



**IBC Amendment Bill, 2025**

# A Bird's Eye View to introduction to CIIRP

(Creditor Initiated Insolvency Resolution Process (CIIRP))

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## IBC Amendment Bill, 2025

# Comprehensive Legislative Reforms Introduced in Lok Sabha

With a view to significantly overhaul the framework of the Insolvency and Bankruptcy Code, 2016, the Government of India has proposed a series of far-reaching changes / reforms through the Insolvency and Bankruptcy Code (Amendment) Bill, 2025. These changes aim to ensure faster resolution of CIRP Cases with minimal judicial intervention especially at the time of admission of company into CIRP.

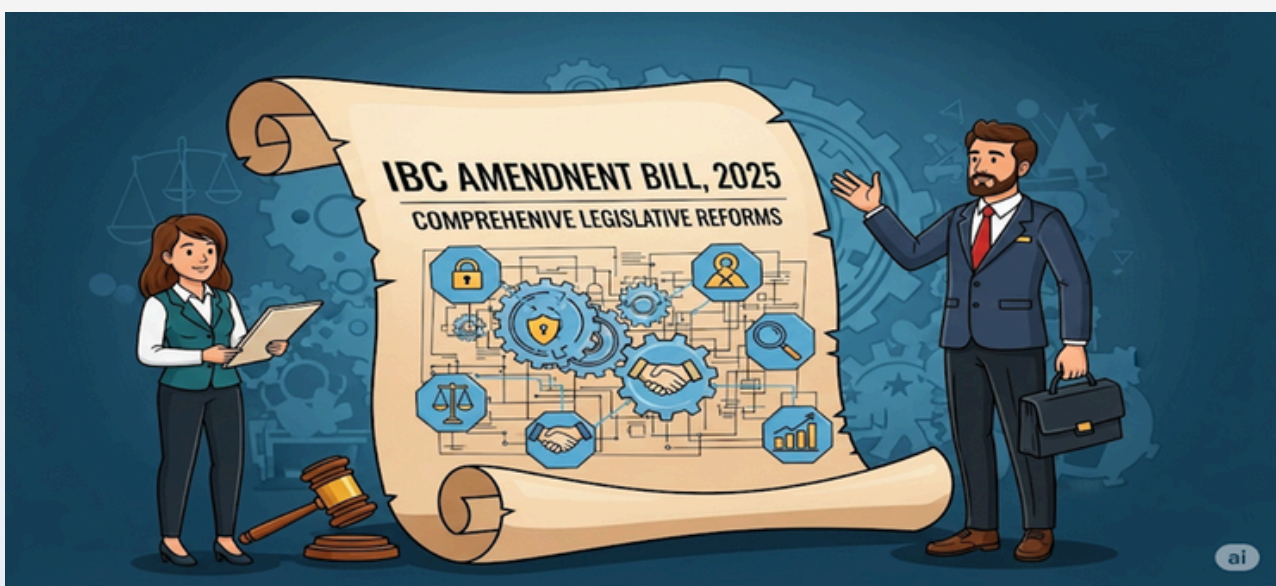
The key proposed amendments proposed in the Amendment Bill are as under:

**Introduction of the Creditor Initiated Insolvency Resolution Process (CIIRP) :** A creditor-driven, out-of-court mechanism aimed at achieving faster resolution before resorting to the regular CIRP. The impact of this provision seeks to reduce the delay in CIRP Admissions, conducting the process of CIRP through minimalistic court's intervention.

**Implementation of a Group Insolvency Framework:** Enabling coordinated resolution of multiple entities within a corporate group.

**Provisions for Handling Cross-Border Insolvency Cases:** aligning Indian insolvency law with international best practices for dealing with foreign assets and proceedings.

Other targeted amendments to strengthen the operational efficiency, transparency, and overall effectiveness of the I&B Code.



