A NEW ERA FOR REAL ESTATE INSOLVENCY: IBC (AMENDMENT ACT) 2026 AND THE IBBI DISCUSSION PAPER

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MUMBAI | DELHI | BENGALURU | KOLKATA

INTRODUCTION

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 ("**Amendment Act**") received Presidential assent on April 6, 2026[1], and majority of the provisions were brought into force pursuant to the notification dated May 25, 2026[2]. The Amendment Act marks a decisive and transformative milestone in the evolution of India's insolvency regime, particularly in relation to the real estate sector. Although the Insolvency and Bankruptcy Code, 2016 ("**Code**") had progressively evolved through judicial interpretation to address the unique complexities of real estate insolvency, the Amendment Act represents a conscious legislative effort to codify many of these judicially developed principles and to address long-standing structural challenges within the statutory framework.

The real estate sector has historically presented distinctive insolvency challenges owing to the multiplicity of stakeholders involved, particularly homebuyers, as well as frequent project delays, cost overruns and fragmented financing structures. Recognising these realities, the Amendment Act introduces a more flexible and project-sensitive resolution framework by facilitating asset-level and project-specific resolution strategies while promoting continuity of viable projects. The reforms are intended to maximise the prospects of project completion rather than liquidation, thereby preserving value for all stakeholders. More broadly, the introduction of creditor-initiated insolvency proceedings, a statutory framework for group insolvency, an enhanced role for the committee of creditors ("**CoC**"), and several other measures aimed at reducing procedural delays are expected to significantly strengthen India's insolvency ecosystem.

This paper first examines the principal judicial decisions that laid the foundation for the evolution of real estate insolvency jurisprudence under the Code. It then analyses the key amendments introduced by the Amendment Act with a special focus on real estate insolvency, together with the proposals contained in the Insolvency and Bankruptcy Board of India's ("**IBBI**") Discussion Paper (*as defined hereinbelow*). The paper also briefly examines other significant legislative reforms that are likely to influence the broader insolvency framework and the adjudicatory process.

JUDICIAL FOUNDATION IN REAL ESTATE INSOLVENCY

The Code was originally conceived on the premise that a corporate debtor constitutes a single economic entity and, accordingly, adopted a 'corporate debtor as a whole' approach to insolvency resolution. While this framework was appropriate for conventional corporate insolvencies, its application to the real estate sector soon revealed significant practical limitations. Real estate developers typically undertake multiple independent projects, each having distinct land parcels, regulatory approvals, financing arrangements, construction timelines, and different allottees. Consequently, subjecting the entire corporate debtor to a single insolvency process merely because one project became financially distressed often jeopardised otherwise viable projects, disrupted cash flows, and prejudiced the interests of homebuyers whose projects remained commercially and operationally sound.

It was against this backdrop that the judiciary gradually developed a specialised body of jurisprudence tailored to the unique characteristics of real estate insolvency. Through a series of landmark decisions, the Supreme Court and the National Company Law Appellate Tribunal ("**NCLAT**") departed from a rigid entity-centric approach and progressively evolved principles that prioritised project completion, protected homebuyers, and preserved economic value. These judicial innovations ultimately laid the foundation for several of the reforms that have now been expressly incorporated into the Amendment Act.

[1] The Insolvency and Bankruptcy Code (Amendment) Act, No. 6 of 2026, Acts of Parliament (India).
[2] Ministry of Corporate Affairs, Notification S.O. 2625(E), Gazette of India, pt. II sec. 3(ii) (May 22, 2026).

The first significant step towards recognising the unique position of homebuyers under the Code came in ***Chitra Sharma* v. *Union of India***[3], wherein homebuyers challenged the proceedings on the ground that they were not recognized under the Code. Exercising its extraordinary jurisdiction under Article 142 of the Constitution, the Supreme Court directed that the CIRP be revived from its initial stage and that the CoC be reconstituted to include homebuyers. Following thereto, the Supreme Court in ***Pioneer Urban Land and Infrastructure Limited & Another* v. *Union of India & Others.***[4] upheld the constitutional validity of the Insolvency and Bankruptcy Code (Second Amendment) Act, 2018, which inserted the Explanation to Section 5(8)(f) of the Code, firmly recognizing homebuyers as financial creditors.

While these statutory and judicial developments secured representation for homebuyers within the CoC, they simultaneously exposed a structural limitation of the existing insolvency framework. Real estate insolvencies continued to be administered on an entity-wide basis notwithstanding the fact that different projects frequently possessed entirely different commercial characteristics. Consequently, applying a uniform insolvency process to all projects often undermined one of the fundamental objectives of the Code—namely value maximisation.

The statutory amendments granted the homebuyers a place in the CoC, however, the historic decision in ***Bikram Chatterji* v. *Union of India***[5] (*Amrapali case*) formed the roadmap for project-wise resolution. The Supreme Court conceptualized the principle of 'homebuyer paramountcy' whereunder the allottees' rights to take possession of their apartments prevailed over those of secured banks and local development authorities. Rather than permitting liquidation or piecemeal enforcement against project assets, the Court removed the existing management, entrusted project completion to an independent agency, directed the creation of project-specific escrow mechanisms,

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[3] ***Chitra Sharma* v. *Union of India*, (2018) 18 SCC 575**

"47.2. Having regard to the material change which has been brought about by the amendment of IBC by the Ordinance and the fact that this Court has been in seisin of the proceedings to ensure that the homebuyers are protected, we are of the view that it is but appropriate and to do complete justice to secure the interests of all concerned that the CIRP should be revived and CoC reconstituted as per the amended provisions to include the homebuyers. In the facts of the present case, recourse to the power under Article 142 would be warranted to render complete justice…

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47.4. …A new CoC should be constituted in accordance with the amended provisions of the IBC to enforce the statutory status of the allottees as financial creditors…"

[4] ***Pioneer Urban Land and Infrastructure Limited.* v. *Union of India*, (2019) 8 SCC 416**

"96. In the present case, it is clear that the deeming ficion that is used by the Explanation is to put beyond doubt the fact that allottees are to be regarded as financial creditors within the enacting part contained in Section 5(8)(f) of the Code.

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98. We, therefore, hold that allottees/homebuyers were included in the main provision i.e. Section 5(8)(f) with effect from the inception of the Code, the Explanation being added in 2018 merely to clarify doubts that had arisen."

[5] ***Bikram Chatterji* v. *Union of India*, (2019) 19 SCC 161**

"155. We have also found that non-payment of dues of the Noida and Greater Noida Authorities and the banks cannot come in the way of occupation of flats by homebuyers as money of homebuyers has been diverted due to the inaction of officials of Noida/Greater Noida Authorities. They cannot sell the buildings or demolish them nor can enforce the charge against homebuyers/leased land/projects in the facts of the case. Similarly, the banks cannot recover money from projects as it has not been invested in projects. Homebuyers' money has been diverted fraudulently, thus, fraud cannot be perpetuated against them by selling the flats and depriving them of hard- earned money and savings of entire life. They cannot be cheated once over again by sale of the projects raised by their funds. The Noida and Greater Noida Authorities have to issue the completion/part-completion certificate, as the case may be, to execute tripartite agreement and registered deeds in favour of the buyers on part-completion or completion of the buildings, as the case may be or where the inhabitants are residing, within a period of one month.

