environment (Protection) Act, 1986 (29 of 1986);

(*14*) The Prohibition of Benami Property Transactions Act, 1988 (45 of 1988);

(*15*) The Prevention of Corruption Act, 1988 (49 of 1988);

(*16*) The Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*17*) The Foreign Exchange Management Act, 1999 (42 of 1999);

(*18*) The Competition Act, 2002 (12 of 2003);

(*19*) The Prevention of Money-laundering Act, 2002 (15 of 2003);

(*20*) The Limited Liability Partnership Act, 2008 (6 of 2009);

(*21*) The Foreign Contribution (Regulation) Act, 2010 (42 of 2010);

(*22*) The Companies Act, 2013 (18 of 2013) or any previous company law;

(*23*) The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015);

(*24*) The Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(25) The Central Goods and Services Tax Act, 2017 (12 of 2017) and respective State Acts imposing State goods and services tax;

(*26*) such other Acts as may be notified by the Central Government.

Every notification issued under this Schedule shall be laid, as soon as may be after it is issued, before each House of Parliament.]

1. Ins. by Act 26 of 2018, s. 38 (w.e.f. 6-6-2018).

STATEMENT OF OBJECTS AND REASONSES

There is no single law in India that deals with insolvency and bankruptcy. Provisions relating to insolvency and bankruptcy for companies can be found in the Sick Industrial Companies (Special Provisions) Act, 1985, the Recovery of Debt Due to Banks and Financial Institutions Act, 1993, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Companies Act, 2013. These statutes provide for creation of multiple fora such as Board of Industrial and Financial Reconstruction (BIFR), Debt Recovery Tribunal (DRT) and National Company Law Tribunal (NCLT) and their respective Appellate Tribunals. Liquidation of companies is handled by the High Courts. Individual bankruptcy and insolvency is dealt with under the Presidency Towns Insolvency Act, 1909, and the Provincial Insolvency Act, 1920 and is dealt with by the Courts. The existing framework for insolvency and bankruptcy is inadequate, ineffective and results in undue delays in resolution, therefore, the proposed legislative.

2. The objective of the Insolvency and Bankruptcy Code, 2015 is to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the priority of payment of government dues and to establish an Insolvency and Bankruptcy Fund, and matters connected therewith or incidental thereto. An effective legal framework for timely resolution of insolvency and bankruptcy would support development of credit markets and encourage entrepreneurship. It would also improve Ease of Doing Business, and facilitate more investments leading to higher economic growth and development.

3. The Code seeks to provide for designating the NCLT and DRT as the Adjudicating Authorities for corporate persons and firms and individuals, respectively, for resolution of insolvency, liquidation and bankruptcy. The Code separates commercial aspects of insolvency and bankruptcy proceedings from judicial aspects. The Code also seeks to provide for establishment of the Insolvency and Bankruptcy Board of India (Board) for regulation of insolvency professionals, insolvency professional agencies and information utilities. Till the Board is established, the Central Government shall exercise all powers of the Board or designate any financial sector regulator to exercise the powers and functions of the Board. Insolvency professionals will assist in completion of insolvency resolution, liquidation and bankruptcy proceedings envisaged in the Code. Information Utilities would collect, collate, authenticate and disseminate financial information to facilitate such proceedings. The Code also proposes to establish a fund to be called the Insolvency and Bankruptcy Fund of India for the purposes specified in the Code.

4. The Code seeks to provide for amendments in the Indian Partnership Act, 1932, the Central Excise Act, 1944, Customs Act, 1962, Income-Tax Act, 1961, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, the Finance Act, 1994, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, the Payment and Settlement Systems Act, 2007, the Limited Liability Partnership Act, 2008, and the Companies Act, 2013.

5. The Code seeks to achieve the above objectives.

ARUN JAITLEY.

NEW DELHI;

The 17*th December*, 2015.

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