CRUX REVIEW 03

Insolvency & Bankruptcy Review 2026

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 - a practitioner-led guide to the statutory reset, commencement architecture and the questions that now belong on every live file.

THE CENTRAL IDEA

The 2026 reform is not one amendment to one process. It changes decision points across admission, settlement, information access, resolution-plan implementation, liquidation and related processes, while creating a new creditor-initiated framework. The disciplined approach is to separate what Parliament enacted, what has commenced, what IBBI has operationalised and what remains dependent on notification or regulation.

01

ENACTED

Start with Act No. 6 of 2026 and the precise section in issue.

02

COMMENCED

Section 1(2) permits different commencement dates; verify the applicable notification.

03

OPERATIONALISED

Check current IBBI regulations, circulars, forms and notified conditions.

What this Review explains

The Review is built for counsel, lenders, insolvency professionals, resolution applicants and corporate decision-makers. It concentrates on strategy, evidence, timing and execution rather than reproducing the Amendment Act. It also identifies where a proposition is enacted law and where a live file still requires a commencement, notification or regulatory check.

PRIMARY-SOURCE STANDARD

Verified against the Gazette text of the Amendment Act, the Central Government commencement notification dated 25 May 2026 and IBBI's official 2026 legal-framework materials. IBBI discussion papers are used only where expressly identified as proposals or implementation context.

The CRUX rule

Date-stamp the law. Identify the instrument. Separate status from proposal. Never turn a statutory timeline into a guaranteed tribunal outcome.

THE REVIEW IN ONE SENTENCE

STATUS

Enacted text is only the first layer.

SOURCE

Commencement and regulations complete the answer.

ACTION

Tie every proposition to the next file decision.

Executive map

The 2026 reset through ten control points

DEFAULT	→	ADMISSION	→	CoC / PROCESS	→	PLAN / EXIT
Evidence + completeness		Timeline + reasons		Voting + stage		Execution + supervision

Admission	Record filing, completeness, default evidence and defect cure; the amended timeline is an accountability mechanism, not automatic admission.
Section 12A	Settlement must be mapped against process stage, CoC constitution, voting and the first invitation for resolution plans.
Security	Start with the creating instrument, asset, perfection/registration and the precise priority proposition.
Information	Identify the person who actually controls books, systems, contracts, premises and digital records.
Resolution plan	Draft funding, approvals, transfers, distributions, monitoring and post-approval responsibility as execution mechanics.
Avoidance	Preserve transaction evidence early and run value-recovery litigation as a separate workstream.
Liquidation	Refresh the checklist against 2026 statutory and regulatory changes; do not rely on a 2025 precedent.
CIIRP	Verify commencement, notified debtor categories, permitted initiating institutions, conditions and final regulations before advising availability.

WHY THIS MATTERS

The Amendment Act, commencement notification, regulations, circulars and transition provisions can each answer a different part of the same client question. A top-tier file note should show which layer supplies each proposition.

SOURCE HIERARCHY FOR A LIVE FILE

1 · CODE

Read the amended statutory text.

2 · COMMENCEMENT

Match the provision to the notified date.

3 · IBBI

Use the current regulation, circular and form.

1 | Admission, settlement & section 12A

Timing now requires better evidence and earlier settlement planning.

Admission discipline

For relevant admission provisions, the amended text requires reasons to be recorded where the Adjudicating Authority does not pass the prescribed order within fourteen days of receipt of the application. The legally safe formulation is recorded accountability for delay - not automatic admission on day fourteen.

COUNSEL'S FILE NOTE

Preserve presentation/receipt, defect communication, cure, information-utility/default material, service and every procedural order. A timeline submission is only as strong as the filing record behind it.

Withdrawal under section 12A

The 2026 Act substitutes section 12A. The amended architecture retains the ninety per cent voting-share requirement of the committee of creditors for withdrawal through the resolution professional, while introducing express stage restrictions. A commercial settlement should therefore be negotiated with the insolvency timetable in view.

EARLY Admission status → **CoC** Constitution + vote → **PLAN** First invitation → **FILING** Current forms

Settlement term sheet	Identify approvers, process stage, insolvency costs, filing responsibility and what happens if statutory withdrawal is unavailable.
Do not assume	A private settlement and procedural termination of an admitted insolvency process are not the same legal event.
Transition	For a matter spanning commencement, identify the exact procedural milestone and then apply the transition language to the provision in issue.
Drafting formulation	Say what the statute requires, what the tribunal has done in this file, and what relief is being sought - separately.

A

PROVE

Build the admission chronology.

B

PLAN

Negotiate against process stage.

C

VERIFY

Use current CIRP forms/regulations.