156. Resultantly, we order as follows:

156.1. The registration of Amrapali Group of Companies under RERA shall stand cancelled.

156.2. The various lease deeds granted in favour of Amrapali Group of Companies by Noida and Greater Noida Authorities for projects in question stand cancelled and rights henceforth, to vest in Court Receiver.

156.3. We hold that Noida and Greater Noida Authorities shall have no right to sell the flats of the homebuyers or the land leased out for the realisation of their dues. Their dues shall have to be recovered from the sale of other properties which have been attached. The direction holds good for the recovery of the dues of the various banks also.

156.4. We have appointed NBCC to complete the various projects and hand over the possession to the buyers. The percentage of commission of NBCC is fixed at 8%..."

and ensured that the remaining receivables from allottees would be utilised exclusively for completion of the respective projects. Although, the Court did not formally employ the terminology of "Reverse CIRP" or "Project-wise CIRP", the principles articulated in Amrapali subsequently became the conceptual foundation for both doctrines.

The decision by the NCLAT in ***Flat Buyers Association* v. *Umang Realtech***[6] is widely regarded as the jurisprudential origin of two of the most significant concepts in real estate insolvency law. First, the CIRP of a real estate corporate debtor is limited in scope to that specific project on account of which the insolvency arose rather than extending automatically to all other projects undertaken by the same developer. Secondly, realizing conventional CIRP mechanisms were ill-suited to the realities of the real estate sector, the NCLAT introduced the novel idea of Reverse CIRP, whereby the promoter can intervene as an outside financier and not as a resolution applicant, infuse fresh funds as an external financier under the supervision of the resolution professional ("**RP**"), thereby facilitating completion of the project while safeguarding the interests of homebuyers.

This jurisprudence has since been carried forward, before the Supreme Court in ***Indiabulls Asset Reconstruction Company Limited*. v. *Ram Kishore Arora***[7] (*Supertech case*) arising out of the insolvency proceedings concerning Supertech Limited ('**Supertech**'). While deciding upon appeals, the Supreme Court did not disturb the direction of the Appellate Tribunal that CoC should be formed only in respect of the stressed Eco Village-II project of Supertech, while other projects of Supertech should continue under the administration of the RP along with the proper monitoring of their cashflows and promoter infusion. The Court found that forming a CoC for the entire company and putting all the projects under consolidated insolvency proceeding will result in irreversible harm to homebuyers in viable projects. Accordingly, the Supreme Court favoured the project-wise insolvency, while deliberately kept open the broader issue of viability of project-specific CIRP under the Code.

Collectively, these decisions transformed the jurisprudence governing real estate insolvency. They established that insolvency in the real estate sector cannot invariably be addressed through a uniform entity-level process and that project-specific considerations are often indispensable for preserving value and protecting homebuyers. These judicial developments progressively shifted the insolvency

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[6] ***Flat Buyers Assn.* v. *Umang Realtech*, (2020) 12 Comp Cas-OL 174**

"21. …So, we hold that corporate insolvency resolution process against a real estate company (corporate debtor) is limited to a project as per approved plan by the competent authority and not other projects which are separate at other places for which separate plans approved…

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26. The "Uppal Housing P. Limited."-intervenor (one of the promoter) is directed to cooperate with the interim resolution professional and disburse amount (apart from the amount already disbursed) from outside as lender (financial creditor) not as promoter to ensure that the project is completed with the time frame given by it. The disbursement of amount which has been made by "Uppal Housing P. Limited." and the amount as will be generated from dues of the allottees (financial creditors) during the corporate insolvency resolution should be deposited in the account of the company (corporate debtor) to keep the company a going concern…"

[7] ***Indiabulls Asset Reconstruction Company Limited.* v. *Ram Kishore Arora*, 2023 SCC OnLine SC 612**

"21. In the light of the principles aforesaid, in our view, as at present, we should adopt the course which appears to carry lower risk of injustice, even if ultimately in the appeals, this Court may find otherwise or choose any other course. In that regard, the element of balance of convenience shall have its own significance. On one hand is the position that the Appellate Tribunal has adopted a particular course (which it had adopted in another matter too) while observing that the project-wise resolution may be started as a test to find out the success of such resolution. The result of the directions of the impugned order dated 10.06.2022 is that except Eco Village-II project, all other projects of the corporate debtor are to be kept as ongoing projects and the construction of all other projects is to be continued under the supervision of the IRP with the ex-management, its employees and workmen. Infusion of funds by the promoter in different projects is to be treated as interim finance, regarding which total account is to be maintained by IRP. If at the present stage, on the submissions of the appellants, CoC is ordered to be constituted for the corporate debtor as a whole in displacement of the directions of the Appellate Tribunal, it is likely to affect those ongoing projects and thereby cause immense hardship to the home buyers while throwing every project into a state of uncertainty. On the other hand, as indicated before us, the other projects are being continued by the IRP and efforts are being made for infusion of funds with the active assistance of the ex-management but without creating any additional right in the ex-management. In our view, greater inconvenience is likely to be caused by passing any interim order of constitution of CoC in relation to the corporate debtor as a whole; and may cause irreparable injury to the home buyers. In this view of the matter, we are not inclined to alter the directions in the order impugned as regards the projects other than Eco Village-II."

framework away from a rigid corporate debtor-centric model towards a more commercially realistic and project-oriented approach.

THE AMENDMENT ACT: KEY CHANGES IN THE REAL ESTATE SECTOR

A. Asset-level resolution – The expanded definition of resolution plan

The amended definition of 'resolution plan' under Section 5(26)[8] of the Code expressly permits the sale of one or more assets of the corporate debtor through one or multiple resolution plans submitted by different resolution applicants, subject to prescribed conditions. This marks a shift towards a flexible, asset-level and project-specific resolution framework, particularly suited to the real estate sector. Real estate corporate debtors typically comprise of multiple projects at different stages of completion, each with distinct financials, stakeholders, and approvals. A single resolution plan often proves inefficient, as viable projects are weighed down by unviable ones. The Amendment Act addresses this by enabling segregation of assets and facilitating tailored resolution strategies, including project-wise transfer, completion, or monetisation.

The amendment also complements the regulatory framework under the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. In particular, Regulation 4D (inserted vide a notification dated February 15, 2024) mandates separate bank accounts for each real estate project, while the clarification to Regulation 36A(1) (also inserted vide a notification dated February 15, 2024) permits the RP, with committee of creditors' approval, to invite separate resolution plans for individual or grouped projects.

B. Expanded duty to cooperate

The amendment to Section 19(1) of the Code[9] extends the statutory obligation to assist/cooperate with the IRP/RP beyond the erstwhile promoters and individuals involved in the management of the corporate debtor to also include those engaged under a contract for service, such as architects, engineering consultants, contractors, project managers, and other service providers typically associated with real estate projects. This expansion is particularly vital in real estate insolvency, where the continuation and completion of projects depend on coordinated participation of multiple external stakeholders. For homebuyers, whose primary interest lies in project completion and possession of their flats or apartments, the Amendment Act enables the IRP/RP to maintain the corporate debtor as a going concern, ensure continuity of construction activities, preserve asset value, and effectively discharge statutory functions.

