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Act By June 30: IBBI Invites Public Comments to Reshape Insolvency Regulations

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Introduction

In a move aimed at enhancing the regulatory framework under the Insolvency and Bankruptcy Code (IBC), the Insolvency and Bankruptcy Board of India (IBBI) has issued a public invitation for suggestions on all regulations notified under the IBC, 2016. The initiative, announced on April 7, 2025, focuses on simplifying processes, easing compliance requirements, and reducing associated costs for stakeholders in the insolvency ecosystem.

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Transparent and Consultative Approach

The IBBI has maintained its commitment to a transparent and consultative regulation-making process. By actively seeking stakeholder engagement, the Board aims to ensure that regulations remain strong, precise, and relevant to current market needs. This approach recognizes the importance of public consultation in enabling collective choice and encouraging the evolution of an effective regulatory framework.

The initiative aligns with regulation 7 of the IBBI (Mechanism for Issuing Regulations) Regulations, 2018, which mandates a review of each regulation every three years. The review considers multiple criteria including the regulation's objectives, outcomes, implementation experience, enforcement challenges, global best practices, and relevance in the changing environment.

Responding to Budget Announcements

This regulatory review also fulfills a commitment made in the Union Budget for FY 2023-24, which called on financial sector regulators to conduct comprehensive reviews of existing regulations with input from the public and regulated entities. The budget announcement specifically emphasized the need to "simplify, ease and reduce cost of compliance" across the financial sector.

Regulations Open for Review

The IBBI has invited suggestions on the following thirteen regulations:

1. IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016
2. IBBI (Insolvency Professional Agencies) Regulations, 2016
3. IBBI (Insolvency Professionals) Regulations, 2016
4. IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016
5. IBBI (Liquidation Process) Regulations, 2016
6. IBBI (Information Utilities) Regulations, 2017
7. IBBI (Fast Track Insolvency Resolution for Corporate Persons) Regulations, 2017
8. IBBI (Inspections and Investigations) Regulations, 2017
9. IBBI (Voluntary Liquidation Process) Regulations, 2017
10. IBBI (Mechanism for Issuing Regulations) Regulations, 2018
11. IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019
12. IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019
13. IBBI (Pre-packaged Insolvency Resolution Process) Regulations, 2021

Submission Process

Stakeholders interested in providing suggestions can do so through the IBBI website (www.ibbi.gov.in) by navigating to the "Public Comments" section and selecting "comments on regulations." The portal allows commenters to identify themselves by name and stakeholder category, and offers options to provide either general or specific comments on any of the regulations listed above.

For general comments, stakeholders can highlight inconsistencies between provisions within regulations, between different regulations, or between regulations and other laws. They can also identify implementation difficulties, missing provisions, or unnecessary inclusions.

For specific comments, stakeholders can target particular regulations and sub-regulations with their suggestions.

Timeline and Next Steps

The deadline for submission of comments is June 30, 2025. The IBBI has committed to processing all received comments and modifying regulations as necessary following due process. The Board aims to notify all modified regulations by September 30, 2025.

This initiative represents a significant opportunity for stakeholders in the insolvency ecosystem to contribute to regulatory refinement and help shape a more efficient and effective insolvency resolution framework in India.

For more details, write to us at: contact@indialaw.in