SETTLEMENT CONTROL CHECK

STAGE

Where exactly is the process today?

AUTHORITY

Whose approval and vote are required?

EXIT

What filing actually terminates the process?

2 | Security, claims & information control

The 2026 reform sharpens classification and cooperation questions that frequently decide value.

Security interest: instrument first

The amended statutory direction focuses the concept of security interest on rights intentionally created by agreement or arrangement and excludes rights arising merely by operation of law. The originating instrument and legal mechanism of creation therefore become central to classification.

SECURED-CLAIM EVIDENCE STACK

Creating instrument • asset description • registration/perfection • charge records and amendments • invocation/enforcement history • valuation/possession • precise statutory priority proposition.

Information and cooperation

The strengthened architecture should be applied by following control of information, not formal designations. Identify who holds the ERP login, bank credentials, statutory registers, email archives, contracts, litigation files, keys, inventory records and books of account.

IDENTIFY — Record / asset → **LOCATE** — Actual custodian → **REQUEST** — Specific + auditable → **ESCALATE** — Statutory route

Existence	What right is said to exist and under which instrument or statutory provision?
Creation	How, when and over which asset was the right created?
Perfection	What registration, filing, possession or other perfection evidence exists?
Priority	Against whom, in which process and under which legal rule is priority asserted?
Cooperation	What information is missing, who controls it, and what precise assistance has been requested?
Do not overstate	The amendment does not eliminate priority disputes; characterisation, perfection, statutory interaction and facts can still require adjudication.

SECURED CLAIM: FOUR-PART TEST

RIGHT
Identify the legal right asserted.

CREATION
Locate the instrument and asset.

PRIORITY
Prove perfection and ranking.

3 | Resolution plans, implementation & avoidance

Approval is a milestone. The 2026 direction is toward execution architecture and preservation of value-recovery proceedings.

Resolution-plan implementation

The Amendment Act makes targeted changes to section 30 and related provisions, including treatment of dissenting financial creditors and greater express attention to implementation and supervision. The enacted framework contemplates an implementation/supervision committee involving an insolvency professional, creditor representation and the resolution applicant, subject to the applicable regulatory architecture.

PLAN IMPLEMENTATION GRID

Funding certainty | conditions precedent | regulatory approvals | asset/share transfers | employee and contract continuity | distributions | monitoring milestones | responsibility for implementation defaults.

Funding	Source, amount, escrow/security, long-stop date and consequence of failure.
Approvals	Competition, sectoral, corporate, contractual and governmental approvals should be allocated, not assumed.
Supervision	Define reporting, voting, information rights and milestone certification.
Disputes	Identify avoidance proceedings, pending claims and contingent liabilities rather than burying them in generic language.
Survival	State which obligations continue after approval and who can enforce them.

Avoidance, fraudulent and wrongful trading

The 2026 legislation clarifies the continuing treatment of proceedings concerning avoidance transactions and fraudulent or wrongful trading. The practical discipline is to give those proceedings their own litigation and recovery track rather than assume completion of CIRP or liquidation answers them.

EVIDENCE BEFORE MEMORY FADES

Preserve transaction dates, related-party links, consideration, valuations, board materials, bank trails, asset movement and contemporaneous commercial rationale. Evidence decay can be more damaging than absence of a legal theory.

PLAN IMPLEMENTATION: BOARD VIEW

MONEY
Funding source and long-stop dates.

APPROVALS
Allocate every external consent.

MONITORING
Name the owner of each milestone.

4 | Liquidation & the wider regulatory reset

The Code changed while IBBI simultaneously refreshed multiple process regulations.

Liquidation: refresh the playbook

IBBI amended the Liquidation Process Regulations during 2026, including on 20 May and 2 June. Those instruments sit alongside the statutory reform. A new liquidation instruction should therefore begin with a current-law reset rather than a recycled checklist.

A

CLAIMS

Current forms, verification and stakeholder record.

B

ASSETS

Security, possession, valuation and sale route.

C

OVERSIGHT

Creditor participation, reporting and distributions.

Official 2026 implementation sequence

15 April	IBBI discussion papers cover CIRP, liquidation, voluntary liquidation, personal guarantors, PPIRP, information utilities and proposed CIIRP regulations.
20 May	IBBI publishes amendments including CIRP, liquidation and PPIRP regulations.
25 May	Central Government notification under section 1(2) addresses commencement of provisions of the 2026 Amendment Act.
2 June	Broad amendment/format wave across CIRP, liquidation, PPIRP, voluntary liquidation, personal guarantors, bankruptcy and information utilities.
9 June	IBBI's updated CIRP Regulations reflect amendments up to 9 June 2026.