C. Continuity of statutory approvals

The Amendment Act has introduced sub-section (5) to Section 31 of the Code[1], with the objective of preserving the continuity of governmental and regulatory approvals post-approval of a resolution plan. Under this provision, where a resolution plan has been duly approved, any

[8] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 3)**
"3. In section 5 of the principal Act,–
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(d) in clause (26), in the Explanation, for the words "merger, amalgamation and demerger", the words "merger, amalgamation, demerger and sale of one or more assets of the corporate debtor through one or more plans proposed by one or more resolution applicants subject to such conditions as may be specified" shall be substituted;…"
[9] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 12)**
"12. In section 19 of the principal Act,–
xxx
(b) for sub-section (1), the following sub-section shall be substituted, namely:–
"(1) Any person who is or has been a personnel of the corporate debtor or its promoter or associated with the management of the corporate debtor, or engaged in a contract for service with the corporate debtor, shall extend all assistance and cooperation to the interim resolution professional as may be required by him for the purposes of managing the affairs of the corporate debtor or performing the duties conferred on him under this Chapter.";…"

licence, permit, registration, quota, concession, clearance, or similar right granted by the Central Government, State Government, local authority, or sectoral regulator, and forming part of or linked to the resolution plan, shall not be suspended or terminated for the balance duration of such grant, provided that the successful resolution applicant or the corporate debtor continues to comply with the associated conditions.

This amendment is particularly significant for real estate insolvency, where projects are heavily dependent on multiple approvals such as RERA registration, building plan approval from local municipalities, fire safety NoC, NoC from local authorities for utility connections for the project like water, electricity and sewage networks etc. By legislatively preserving these approvals for the balance of their grant period, the Amendment Act reduces regulatory uncertainty, enhances the feasibility of resolution plans, and instils confidence in investors. It enables smoother project execution, safeguards homebuyer interests, and contributes to value maximization for creditors.

D. Codification of the clean-slate principle

Before the settling of this doctrine, resolution applications had to bear significant commercial risk. Following acquisition of the corporate debtor, the successful resolution applicant would be faced by 'hydra-headed' claims of various stakeholders. In order to address the said situation, the Supreme Court in ***Ghanashyam Mishra & Sons (P) Limited.* v. *Edelweiss Asset Reconstruction Company Limited.***[10] held that from the date of approval of the resolution plan, all claims which are not a part of such resolution plan shall stand extinguished and no action(s) can be taken in respect of such claims.

Codifying the above clean-slate theory, the insertion of sub-section (6) to Section 31 of the Code[11] by the Amendment Act provides certainty to resolution applicants by stipulating that, upon

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[10] ***Ghanashyam Mishra & Sons (P) Limited.* v. *Edelweiss Asset Reconstruction Company Limited.*, (2021) 9 SCC 657**

"93. As discussed hereinabove, one of the principal objects of the I&B Code is providing for revival of the corporate debtor and to make it a going concern. The I&B Code is a complete Code in itself. Upon admission of petition under Section 7 there are various important duties and functions entrusted to RP and CoC. RP is required to issue a publication inviting claims from all the stakeholders. He is required to collate the said information and submit necessary details in the information memorandum. The resolution applicants submit their plans on the basis of the details provided in the information memorandum. The resolution plans undergo deep scrutiny by RP as well as CoC. In the negotiations that may be held between CoC and the resolution applicant, various modifications may be made so as to ensure that while paying part of the dues of financial creditors as well as operational creditors and other stakeholders, the corporate debtor is revived and is made an on-going concern. After CoC approves the plan, the adjudicating authority is required to arrive at a subjective satisfaction that the plan conforms to the requirements as are provided in sub-section (2) of Section 30 of the I&B Code. Only thereafter, the adjudicating authority can grant its approval to the plan. It is at this stage that the plan becomes binding on the corporate debtor, its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan. The legislative intent behind this is to freeze all the claims so that the resolution applicant starts on a clean slate and is not flung with any surprise claims. If that is permitted, the very calculations on the basis of which the resolution applicant submits its plans would go haywire and the plan would be unworkable.

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102.1. That once a resolution plan is duly approved by the adjudicating authority under sub-section (1) of Section 31, the claims as provided in the resolution plan shall stand frozen and will be binding on the corporate debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority, guarantors and other stakeholders. On the date of approval of resolution plan by the adjudicating authority, all such claims, which are not a part of resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan."

[11] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 19)**

"19. In section 31 of the principal Act,–

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(6) Where the Adjudicating Authority approves the resolution plan under sub-section (1),– (a) unless otherwise provided in the resolution plan, any claim, against the corporate debtor and its assets under any other law for the time being in force, prior to the date of approval, shall be extinguished; and (b) no proceedings shall be continued or instituted against the corporate debtor or its assets on the basis of such claims, including proceedings for assessment of the claims.

approval of a plan, all pre-approval claims against the corporate debtor and its assets stand extinguished and no fresh or continuing proceedings can be pursued in relation to such claims. Given that real estate insolvencies frequently involve instances of fraud, diversion of funds, or project mismanagement by erstwhile promoter, the seclusion of the corporate debtor's assets from enforcement actions by authorities such as the ED or the SFIO becomes a key enabler for successful resolution. The Amendment Act enhances investor confidence and is likely to encourage more robust participation from resolution applicants in stressed real estate projects. However, the legislature and tribunals/courts will need to ensure that this provision does not inadvertently extinguish the legitimate claims of homebuyers in respect of fraudulent conduct, particularly where such claims have been crystallised through orders of investigating authorities.

E. Creditor-Initiated Insolvency Resolution Process

Perhaps the most jurisprudentially significant reform introduced by the Amendment Act, at least in the context of real estate insolvency, is the formal introduction of the Creditor-Initiated Insolvency Resolution Process ("**CIIRP**") in Chapter IV-A of the Code[12]. A defining feature of this mechanism, as set out under Section 58F of the Code, is that during the subsistence of the creditor-initiated process, the management and control of the corporate debtor remain vested in its existing Board of Directors or partners, rather than being displaced by an interim resolution professional ("**IRP**") or a RP.

This framework bears a close resemblance to the concept of reverse CIRP, which had evolved through judicial pronouncements, particularly in the context of real estate insolvency. Under Reverse CIRP, the promoter of the project, despite the initiation of CIRP, effectively steps in as a financial contributor from an external capacity, infusing funds to ensure completion of the project for the benefit of stakeholders, especially homebuyers. In such scenarios, the restrictions imposed under Section 29A of the Code have not been applied in a rigid manner against erstwhile promoters. By formally introducing the CIIRP framework, the legislature appears to have recognized the principles underlying Reverse CIRP, thereby providing statutory backing to a practice that had previously developed through judicial innovation.

F. The group insolvency framework

In the past, the insolvency framework functioned within the rigid framework of "*one company, one insolvency*," which meant that each corporate entity was taken in isolation. However, in the corporate sector, businesses often function through an elaborate network of special purpose vehicles ("**SPVs**") or subsidiaries. When one came across a group of distressed entities, it gave rise to a very messy process wherein insolvency cases were being handled in various tribunals. Prior to codification of the framework, the group insolvency framework was recognized for the first

Explanation I.––For the purposes of this section, it is hereby clarified that nothing in this section shall affect a claim or any proceeding in respect of a person who was a promoter or in the management or control of the corporate debtor, a guarantor of the corporate debtor or any person having a joint liability or a joint and several liability with the corporate debtor, as the case may be.