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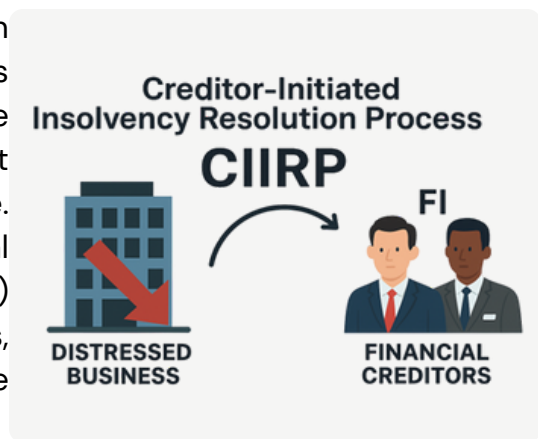
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“**Part One:** Insights in the Proposed CIIRP (New Concept in I&B Law)”

# An In-Depth Journey into the Proposed Creditor Initiated Insolvency Resolution Process (CIIRP)

Understanding the Creditor-Initiated Insolvency Resolution Process (CIIRP) – **New Concept being introduced in IBC Code**

CIIRP represents an out-of-court initiation mechanism of CIRP in distressed companies allowing certain financial creditors to commence insolvency resolution procedures without requisite court intervention at the initial stage. This process is distinct from the traditional corporate insolvency resolution process (CIRP) and the pre-packaged insolvency process, focusing on expediting resolution for genuine business failures with minimal process disruption



## CIIRP – Where it can be applied

The initiation of CIIRP Process is optional and available as a tool in the hands of financial creditor(s) holding at least 51% of the total financial debt(s) of the corporate debtor.

Depending upon situation, CIIRP can be applied by the financial creditors in the following cases:

**Eligible Corporate Debtors:** CIIRP may be initiated against a corporate debtor who falls within categories notified by the Central Government. This includes, for example, companies with assets or income below prescribed levels, classes of creditors or debts as prescribed, or specific other categories as notified.

**Default Has Occurred:** The corporate debtor must have committed a default as per the threshold under section 4 of the IBC. Only upon occurrence of default can the process be initiated by the financial creditor.

**Approval of Majority Financial Creditors:** The initiating financial creditor must first obtain approval of at least 51% in value among the notified class of financial creditors before appointing a resolution professional and starting the process. This ensures that a substantial majority of lenders are in agreement about commencing insolvency proceedings.



**No Recent Insolvency Event:** CIRP cannot be initiated if the corporate debtor is already under any insolvency resolution or liquidation proceedings, or has undergone any insolvency resolution process, pre-packaged insolvency, or a prior CIRP in the previous three years.

**Corporate Debtor Continues to Default after Representation Opportunity:** The financial creditor is required to give the corporate debtor at least 30 days to make representations or settle the default before initiating CIRP. If there is no settlement or satisfactory representation, and a majority of qualifying creditors approve, the process can proceed.

These situations ensure that CIRP is a controlled, majority-backed process aimed at eligible corporate debtors genuinely in financial distress, with safeguards to avoid abuse or unnecessary duplication of insolvency proceedings.

It is also placed that initiation of CIRP is optional in nature. The eligible creditors or the other creditors of CD has also the option to go for routine CIRP u/s 7, 9 & 10 of I&B Code, 2016.

## Eligible Creditors to invoke CIRP

**Financial creditors belonging to notified classes of financial institutions:** Only financial creditors who belong to such classes of financial institutions as may be notified by the Central Government are eligible to initiate CIRP against a defaulting corporate debtor.

**Committee Approval Requirement:** The initiating financial creditor must obtain approval from other financial creditors of the corporate debtor belonging to the notified class, representing not less than 51% in value of the debt due to such financial creditors.

**This approval must be obtained twice:** once before and once after the corporate debtor has been given a chance to make any representation (within the specified period following notice).



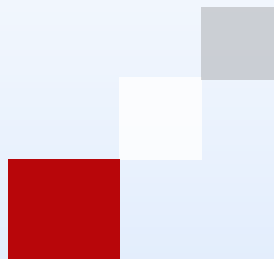
# Circumstances when CIIRP Process Cannot be initiated:

The CIIRP cannot be initiated if the corporate debtor is already undergoing an insolvency resolution or liquidation proceeding under Part II of the Code. Essentially, if a Insolvency or liquidation process is already pending or active for the company, the creditor-initiated process is blocked.

