

## PRESS RELEASE



### LOK SABHA SECRETARIAT PARLIAMENT HOUSE NEW DELHI

#### SELECT COMMITTEE ON THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) BILL, 2025

17<sup>th</sup> December, 2025

Shri Baijayant Panda, Chairperson of the Select Committee of Lok Sabha, presented the Report of the Select Committee on the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 to the Lok Sabha on 17<sup>th</sup> December, 2025. The Bill was introduced in Lok Sabha on 12<sup>th</sup> August, 2025, and referred to the Select Committee on the same day through a motion moved by Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs. The Committee, comprising 24 Members of Lok Sabha, was tasked with examining the Bill and submitting its report to the Parliament.

Some of the important Observations/Recommendations are as under:-

Sl. No.	Para No.	Clause No.	Observations/Recommendations
1.	2.6.2	2	<b><u>Definition of Service Provider</u></b>  The Committee recommended that definition of the term 'service provider' be suitably modified to include 'registered valuer' to the list of entities that are provided under the IBC and definition for 'registered valuer' be suitably inserted.  The Committee also recommended that in order to maintain coherence, appropriate references to 'registered valuer' be included where the term 'service provider' is used in the Amendment Bill and at all relevant places where it has a consequential effect.
2.	3.6.4	3	<b><u>Explanation to Resolution Plan</u></b>  The Committee reckoned that in order to clearly bring out the legislative intent of allowing sale of one or more assets for maximizing the value for a corporate debtor holding multifarious businesses, the definition of resolution plan needs to be extended and made explicit to allow for one or more resolution plans for a corporate debtor undergoing CIRP.
3.	18.6	18	<b><u>Submission of Resolution Plan</u></b>  The Committee recommended amending Clause 18(c) to statutorily codify the composition of the Monitoring Committee within the Code itself, rather than leaving it entirely to subordinate legislation. The Committee have insisted that the revised clause must explicitly specify that the committee shall consist of the

			resolution professional, representatives of creditors, and the successful resolution applicant.
4.	19.6	19	<p><b><u>Clean Slate Principle</u></b></p> <p>The Committee endorsed codifying the "Clean Slate" principle as declaratory and retrospectively applicable from the enactment of the Code, while ensuring that settled judicial pronouncements are not reopened; but with the vital safeguard that this protection does not absolve erstwhile promoters or officers from criminal liability under Section 69, thus balancing a new beginning for the company with continued individual accountability.</p>
5.	21.6.2	21	<p><b><u>Appointment of Liquidator</u></b></p> <p>The Committee, having found merit in the argument for a clear separation of roles of Resolution Professional (RP) vis a vis that of the liquidator in order to eliminate the perception and possibility of a conflict of interest, recommended to revise the relevant provisions of Section 34 of the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 to reflect that RP who has conducted the CIRP or PPIR for the Corporate debtor shall be ineligible to be appointed as the Liquidator.</p>
6.	32.6	32	<p><b><u>Distribution of Assets</u></b></p> <p>The Committee recommended to amend the explanation to section 53(1)e to amply clarify the order of priority of Government dues and inter-creditor arrangements within the liquidation distribution waterfall mechanism and also to clarify the original intent of legislation to give government dues a lower priority.</p>
7.	42.5.3	42A	<p><b><u>Timeline for NCLAT</u></b></p> <p>The Committee recommended that a specific statutory timeline of 3 months be prescribed for the NCLAT. Accordingly, the Committee proposed that Section 61 be amended suitably.</p>
8.	46.6.4	46	<p><b><u>De criminalization of certain offences</u></b></p> <p>The Committee recommended that Sections 74 and 76 be decriminalised and substituted with new civil-penalty provisions namely Clause 67B (Punishment for contravention of moratorium and resolution plan) and Clause 67C (Punishment for non-disclosure of dispute or payment of debt by operational creditor) in order to ensure continued accountability while avoiding over-criminalisation of procedural or good-faith errors.</p>
9.	55.6	55	<p><b><u>Powers and function of the Board</u></b></p> <p>The Committee recommended to modify the clause to suitably incorporate the specific period within which the Committee of Creditors shall take decisions.</p>
10.	67.6.4	67	<p><b><u>Power to make rules for cross-border insolvency</u></b></p> <p>In order to harmonize UNCITRAL principles to fit the Indian legal framework and to harmonize international</p>

			best practices with the domestic system, ensuring the new cross-border provisions are both effective and legally sound within the country, the Committee recommended to codify the basic tenets of the cross-border insolvency framework directly within the Code itself to provide clear legislative guidance for the Central Government and address these judicial concerns.
11.	67.6.4	67	<p><b><u>Clarification of the term Corporate- Debtor</u></b></p> <p>The Committee recommended the need to clarify the term "corporate debtor" in Section 240C to explicitly include any person incorporated with limited liability outside India to ensure the cross-border provisions legally apply to and govern insolvency proceedings that involve a foreign company with assets, creditors, or operations connected to India.</p>

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