Explanation II.– For the purposes of this section, it is hereby clarified that if a person has a joint liability or a joint and several liability with the corporate debtor for payment of debt owed to a creditor before the approval of resolution plan, and such person makes a payment for such debt after the approval of the resolution plan, then any right of such person to be indemnified by the corporate debtor shall be extinguished.

Explanation III. – For the removal of doubts, it is hereby clarified that the provisions of sub-sections (5) and (6) shall be deemed to apply to the resolution plan that is approved under sub-section (1), on and from the date of commencement of this Code, except for matters that have attained finality under this Code.".

[12] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 40)**

"40. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:–

'CHAPTER IV-A CREDITOR-INITIATED INSOLVENCY RESOLUTION PROCESS

58A. (1) A creditor-initiated insolvency resolution process may be initiated…"

time in ***State Bank of India v. Videocon Industries Limited***[13], wherein the NCLT Mumbai decided on the total consolidation of assets and liabilities of 13 companies of the Videocon Group while formulating certain guidelines for consolidation to take place.

By way of the newly introduced Chapter V-A under the Code[14], which establishes a voluntary group insolvency framework for interconnected corporate entities, the group insolvency framework now stands codified. This development initially raised concerns regarding its potential applicability to real estate companies, particularly those operating through project-specific entities or SPVs. However, the group insolvency framework is designed as a voluntary mechanism focused on procedural coordination rather than substantive consolidation.

It explicitly rejects the pooling or merging of assets and liabilities across separate corporate entities, preserving the legal distinctiveness of each SPVs under RERA. The Amendment Act expressly safeguards the principle of entity separateness, permitting coordinated proceedings only where such coordination is value accretive. The CoC retains full commercial discretion to opt into or out of these coordinated proceedings. For homebuyers, this procedural ring-fencing ensures that the capital and assets of a financially sound SPV cannot be diluted or diverted to bail out insolvent sister projects within the broader corporate group.

OTHER MAJOR AMENDMENTS

A. Strict admission timelines

The Amendment Act has substituted sub-section (5) to Section 7[15] of the Code as a result of which the NCLT is now mandatorily required pass an order within 14 (fourteen) days of receiving an application for admission of CIRP and admit it if: (i) application is complete; (ii) default has been established; and (iii) there are no disciplinary proceedings pending against the proposed IRP. No

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[13] ***State Bank of India* v. *Videocon Industries Limited*, 2019 SCC OnLine NCLT 745**
"83. While discussing bankruptcy law in US, we have noticed that under certain circumstances, consolidation request can be denied. A view was expressed that determination for consolidation hinges on a balancing of the equities favouring consolidation against the equities favouring continued debtor separateness. If the consolidation is not equitable or more disadvantageous to stakeholders, the request for consolidation denied. Therefore, the burden is on the party objecting consolidation to demonstrate that prejudice be posed if consolidation be granted. Although in all 15 cases, the accounts are inter-mingled and due to the existence of agreements, there is a relationship of obligor and/or co-obligors among all these entities. But it is necessary to further ascertain the position of advantage or disadvantage qua the stakeholders. In other words, if an entity is self-serving, self-dependent and self-sustainable, a view can be taken for not granting consolidation. This Bench has therefore, gone further in detail to examine the financial position of each such entities, albeit having inter-connected accounts. However, noticed that for the purposes of carrying on the business they are not inter-dependent. The cases for which this Bench is of the view that consolidation is neither beneficial nor advisable are listed below…
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85. The consequence of the above decision is that out of the 15 entities, CIRPs of 13 entities… are directed to be 'Consolidated'."

[14] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 42)**
"42. In the principal Act, in Part II, after Chapter V, the following Chapter shall be inserted, namely:–
'CHAPTER VA GROUP INSOLVENCY
59A. (1) Notwithstanding anything to the contrary contained in this Code, the Central Government may, prescribe the manner and conditions for conducting insolvency proceedings under Part II, where these proceedings are initiated against two or more corporate debtors that form part of a group…"

[15] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 4)**
"4. In section 7 of the principal Act,–
xxx
(b) for sub-section (5), the following sub-section shall be substituted, namely:–
"(5) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), by an order—
(a) admit the application, if it is satisfied that a default has occurred and the application under sub-section (2) is complete, and there is no disciplinary proceeding pending against the proposed resolution professional; or
(b) reject the application, if it is satisfied that a default has not occurred or the application under sub-section (2) is incomplete or a disciplinary proceeding is pending against the proposed resolution professional:…""

other grounds can be taken into consideration by the NCLT in admitting/ rejecting an application. Further, if the order is not passed within the timeline, reasons must be recorded in writing.

B. Restricted withdrawal of CIRP

In the past, when an application for insolvency was admitted, the suspended board of the corporate debtor tried to settle the outstanding dues with the financial creditor without considering the dues of other creditors of corporate debtor. This was then taken cognizance of by the Supreme Court in ***GLAS Trust Company LLC* v. *BYJU Raveendran***[16] wherein, while setting aside the decision of the NCLAT, the Apex Court held that the procedure laid down under the Code must be strictly followed and tribunals cannot use inherent powers to subvert the established statutory process of Section 12A of the Code.

Codifying the above, the Amendment Act has substituted Section 12A[17] of the Code which deals with withdrawal of application admitted under section 7, 9 or 10. Under the revised framework, withdrawal of CIRP is permitted with the approval of 90% (ninety percent) of the CoC, only after the CoC has been formed but before the first invitation for submission of a resolution plan, thereby substantially narrowing the window in which the CIRP can be withdrawn.

C. Re-initiation of CIRP

The Amendment Act introduces sub-section (1A) to Section 33 of the Code[18] whereby if a CIRP lapses without yielding any resolution plan, or if a submitted plan is ultimately rejected, the

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[16] ***GLAS Trust Company LLC v. BYJU Raveendran*, (2025) 3 SCC 625**
"39.3. IBC must not be used as a tool for coercion and debt recovery by individual creditors. Improper use of the IBC mechanism by a creditor includes using insolvency as a substitute for debt enforcement or attempting to obtain preferential payments by coercing the debtor using insolvency proceedings. That the mechanism under the IBC must not be used as a money recovery mechanism has been reiterated in a consistent line of precedent by this Court; and
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80. We are of the view that recourse to Rule 11 of the NCLAT Rules was not warranted in the present circumstances. As noted above, "inherent powers" cannot be used to subvert legal provisions, which exhaustively provide for a procedure. To permit NCLAT to circumvent this detailed procedure by invoking its inherent powers under Rule 11 would run contrary to the carefully crafted procedure for withdrawal. In the impugned judgment, NCLAT does not provide any reasons for deviating from this procedure or the urgency to approve the settlement without following the procedure. The correct course of action by NCLAT would have been to stay the constitution of the CoC and direct the parties to follow the course of action in Section 12-A read with Regulation 30-A of the CIRP Regulations, 2016. This legal framework for such withdrawal was formulated after giving due consideration to the appropriate procedure for withdrawal and balancing it with the objectives of the IBC.
81. Even if the procedural infirmity is kept aside, once CIRP was admitted, the proceedings became collective, and all creditors of the corporate debtor became stakeholders. As noted in Swiss Ribbons17, even while invoking Rule 11 to allow withdrawal, NCLT must hear all the parties concerned and consider all relevant factors on the facts of each case. The appellant raised detailed objections before NCLAT to the source of the funds for the settlement and a reasonable apprehension that there was round tripping of funds, in violation of the order passed by the Delaware Court on 18-3-2024. These objections were summarily dismissed by NCLAT1, relying solely on the undertaking filed by Riju Raveendran…"
[17] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 8)**
"8. For section 12A of the principal Act, the following section shall be substituted, namely:–
"12A. (1) Subject to sub-section (2), the Adjudicating Authority may allow the withdrawal of an application admitted under section 7, 9 or 10, on an application made by the resolution professional, with the approval of ninety per cent. voting share of the committee of creditors in such manner as may be specified.
(2) Notwithstanding anything contained in any law for the time being in force, an application admitted under section 7, 9 or 10 shall not be withdrawn –
(a) before the constitution of the committee of creditors under sub-section (1) of section 21; and
(b) after the first invitation for submission of a resolution plan has been issued by the resolution professional…""
[18] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 20)**
"20. In section 33 of the principal Act,–
xxx
(b) after sub-section (1), the following sub-sections shall be inserted, namely: –
"(1A) Notwithstanding anything contained in sub-section (1), where the Adjudicating Authority is satisfied that the grounds mentioned in clause (a) or clause (b) of sub-section (1) of this section exist, it shall, before passing the liquidation order, consider