- The corporate debtor is ineligible for CIIRP if it has undergone a creditor-initiated insolvency resolution process, pre-packaged insolvency resolution process, or has completed a corporate insolvency resolution process within the preceding three years before the creditor-initiated insolvency commencement date. This is a strict "cooling-off" period to prevent multiple insolvency triggers in quick succession.
- Only financial creditors belonging to certain notified classes of financial institutions can initiate CIIRP. Also, the corporate debtor must meet specified asset, income, or debt thresholds notified by the Central Government for eligibility. If the corporate debtor or the creditor does not meet these prescribed parameters, CIIRP initiation is not allowed.
- The initiating financial creditor must obtain approval from at least 51% in value of the financial creditors belonging to the notified class before commencing CIIRP. Failure to secure such required prior approval within the stipulated time bars the process from being initiated.
- The initiation requires strict adherence to procedural mandates such as informing the corporate debtor, giving the corporate debtor 30 days to make representations, and re-securing approval after considering any representation. Non-compliance with these mandated procedural steps can nullify or void the CIIRP initiation.

It is submitted that for initiation of the Creditor-Initiated Insolvency Resolution Process (CIIRP) under Section 58B of the Insolvency and Bankruptcy Code, 2016, as amended by the IBC (Amendment) Bill, 2025, it is mandatory that a default has occurred. In the absence of a default, the provisions for CIIRP cannot be invoked.

## Initiation Process – Initial Steps prior to Initiation



# CIIRP Pre-Initiation Steps

- Financial Creditors (intending to move CIIRP) – to ascertain the share of financial debt of CD hereinafter called as initiator
- The Initiating Creditor is required to serve a notice to the Corporate Debtor as well as the other Financial Creditors regarding its intention to commence the CIIRP. It is noteworthy that the Amendment Bill does not prescribe any minimum percentage of financial debt to be owed by the Corporate Debtor to the initiating creditor at this stage. This marks a significant departure from the framework under the regular CIRP, where only a Financial Creditor with at least ₹1 crore of debt due and payable from the Corporate Debtor is entitled to file for initiation.



- The initiation of CIIRP is exclusively vested with financial creditors belonging to specified classes of financial institutions notified by the Central Government. The process mandates obtaining affirmative approval from at least 51% in value of these financial creditors. Upon intention to initiate, the corporate debtor must be informed and afforded at least thirty days to file any representations, which the financial creditor must duly consider before finalizing initiation. Once the procedural requirements are met, the financial creditor may appoint a resolution professional without judicial approval, and the resolution professional must make a public announcement marking the commencement of CIIRP.

**The following are the steps to initiation CIIRP under section 58B of the:**

- Ascertain requisite majority of 51% of the Financial Creditors to initiate CIIRP
- Conducting First Creditors' Meeting and Initiate steps for CIIRP
- Serving Prior Notice to the Corporate Debtor about Lenders Intention to initiate CIIRP
- Evaluation of CD Debtor by the Lenders in their Meeting
- Initiation of CIIRP & Appointment of Resolution Professional (RP)

- Public Announcement by RP ("Formal Commencement") of CIIRP
- CIIRP to be finalized within accelerated period of 150 days including inviting FORM-G, Approval of Resolution Plan and submission of application to AA

### Once appointed, the RP:

- Issues the Public Announcement (PA) in the prescribed format and languages, publishing it in newspapers, on the IBBI website, and other notified platforms
- Files a compliance report with the NCLT and the IBBI, confirming all procedural requirements have been met.

The official commencement of the Creditor-Initiated Insolvency Resolution Process (CIIRP) shall be deemed to occur only upon the Resolution Professional publishing the Public Announcement, in the prescribed statutory format, in at least two widely-circulated newspapers one in English and one in the vernacular language of the State or Union Territory in which the registered office of the corporate debtor is situated in accordance with the bill proposed in the Lok Sabha. The date of such publication shall be treated as the effective date of initiation of the CIIRP for all legal and procedural purposes.

