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Insolvency and Bankruptcy Code (Amendment) Bill, 2026 Passed

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Why in News?

Parliament has passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2026, with the Rajya Sabha approving it by voice vote after its earlier passage in the Lok Sabha.

Key Provisions of the Bill

The Bill introduces amendments to the Insolvency and Bankruptcy Code (IBC), 2016 to reduce procedural delays, improve admission of insolvency cases, and strengthen the resolution framework. It focuses on minimizing delays at the initial stage by limiting adjudication to verification of default and increasing reliance on information utilities.

Additionally, the amendments aim to speed up resolution of stressed assets, reduce case backlog, and enhance overall efficiency of the insolvency process.

Objective of the Amendment

The primary objective is to ensure that the IBC functions as a resolution mechanism rather than merely a debt recovery tool. The government emphasized that the Code is designed to revive viable businesses, preserve enterprise value, and resolve financial stress efficiently.

Key Changes Highlighted

Expansion of the look-back period for avoidance transactions to 2 years prior to insolvency filing

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Incorporation of Select Committee recommendations (11 accepted + 1 government addition)

Measures to reduce delays in admission of cases and improve process clarity

Strengthening of creditor confidence and recovery mechanisms

Background of IBC

The Insolvency and Bankruptcy Code, 2016 provides a time-bound framework for insolvency resolution of companies, individuals, and partnership firms. It replaced multiple fragmented laws and established institutions like the Insolvency and Bankruptcy Board of India (IBBI) to regulate the process.

Performance and Data:

Around 1,376 companies resolved under IBC

Creditors recovered about ₹4.11 lakh crore

Recovery rate: over 64% of claims

Significant contribution in reducing Non-Performing Assets (NPAs) in the banking sector

Significance

The amendments are significant as they aim to reduce delays, maximize value for stakeholders, and strengthen India's financial system. They also enhance ease of doing business, improve investor confidence, and support faster resolution of distressed companies.