process can now be reinstated once by an application made by the CoC with a 66% (sixty-six percent) majority. This statutory revival is subject to a hard cap of 120 (one hundred and twenty) days to complete the entire process, and in case of failure, the NCLT must mandatorily pass a liquidation order.

D. Payment to dissenting financial creditors under a resolution plan

Earlier, under Section 30(2)(b) of the Code, dissenting financial creditors, especially those having a security interest in critical assets, were entitled to an amount equal to their liquidation value under Section 53 of the Code. This resulted in a negative incentive where lenders would actually vote against a successful corporate plan just because they would earn more from such a decision by virtue of their security interest. There had been a conflicting view as to whether a dissenting secured financial creditor's minimum payout under the Code should be calculated based on their overall proportional voting share (***India Resurgence ARC (P) Limited*. v. *Amit Metaliks Limited*.**[19]) or the actual liquidation value of their specific security interest (***DBS Bank Limited*. v. *Ruchi Soya Industries Limited*.**[20]), which was then referred to a larger bench Settling the dust around this point, by way of introduction of clause (ba) in sub-section (2) to Section 30 of the Code[21], a dissenting financial creditor's payout is now capped at the lower of amount that would have been paid to them: (i) in the event of liquidation under Section 53 of the Code; or (ii) if the amount to be distributed under the resolution plan was distributed as per the order of priority under Section 53(1) of the Code. Thus, the Amendment Act addresses the situation where

an application made by the committee of creditors, in such manner and subject to such conditions as may be specified, by not less than sixty-six per cent. of the voting share, for restoring the corporate insolvency resolution process, and after considering such application, it may, by an order–
(a) if the ground mentioned in clause (a) of sub-section (1) exists, restore the corporate insolvency resolution process to be completed within such duration as it deems fit, but not exceeding one hundred and twenty days; or
(b) if the ground mentioned in clause (b) of sub-section (1) exists,–
(i) restore the corporate insolvency resolution process to the stage of invitation for submission of a resolution plan, which shall be completed in such manner and subject to such conditions as may be specified; and
(ii) provide the duration for completion of such restored corporate insolvency resolution process as it deems fit, but not exceeding one hundred and twenty days.
Explanation.–For the purposes of this section, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026, the provisions of sub-sections (1A) and (1B) shall also apply to the corporate insolvency resolution process of a corporate debtor initiated under Chapter II before such date of commencement, where the Adjudicating Authority has not passed a liquidation order under sub-section (1) of this section, and shall not apply where the liquidation order is passed."…"

[19] ***India Resurgence ARC (P) Limited.* v. *Amit Metaliks Limited.*, (2021) 19 SCC 672.**

[20] ***DBS Bank Limited.* v. *Ruchi Soya Industries Limited.*, (2024) 3 SCC 752.**

[21] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 18)**
"18. In section 30 of the principal Act, -
xxx
(ii) after clause (b), the following clause shall be inserted, namely:–
"(ba) provides for the payment of debts of the financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified, which shall not be less than the lower of the amount–
(i) to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or
(ii) that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed, in accordance with the order of priority in sub-section (1) of section 53, as the case may be.
Explanation I. – For the removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.
Explanation II. – For the purposes of this sub-section, it is hereby declared that the provisions of this sub-section as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, shall not apply to the corporate insolvency resolution process where any of the following acts have first occurred, –
(i) the committee of creditors has approved a resolution plan under sub-section (4);
(ii) the Adjudicating Authority has passed a liquidation order under sub-section (1) of section 33; or
(iii) the committee of creditors has approved intimation to the Adjudicating Authority to initiate the liquidation under sub-section (2) of section 33,
as the case may be, on and before the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2026;"…"

dissenting financial creditors who held exclusive security interest over the assets of the corporate debtor were incentivised to dissent in order to get a higher value under the resolution plan.

E. Separation of distribution under a resolution plan from its implementation

To prevent inter-creditor asset disputes from stalling approval of a resolution plan, by way of introduction of second proviso to sub-section (1) to Section 31(1)[22] of the Code, the NCLT now is at liberty to first approve the implementation of a resolution plan so that the successful resolution applicant can take over the corporate debtor to avoid value deterioration and thereafter, the contentious issue of distribution of proceeds among creditors can be adjudicated within a period of 30 (thirty) days from the date of approval of implementation of such resolution plan.

F. Narrowing the scope of ‘security interest

By way of introduction of an explanation to Clause 3(31) of the Code[23], the Amendment Act clarifies that the definition of ‘security interest’ under Section 3(31) of the Code strictly covers security interest created by a contract or mutual arrangement between parties and shall not include a security interest created merely by operation of law. Hence, statutory charges, tax liens, and government dues are now explicitly excluded from the definition of a ‘security interest’.

G. Avoidance transactions and fraudulent/ wrongful trading

To prevent promoters from intentionally delaying court admissions to age out their misdeeds, by way of amendment to Sections 43[1], 46[2], and 50[3] of the Code, the statutory look-back period cases of avoidance transactions and fraudulent/ wrongful trading is now calculated backward from the initial date of filing the insolvency application, rather than the insolvency commencement date. Also, by way of insertion of proviso to Clause 5(11) of the Code[24], it has been clarified that where multiple applications for initiation of CIRP is pending, the initiation date shall be the date on which the first such application was made.

Furthermore, by way of substitution of Section 47 of the Code[25], the Amendment Act empowers creditors to directly file an application before the NCLT if preferential or undervalued transactions are discovered.