VERSION CONTROL IS SUBSTANTIVE

A 2025 precedent can now be procedurally incomplete. Every advice note should identify the version date of the Code/regulations relied upon and separately state any transition issue.

First liquidation conference

Ask: which assets are controlled; which are encumbered; which claims are disputed; whether avoidance applications are live; whether security is being realised outside the estate; what litigation must continue; what information is missing; and which current IBBI instrument governs the next procedural act.

LIQUIDATION RESET

ASSETS

Control, encumbrance, value and sale route.

CLAIMS

Current verification and stakeholder record.

LITIGATION

Preserve avoidance and recovery tracks.

5 | CIIRP - the new creditor-initiated route

The most distinctive reform is also the area where legal-status discipline matters most.

STATUS FIRST

The existence of Chapter IV-A in the enacted Code does not by itself answer whether a particular creditor can invoke CIIRP against a particular corporate debtor today. Verify commencement, notified debtor categories, authorised initiating institutions, statutory conditions and final operative regulations.

Architecture

New sections 58A onward establish the creditor-initiated insolvency resolution framework. Section 58A makes the eligible corporate-debtor universe dependent on categories notified by the Central Government. Section 58B similarly contemplates specified classes of financial institutions and applicable conditions. IBBI's 15 April 2026 discussion paper expressly treated notifications and regulations as central to operational scope.

ELIGIBILITY — Debtor category → **INITIATOR** — Permitted institution → **CONDITIONS** — Statutory test → **PROCESS** — Final regulations

Moratorium and management

CIIRP has its own statutory design rather than simply reproducing ordinary CIRP. The framework provides for management generally to continue operating the business within the statutory oversight architecture and contains a mechanism by which the resolution professional may seek a moratorium with the requisite creditor approval, subject to the Adjudicating Authority's role under the enacted provisions.

Why lenders care	A creditor-initiated early resolution route can alter restructuring leverage if the notified architecture applies.
Why debtors care	Information quality and early engagement become critical where a creditor-led process is legally available.
Why counsel must qualify	Do not say 'CIIRP is available' without identifying the commencement/notification/regulatory basis for that specific debtor and initiating creditor.
What to record	The advice date, debtor category, initiating institution, applicable threshold/condition, commencement instrument and final regulations.

1
VERIFY
Status before strategy.

2
MAP
Every enabling instrument.

3
DOCUMENT
Legal basis in the advice.

CIIRP AVAILABILITY GATE

DEBTOR
Is the category notified?

INITIATOR
Is the institution permitted?

PROCESS
Are conditions and regulations operative?

6 | Stakeholder playbooks & verification desk

The reform should end in a next action, not a recital of amendments.

Lenders	Refresh default evidence, security, settlement timing and plan-implementation playbooks; assess CIIRP only after confirming legal availability.
Corporate debtors	Treat information readiness as governance; map liabilities, security and record custodians before distress becomes procedural.
Resolution applicants	Draft for execution: funding, approvals, transfers, monitoring, distributions and post-approval responsibility.
Insolvency professionals	Use current forms/regulations; document approvals and reasons; separate claims, information, avoidance, implementation and reporting workstreams.
Counsel	Date-stamp the law and distinguish statute, commencement notification, regulation, circular, discussion paper and judicial interpretation.

Primary-source verification desk

1. Insolvency and Bankruptcy Code (Amendment) Act, 2026, Act No. 6 of 2026, Gazette of India, 6 April 2026.
2. Central Government notification dated 25 May 2026 under section 1(2).
3. IBBI Legal Framework, including 2026 CIRP, Liquidation, PPIRP, Voluntary Liquidation, Personal Guarantor, Bankruptcy and Information Utility materials.
4. IBBI discussion papers dated 15 April 2026, including proposed CIIRP Regulations - used only as proposal/implementation context.
5. IBBI official 2026 circulars, formats and implementation materials.

Before signing an advice note

SOURCE	Exact section / regulation / notification identified?
STATUS	Enacted, commenced, regulated, notified or proposed?
DATE	Law-checked date stated?
TRANSITION	Matter crosses a commencement/process milestone?
FORM	Current IBBI form/circular/procedural route used?
EVIDENCE	Key factual proposition provable from the file?
OUTCOME	Statutory timeline distinguished from guaranteed tribunal result?

STATUS LABELS

ENACTED = contained in the Amendment Act. COMMENCED = brought into force under the applicable commencement architecture. REGULATED = subordinate legislation issued. PROPOSED = consultation/draft material, not presented as operative law.

FINAL COUNSEL CHECK

LAW DATE
State when the law was checked.

TRANSITION
Record the relevant process milestone.

QUALIFICATION
Separate enacted, operative and proposed material.