## Roles and Objectives of the Resolution Professional (RP) under CIIRP

**Process Oversight and Compliance:** The RP is responsible for ensuring the CIIRP is conducted in strict accordance with the Code and its regulations, as specified in the new Chapter IV-A (Sections 58A–58K). This includes assessing eligibility conditions, filing a compliance report with the NCLT and the IBBI, and making the public announcement that officially commences the process.

**Creditor Claims Management:** The RP must collect, verify, and collate all creditor claims, maintaining transparency and accuracy throughout the claims process.

**Information Preparation:** The RP prepares an Information Memorandum (IM) based on information provided by the corporate debtor's Board.

**Strategic Appointments:** The RP appoints two registered valuers and, with the approval of the Committee of Creditors (CoC), other professionals such as a forensic auditor or legal counsel.

**Supervisory Authority:** The RP exercises oversight powers, including attending and monitoring meetings of the corporate debtor's Board meetings. RP have the power to reject any resolutions that undermine the objectives of the resolution process.



## RP Resolution Professional (RP)



**Value Maximization and Timeliness:** The RP's core objective is to maximize the value of the debtor's assets and ensure the process is completed within the prescribed timeline of 150 days, with a possible extension of an additional 45 days.

**Facilitation of Resolution:** The RP facilitates the approval of a resolution plan and, if the CIIRP is unsuccessful, can apply for its conversion into a full Corporate Insolvency Resolution Process (CIRP).

**Stakeholder Protection:** The RP ensures that the interests of all stakeholders, including dissenting financial creditors and operational creditors, are properly represented and protected through the resolution plan.

**Independence and Cooperation:** The RP must act independently, without being influenced by individual creditor interests or the debtor's management. They are responsible for securing the full cooperation of the corporate debtor's directors and management.

**"A DETAILED TIMELINE CHART OF THE CIIRP PROCESS"**

## CIIRP Detailed Timeline

Stage No.	Statutory Timeline (From Day 0 = Public Announcement)	Activity / Deliverable	Responsible Party	Notes & Linked Actions	Section / Legal Reference
1	Before Day 0	FC Approval (51%) to initiate CIIRP & issue Notice to Debtor	Initiating FC(s)	Pre-commencement; ≥30-day representation period	Sec 58B(2)(a),(b)
2	Before Day 0	RP appointed by second 51% vote after representation	Eligible FC(s)	Must be IBBI-registered, no disciplinary proceedings	Sec 58B(2)(c),(3)
3	Day 0	Public Announcement (PA) — CIIRP Commencement	RP	Published in Eng + vernacular newspapers + IBBI portal	Sec 58B(4)
4	By Day 14	Last date for submission of creditor claims	All creditors	Forms as per IBBI Regulation (to be notified for CIIRP)	Sec 58E(1)(a)
5	By Day 21	Verify claims & Constitute CoC	RP	Det. voting shares	Sec 58K r/w Sec 21
6	Day 22–28	First CoC Meeting	RP	Confirm/replace RP; approve early actions; may approve professional appointments	Sec 58K r/w Sec 22
7	Day 22–28	Appoint Registered Valuers (mandatory)	RP	Two registered valuers to determine fair value & liquidation value	Sec 58K r/w CIRP Reg 27
8	Early (Day 22–40)	Appoint other professionals as needed	RP (with CoC approval)	Forensic auditor, transaction auditor, legal counsel, process advisors — as per Sec 25(2)(d)/(e) mutatis mutandis	Sec 58E(1)(d); Sec 25(2)(d),(e)
9	Day 22–50	Prepare Information Memorandum (IM)	RP	Based on info from Board of CD (mandatory cooperation under Sec 58F(3))	Sec 58E(1)(b)
10	~Day 40–60	Issue EOI (Expression of Interest)	RP	Equivalent of CIRP Form G; invites prospective resolution applicants (PRAs)	Sec 58E + Sec 25(2)(h) via 58K; CIRP Reg 36A
11	~Day 70–80	Shortlist Provisional List of PRAs	RP	Based on Sec 29A eligibility	CIRP Reg 36A(10)
12	~Day 80–90	Publish Final List of PRAs	RP	After objections resolved	CIRP Reg 36A(12)
13	Immediately after Final List (~Day 85–95)	Issue RFRP (Request for Resolution Plan)	RP	Provide IM, evaluation matrix, process details to PRAs	CIRP Reg 36B
14	~Day 120–135	Last date for Resolution Plan submission	PRAs	Before Day 150 deadline	Sec 58D(1)
15	~Day 130–145	Evaluate plans; CoC votes (≥66%)	CoC/RP	Must meet Sec 29A & Sec 30 conditions	Sec 58J(1)
16	By Day 150	Submit approved plan to NCLT	RP	Sec 31 applies mutatis mutandis	Sec 58J(2)
17	Up to +45 days (max once)	Possible extension	RP + CoC	≥66% CoC vote & NCLT order before Day 150	Sec 58D(2)
18	If no plan / failure	Convert CIIRP → CIRP	NCLT	Same RP continues; moratorium starts	Sec 5