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22 **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 19)**
"19. In section 31 of the principal Act,–
(a) in sub-section (1), after the existing proviso, the following proviso shall be inserted, namely:–
"Provided further that the Adjudicating Authority may, on an application made by the resolution professional, with the approval of the committee of creditors, by a vote of not less than sixty-six per cent. of the voting share, in such form and manner, and subject to such conditions as may be specified, first approve the implementation of the resolution plan and thereafter approve the manner of distribution provided therein within a period of thirty days from the date of approval of implementation of such resolution plan.";…"

23 **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 2)**
"2. In section 3 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the principal Act),–
xxx
(b) in clause (31), the following Explanation shall be inserted, namely: —
"Explanation. — For the removal of doubts, it is hereby clarified that the security interest shall exist only if it creates a right, title or interest or a claim to a property pursuant to an agreement or arrangement, by the act of two or more parties, and shall not include a security interest created merely by operation of any law for the time being in force;";…"

24 **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 3)**
"3. In section 5 of the principal Act,–
xxx
(c) in clause (11), the following proviso shall be inserted, namely:–– "Provided that where multiple applications for initiation of the corporate insolvency resolution process in respect of a corporate debtor are pending before the Adjudicating Authority on the insolvency commencement date, the initiation date shall be the date on which the first such application was made before the Adjudicating Authority.";…"

25 **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 28)**

H. Creditor-Initiated Insolvency Resolution Process

The CIIRP introduced by the Amendment Act, by way of introduction of Chapter IV-A to the Code[26], represents a significant evolution in India's insolvency framework by shifting towards a creditor-driven and largely out-of-court resolution mechanism. CIIRP allows a financial creditor, belonging to such class of financial institutions as may be notified by the Central Government, to initiate the process upon securing approval from the financial creditors of the applicable notified class representing not less than fifty-one per cent in value of the debt due, after giving a mandatory prior notice period to the corporate debtor to cure the default.

Unlike the traditional CIRP, the present process is designed to function with minimal judicial intervention, thereby reducing delays and the burden on adjudicating authorities. A key distinguishing feature is the debtor-in-possession model, where the existing management continues to operate the business under the supervision of a RP and oversight of creditors. The process is time-bound, typically envisaged to be completed within 150 days with a limited extension, and includes flexibility to transition into CIRP if creditors deem it necessary.

I. Cross-Border Insolvency

By way of insertion of Section 240C to the Code[27], the Amendment Act empowers the Central Government to make rules for cross-border insolvency, allowing the government to coordinate insolvency proceedings for debtors with assets or legal claims across multiple global jurisdictions.

"28. For section 47 of the principal Act, the following section shall be substituted, namely: —
"47. (1) Where —
(a) a preferential transaction under section 43;
(b) an undervalued transaction under section 45;
(c) an extortionate credit transaction under section 50; or
(d) fraudulent or wrongful trading under section 66,
has occurred and the liquidator or the resolution professional, as the case may be, has not reported it to the Adjudicating Authority, a creditor, either by itself or jointly with other creditors, a member, or a partner of the corporate debtor, as the case may be, may make an application to the Adjudicating Authority to pass orders in accordance with the respective provisions of this Chapter or Chapter VI, as the case may be…"

[26] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 40)**
"40. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:–
'CHAPTER IV-A
CREDITOR-INITIATED INSOLVENCY RESOLUTION PROCESS
58A. (1) A creditor-initiated insolvency resolution process may be initiated in respect of the following corporate debtors under this Chapter, namely:–
(a) a corporate debtor with assets or income or both, below such levels;
(b) a corporate debtor with such class of creditors or such amount of debt; or
(c) such other category of corporate debtors, as may be notified by the Central Government…"

[27] **The Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Section 71)**
"71. After section 240A of the principal Act, the following sections shall be inserted, namely:–
xxx
240C. (1) Notwithstanding anything to the contrary contained in this Code and the Companies Act, 2013, the Central Government may prescribe the manner and conditions for administering and conducting cross-border insolvency proceedings under this Code, including the process for recognition of proceedings, granting relief, judicial cooperation, assistance and coordination in connection with such proceedings, for such class or classes of debtors or corporate debtors involving such countries or territories outside India, as may be notified by the Central Government in this regard.
(2) The rules made under this section may provide that any of the provisions of this Code or the Companies Act, 2013 shall apply with such exceptions, modifications and adaptations, as may be required to administer and implement the provisions of this section and rules made thereunder, including designating one or more Benches for dealing with proceedings under this section.
(3) A draft of every rule proposed under this section shall be laid before each House of Parliament in such manner as provided under sub-sections (4) to (6) of section 59A, which shall, mutatis mutandis apply, to the rules made under this section. Explanation. — For the purposes of this section, the expression "corporate debtor" shall also include any person incorporated with limited liability outside India.'."

<u>IBBI Discussion Paper dated June 30, 2026 titled "*Strengthening resolution outcomes in real estate insolvency*" ("Discussion Paper")[28]</u>

Post the aforementioned amendments, especially with regard to real estate insolvency, being introduced into the Code vide the Amendment Act, the IBBI further published on its website the titular Discussion Paper in an attempt to further streamline the ongoing discourse regarding real estate insolvencies with help from various stakeholders. While the authors of this paper initially thought that they would restrict the same to only the relevant amendments brought about by the Amendment Act, the timing of such publication of the Discussion Paper by the IBBI, in our opinion, makes it extremely relevant to include the instant portion on an analysis of the said IBBI Discussion Paper. Indeed, without at least touching upon the same, a discussion today on the changing real estate insolvency regime in India would be incomplete in our view.

The IBBI Discussion Paper addresses specific challenges arising from the manner in which real estate companies, typically engaged in multiple projects at different stages of completion, are presently admitted into CIRP as a single corporate entity. This entity-level admission results in all projects – including completed, substantially completed or occupied projects – being drawn into CIRP, even where there is no insolvency-resolution necessity for such projects, thereby disrupting ongoing operations and affecting homebuyers. The IBBI Discussion Paper highlights systemic issues such as inadequate project-wise ring-fencing and disclosures, information asymmetry for resolution applicants, practical hurdles faced by homebuyers (as financial creditors in a class), and operational difficulties encountered by RPs in accessing reliable project-level information and coordinating with Real Estate Regulatory Authorities ("**RERA**").

In order to address the aforesaid loopholes and in view of the directions passed by the Supreme Court in ***Mansi Brar Fernandes* v. *Shubha Sharma & Others***[29] and the recommendations received from the expert Committee constituted by IBBI on Framing Guidelines for Insolvency Proceedings in the Real

[28] **Insolvency and Bankr. Bd. of India, Discussion Paper: Strengthening Resolution Outcomes in Real Estate Insolvency (June 30, 2026).**

[29] ***Mansi Brar Fernandes* v. *Shubha Sharma*, (2025) 259 Comp Cas 769**

"*21.2. In exercise of this court's jurisdiction, and to advance the constitutional and statutory objectives, the following directions are issued to the concerned authorities, in the larger interests of bona fide homebuyers and the stability of the real estate sector, which demand coordinated action by all stakeholders:*

xxx

(3) Within three months, a committee chaired by a retired High Court Judge shall be constituted, with representatives from the Ministry of Law, Ministry of Housing, domain experts in real estate, finance and Insolvency and Bankruptcy Code from NIUA, HUDCO's HSMI, IIMs, NLUs, and NITI Aayog, as well as two eminent industry representatives. The Committee shall suggest commercially viable systemic reforms for cleansing

and infusing credibility into the real estate sector. NITI Aayog/NIUA shall provide research and secretarial support. The Committee shall submit its report within six months of its constitution.

xxx

(5) Since real estate is the second largest sector in the Insolvency and Bankruptcy Code proceedings, IBB/56, in consultation with the RERA, authorities, shall constitute a council to frame specific guidelines for insolvency proceedings in real estate, including timelines for project- wise the corporate insolvency resolution process, and safeguards for allottees.

(6) Resolution of real estate insolvency should, as a rule, proceed on a project specific basis rather than the entire corporate debtor, unless circumstances justify otherwise. This would protect solvent projects and genuine homebuyers from collateral prejudice. The Insolvency and Bankruptcy Board of India shall also devise a mechanism to enable handover of possession to willing allottees where substantial units in a project are complete.

xxx

22. Before parting, we observe that the right to housing is not merely a contractual entitlement but a facet of the fundamental right to life under article 21. Genuine homebuyers represent the backbone of India's urban future, and their protection lies at the intersection of constitutional obligation and economic policy. Through these directions, this court seeks to restore faith in the regulatory and insolvency framework, deter speculative misuse, and ensure that the "dream home" of India's citizens does not turn into a lifelong nightmare."

Estate Sector, IBBI has released this Discussion Paper on June 30, 2026 proposing extensive amendments to the CIRP Regulations, 2016.

A summary of the key proposals along with the problems and the solutions proposed by the IBBI are as under:

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
1.	Identification and exclusion of real estate projects from CIRP	The present CIRP regime does not provide a structured mechanism for identification of real estate projects and determination of whether any project of the corporate debtor, which have been completed or occupied or are operationally independent, may remain outside the scope of CIRP.	It is proposed to insert Regulation 18B to the CIRP Regulations for identification and exclusion of real estate projects. The CoC in the first meeting, will be required to undertake a project-wise assessment of all real estate projects of the corporate debtor, based on the information provided by the resolution professional such as RERA registration particulars, stage of completion, occupancy and possession status. The CoC, thereafter, may identify any real estate project which in its opinion does not require resolution under the CIRP and, accordingly by a vote of not less than 66 percent voting share, authorise the resolution professional to apply to the adjudicating authority to exclude identified projects which, in the opinion of CoC, do not require resolution under CIRP.
2.	Strengthening project-wise ring-fencing of funds and accounts	Despite the requirement for a separate bank account for each real estate project under Regulation 4D of the CIRP Regulations, the absence of a comprehensive framework for project-wise accounting and fund utilization during CIRP makes it difficult to track cash flows, receivables, and expenditures, ultimately undermining confidence of homebuyers and other stakeholders.	It is proposed to insert Regulation 4DA to the CIRP Regulations whereunder the RP will be required to maintain separate project-wise books of accounts, route all payments and receipts through project specific bank account, provide periodic financial disclosures relating to each real estate project to the CoC, and strictly comply with the fund utilization requirements under the RERA.

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
3.	Handing over possession of units to allottees	Although Regulation 4E of the CIRP Regulations allows the RP to hand over possession of real estate units to allottees with a 66% (sixty-six percent) CoC vote, requiring this prior approval, especially for units already complete or substantially complete at the start of CIRP, causes unnecessary delays in delivering units to eligible allottees who have fulfilled their contractual obligations.	The proposed framework has recommended two alternatives: i. Insertion of a proviso to Regulation 4E of the CIRP Regulations- The Resolution Professional to hand over possession and facilitate registration for units that are complete on the insolvency commencement date, after verifying that the allottee has fulfilled their contractual obligations, without the requirement of prior CoC approval. ii. Insertion of an Explanation to Regulation 4E of the CIRP Regulations- Permit the CoC to grant a one-time, in-principle approval under Regulation 4E authorising the RP to process all possession requests during CIRP, without seeking separate approvals each time
4.	Simplified claim Form for real estate allottees	The current Form CA which serves as a common claim submission mechanism for creditors in a class fails to accommodate the unique needs of real estate allottees who are mostly individual consumers seeking possession, conveyance, or refunds rather than traditional financial creditors, making it difficult for homebuyers to understand and complete the existing Form CA.	It is proposed to introduce a simplified, allottee-specific claim form namely **Form CA-R (**will be issued through a circular**)**, capturing: (i) allottee particulars; (ii) project and unit details; (iii) financial details; (iv) preference of relief (possession / registration / refund / other); (v) possession status; and (vi) supporting documents.
5.	Identification and disclosure of allottee preferences in real estate CIRP	Real estate CIRPs involve diverse homebuyer expectations: some seek completion and possession, others seek registration or refund. The current framework does not require disclosure of the nature of relief sought by individual allottees, resulting in limited visibility for resolution applicants, CoC and AA when evaluating plans.	To address this gap in the Information Memorandum while preserving the status of homebuyers as a single homogeneous class in the CoC, it is proposed to insert Regulation 36(2)(jb) to the CIRP Regulations of mandating disclosure of project-wise details of allottees, including those seeking possession, refund, conveyance/registration/transfer of title, any other relief, and those who have not indicated any preference.

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
6.	Mandatory disclosures in the Information Memorandum of real estate CIRP	Real estate CIRP suffers from a severe lack of uniformity and consistency in the disclosures provided in the Information Memorandum and resolution plans. Critical project-specific details like completed and incomplete units, sold and unsold inventory, construction status are presented in widely varying formats and inconsistent levels of detail.	It is proposed to strengthen the disclosure framework by insertion of Regulation 36(2)(hb) to the CIRP Regulations by mandating additional project-wise disclosures in the Information Memorandum which would provide stakeholders with a comprehensive picture of the status of the project and facilitate informed decision-making by prospective resolution applicants, creditors and homebuyers.
7.	Independent technical and cost-to-complete assessment for real estate projects	It has been observed that real estate resolution plans are fundamentally dependent upon accurate estimation of the cost and timeline required for project completion and in its absence, there may be difficulty in evaluating the feasibility of competing resolution proposals.	It is proposed to insert Regulation 4F to the CIRP Regulations, whereunder the Resolution Professional will be required to appoint professionals to undertake a project wise technical and cost to complete assessment of real estate projects.
8.	Mandatory contents of resolution plans in real estate CIRP	Resolution plans frequently lack clarity regarding the treatment of allottees, precise timelines for project completion, implementation milestones, monitoring mechanisms, and the exact conditions under which the obligations are legally considered discharged. Hence, stakeholders are left with vague standards frequently triggering post-approval disputes.	It is proposed to substitute Regulation 38A of the CIRP Regulations recommending mandatory contents of resolution plan for real estate projects. The resolution plan should incorporate project-wise details of total units (sanctioned, constructed, under construction; sold/unsold), treatment of allottees (possession, conveyance/registration/transfer, refund or other relief including those who have not filed claims), timelines for completion and delivery (project / phase / tower-wise), consequences of default by allottees (including failure to pay revised or balance consideration) and periodic reporting to the monitoring committee.

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
9.	Enhancing composition of monitoring committee in real estate cases	Real estate plans typically require long-term implementation, involving construction, approvals, possession and documentation. Although current frameworks require a monitoring committee to oversee approved plans, they lack structured participation from homebuyers and concerned development authorities. Without an inclusive stakeholder representation, critical construction milestones, approval bottlenecks, and allottee concerns go unaddressed, ultimately triggering severe delays, operational disputes, and excessive post-approval litigation.	In order to enhance composition of monitoring committee, it is proposed to add a proviso to Regulation 38(4)(b) to the CIRP Regulations, wherein it is recommended that every monitoring committee for a real estate resolution plan must explicitly incorporate the authorised representative of the allottees, alongside nominated representatives from the concerned Real Estate Regulatory Authority and relevant land development authority, provided they choose to participate.
10.	Enhancing transparency in functioning of Authorised Representatives	In cases involving large classes of creditors such as homebuyers, the AR is the sole interface between such class and the CoC. Currently, there is no mandated recording of substance of AR–creditor discussions, and creditors choose ARs at the public announcement stage with limited information about the AR's role or profile, reducing transparency and informed participation.	The following have been proposed: i. Amend Regulation 6(2)(bb) of the CIRP Regulations so that public announcements provide a hyperlink of the brief profile of the proposed ARs (including experience and registration details) and a hyperlink setting out the role and duties of ARs under the Code and CIRP Regulations. ii. Insert Regulation 16B to the CIRP Regulations requiring ARs to submit minutes of meetings held with creditors in the class to the RP, to be placed before the CoC; and iii. Insert Regulation 24(6A) to the CIRP Regulations requiring CoC minutes to record views, concerns and opinions expressed by the AR on behalf of such creditors.