The above details outline the timelines of the CIIRP Process, highlighting that the entire procedure is to be completed within 150 days.

## Management and Control During CIIRP

Unlike Insolvency processes where management is suspended, CIIRP maintains that the corporate debtor's management such as the Board of Directors or partners retains control of affairs during the resolution process, subject to supervisory oversight. The resolution professional attends and monitors meetings of the corporate debtor's governing bodies and holds the power to reject resolutions that undermine the resolution objectives, thereby balancing management continuity with creditor safeguards.



## Moratorium and Legal Protections

A moratorium that prohibits initiation or continuation of legal proceedings against the corporate debtor may be sought by the resolution professional and granted by the Adjudicating Authority, on demonstrating necessity for efficient resolution. The moratorium **commences upon application** and, once confirmed, remains effective throughout the CIIRP period. This restriction safeguards the debtor's assets and ensures uninterrupted resolution proceedings, while also informing stakeholders of the moratorium's imposition by public announcement.

## Conversion & Withdrawal Provisions

The Bill contemplates conversion of CIIRP into CIRP under certain circumstances, including failure to receive a resolution plan within prescribed timelines, non-cooperation by the debtor or its personnel, or rejection of a resolution plan by the Adjudicating Authority. Conversion involves appointing the resolution professional as interim resolution professional for CIRP and declaring the requisite moratorium under the Code.

Moreover, withdrawal of the public announcement initiating CIIRP is permissible only with the approval of not less than ninety percent of the voting share of the committee of creditors, and not before constitution of the committee or issuance of the first invitation for resolution plans.

## Resolution Plan Approval & Binding Effect

Resolution plans approved by the committee of creditors must meet requirements under section 30 of the Code, including fair treatment of dissenting creditors. Approved plans are submitted to the Adjudicating Authority, which must pass an order within thirty days providing an opportunity to rectify non-material defects before rejection. Upon approval, the plan binds the corporate debtor, creditors, guarantors, and other stakeholders, extinguishing prior claims and protecting the continuity of associated rights and licenses throughout the subsistence of the plan.

## Integration with Existing Insolvency Framework

CIIRP is integrated with existing IBC provisions with necessary adaptations for terminology and procedural details. Key provisions relating to avoidance transactions, fraudulent or wrongful trading, and disciplinary proceedings regarding resolution professionals continue unabated. This ensures continuity and coherence in insolvency jurisprudence and regulatory oversight.

## Additional Amendments Related to CIIRP

The Bill also introduces penalties for frivolous or vexatious initiation of insolvency proceedings, reinforces the registration and regulation framework for insolvency service providers under a unified 'service provider' classification, and empowers the Central Government to implement electronic portals to facilitate insolvency processes. Additionally, rules for cross-border insolvency have been envisaged to align with international best practices and enhance India's insolvency regime's global compatibility.

## Expected Impact and Benefits

The introduction of CIIRP is expected to deliver faster, cost-effective insolvency resolution pathways for genuine business failures while mitigating burdens on the judicial system. By facilitating out-of-court initiation and enabling creditor control with continued corporate management oversight, CIIRP promotes business continuity and creditor confidence.

Further, the group insolvency and cross-border insolvency provisions are set to enhance resolution of complex corporate group structures and international insolvency cases, thereby contributing to a more robust and investor-friendly insolvency ecosystem in India.

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