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
11.	Additional safeguards prior to liquidation of real estate projects	Real estate insolvency proceedings differ fundamentally from standard corporate liquidations because their primary objective is project completion and possession delivery rather than asset liquidation. Liquidating a partially built real estate project destroys immense economic value, causes protracted completion delays, and shatters the legitimate expectations of homebuyers who have invested hard-earned savings into residential units. Currently, without explicit procedural safeguards ensuring project completion is thoroughly exhausted, real estate proceedings risk premature liquidations that severely harm stakeholder interests.	To institutionalize liquidation as an absolute measure of last resort, it is proposed to introduce rigorous procedural safeguard before any liquidation proposal can be considered by the CoC by inserting Regulation 39D of the CIRP Regulations. The RP must present a detailed note outlining all past efforts made to secure completion-oriented solutions alongside clear justifications for why these options proved unfeasible. CoC minutes must record that alternatives to liquidation were considered and reasons for concluding liquidation is most feasible; when filing for liquidation, the RP must annex the note and relevant extracts of CoC deliberations.
12.	Strengthening coordination between resolution professionals and real estate regulatory authorities	RPs face severe difficulties in obtaining reliable, standardized project-level data typically held with RERA rather than the Corporate Debtor. Additionally, persistent uncertainty regarding whether an insolvent company remains bound by RERA regulations creates compliance gaps, delayed filings, and operational disputes, ultimately stalling claim verification and the preparation of the Information Memorandum.	It is proposed to issue a circular: i. To encourage IRP/RPs to seek specified information from concerned RERA (project registration, sanctioned plans, registration status, allottee records, escrow account status, approvals and compliances) and rely on such records, subject to verification, especially where CD records are incomplete; ii. To direct RPs to ensure continued compliance with RERA during CIRP; and iii. RPs may invite RERA to furnish written views on regulatory feasibility and implementation aspects of resolution plans, to be placed before CoC and prospective applicants.

S. No.	Topic	Statement of Problem	Solution proposed by IBBI
13.	Prominent disclosure of corporate insolvency resolution process at project and office sites	Public announcements published in newspapers or websites frequently fail to reach dispersed stakeholders, leaving them completely unaware that the Corporate Debtor has entered CIRP. This lack of awareness causes delayed claim filings, continued inadvertent dealings with former management, widespread confusion over project status, and contentious disputes throughout the insolvency lifecycle. Because project sites and corporate offices serve as the primary physical touchpoints for stakeholders, the absence of direct notifications at these locations creates a critical communication gap.	It is proposed to mandate disclosures regarding the commencement of CIRP across all project sites and offices of the Corporate Debtor. The IRP or RP must install conspicuous signboards at active project sites as well as notice boards at the registered office, corporate office, site offices, sales offices, and any other stakeholder-accessible locations. These notices must explicitly state that the Corporate Debtor is undergoing CIRP and provide the official name and direct contact details of the insolvency professional managing its affairs, facilitating direct communication and timely claim submissions.

PARTING THOUGHTS

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 marks a significant milestone in the evolution of India's insolvency framework. More than a series of legislative amendments, it represents a conscious effort to align the Code with the practical realities of modern insolvency, particularly in the real estate sector. By incorporating principles that had gradually evolved through judicial interpretation, the Amendment Act strengthens the statutory framework while reaffirming the Code's overarching objective of facilitating timely, value-maximizing resolution.

The reforms are particularly significant for real estate insolvency, where conventional entity-wide resolution often proved inadequate. Through measures such as asset-level resolution, continuity of statutory approvals, codification of the clean-slate principle, and creditor-initiated insolvency resolution, the Amendment Act introduces greater commercial flexibility and places increased emphasis on project completion and stakeholder protection.

The IBBI's Discussion Paper further demonstrates that the reform process remains dynamic. Its proposals seek to strengthen project-specific resolution, enhance transparency, improve governance, and better protect homebuyers, signaling a continued shift towards a more specialized and commercially responsive insolvency framework.

Ultimately, the success of these reforms will depend upon their effective implementation by the Adjudicating Authorities, insolvency professionals, committees of creditors, and other stakeholders. While judicial interpretation will inevitably shape the scope of several newly introduced provisions, the legislative direction is clear. The insolvency framework is steadily evolving towards a more pragmatic, project-oriented, and stakeholder-centric model that prioritizes value preservation over liquidation. If implemented effectively, these reforms have the potential to strengthen confidence in India's insolvency regime and further the Code's objective of delivering efficient and commercially viable resolution outcomes.

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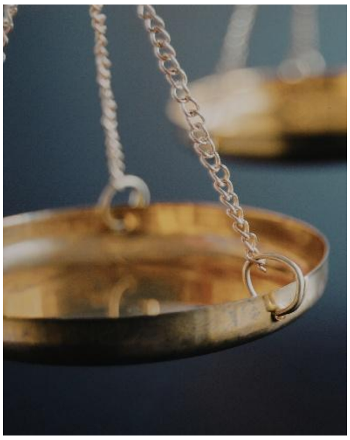

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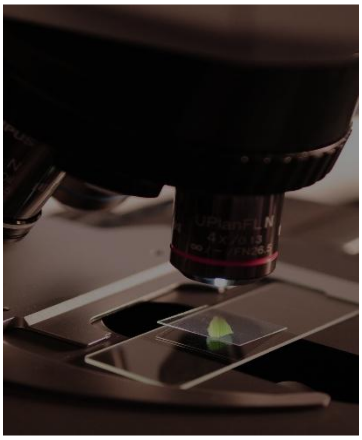

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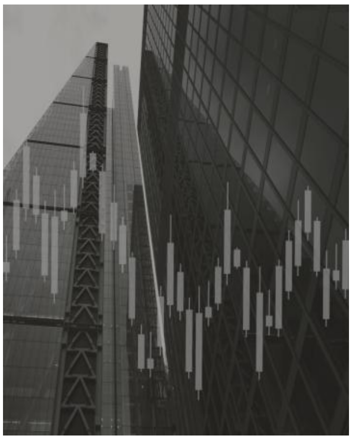

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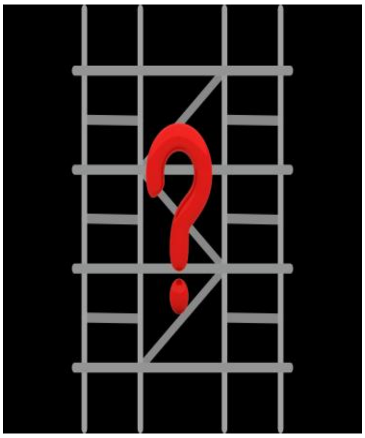

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