Module 2 · Insolvency and Bankruptcy Code, 2016 P13 · Section A · topics 2.1–2.4

SM pp. 185–216 (32 pages). **55 marks in 7 papers**, almost all on **2.2 CIRP**. A 7-mark IBC long question in **5 papers running** (Jun'24 → Jun'26), plus 1–2 MCQs. Liquidation (2.3) and personal insolvency (2.4) have never had a long question.

Section numbers the SM does not print are taken from the Act.

Paper	What was asked	Marks
Jun'23	Q3(d) **applicability** of the IBC	4
Dec'23	nothing	0
Jun'24	MCQ: the IBBI has **civil court** powers (= SM MCQ 14) · MCQ: CIRP in **180 days** (= SM MCQ 5) · Q2(b) **persons not entitled to initiate CIRP** (s.11)	2 + 2 + 7
Dec'24	MCQ: no IP proposed → AA asks the Board in **7 days**, Board nominates in **10** (SM 2.4.2 text) · MCQ: extension needs **66%** of CoC · Q4(a) **s.28 prior approval of the CoC** + voting %	2 + 2 + 7
Jun'25	MCQ: IBC not applicable to **financial service providers** (= SM MCQ 12) · MCQ: **s.29A** (= SM MCQ 19) · Q2(b) **management of affairs by the IRP**	2 + 2 + 7
Dec'25	MCQ: CIRP with extension = **270 days** · Q5(b) **approval of the resolution plan by the NCLT**	2 + 7
Jun'26	MCQ: **270 days** again (verbatim Dec'25) · Q5(b) case: **CIRP by a financial creditor**; role of the NCLT, RP duties, plan approval	2 + 7

HOW IT IS EXAMINED · DEC'26 PREDICTION

- Long answers are **SM paragraphs** (s.11, s.28, IRP management). MCQs are SM exercise MCQs or SM sentences.
- **Q5(b), 7 marks, about 75% likely.** Our picks: (1) **fast-track CIRP** (ICMAI MQP Q5(a); not in the SM, see the ⚠ box); (2) **s.28** again (MQP Q5(b)); (3) the **2026 amendment** (both supplementaries); (4) the PTP case: an **NBFC lender**; (5) **moratorium** (never asked).
- MCQ: timelines (**180 / 270 / 330**), CoC percentages, 7 and 14 days.

MAP

1. Purpose, applicability, five pillars ★★
2. Definitions; financial vs operational creditor ★★
3. CIRP: s.11, initiation s.7/9/10, timeline ★★★
4. Moratorium, IRP, CoC, RP, s.28 ★★★
5. Resolution plan: s.29A, s.30, s.31 ★★★
6. Liquidation and s.53 waterfall ★
7. Personal insolvency ★
8. Model answers · SM exercise · numbers

2.1 Purpose, applicability, regulators · Jun'23 Q3(d), Jun'25 MCQ, postal Q3(b)

WHY THE CODE · PURPOSE (SM ESSAY 1)

- It replaced **multiple overlapping laws and forums**: Ch. XIX and XX of the Companies Act 2013; Part VIA, Part VII and s.391 of the 1956 Act; RDDBFI 1993; SARFAESI 2002; **SICA 1985**; the Presidency Towns (1909) and Provincial (1920) Insolvency Acts; Ch. XIII of the LLP Act 2008 (SM MCQ 13). [SM 187]
- Drafted by the **Bankruptcy Law Reforms Committee**; Bill in Nov 2015; passed in 2016 (SM MCQ 1). [SM 187]
- SM WORDS **Purpose:** (1) to consolidate and amend the laws relating to **reorganization and insolvency resolution** of corporate persons, partnership firms and individuals **in a time bound manner** for **maximization of value of assets**, to **promote entrepreneurship and availability of credit**; (2) **balance the interests of all the stakeholders**, including alteration in the order of priority of payment of Government dues; (3) establish the **Insolvency and Bankruptcy Board of India**. [SM 187–188]

APPLICABILITY (s.2) · THE JUN'23 ANSWER

Whole of India. Applies to insolvency, liquidation, voluntary liquidation or bankruptcy of: (a) **companies** under the Companies Act; (b) companies under a **special Act**; (c) **LLPs**; (d) other body corporates notified by the CG; (e) **personal guarantors** to corporate debtors; (f) **partnership and proprietorship firms**; (g) **individuals**. [SM 188]

Not to the finance sector: a "corporate person" **excludes a financial service provider** (s.3(7)), so banks, FIs, insurers, ARCs, mutual funds, CIS and pension funds are outside it (SM MCQ 3; SM MCQ 12 = Jun'25 MCQ). [SM 188]

Five pillars: IBBI (the regulator, SM MCQ 16; has **civil court** powers for summons, discovery, inspection, commissions: SM MCQ 14 = Jun'24 MCQ) · **Adjudicating Authority** (NCLT for companies and LLPs; **DRT** for individuals and firms) · **Insolvency Professional Agencies** · **Insolvency Professionals** · **Information Utilities**. [SM 188, SM 210]

Key definitions (s.3 and s.5)

Corporate person: a company, an LLP, or any other body with limited liability, **but not a financial service provider** [s.3(7)].
Corporate debtor: a corporate person who **owes a debt** to any person [s.3(8)]. [SM 189]

Creditor: anyone to whom a debt is owed: financial, operational, secured, unsecured creditors and decree holders. **Debt**: a liability for a claim due from any person, including financial and operational debt. **Claim**: a right to payment, whether or not fixed, matured, disputed, secured or not. **Default**: non-payment of debt, in whole, in part or an instalment, when due. [SM 189]

Financial debt [s.5(8)]: debt disbursed **against consideration for the time value of money**, e.g. money borrowed against interest, bonds and debentures, finance leases, receivables sold with recourse, and **amounts raised from real-estate allottees**, which are deemed borrowings. [SM 189–190]

Operational debt: a claim for **goods or services, including employment**, or **dues under any law to the Central or State Government or a local authority**. [SM 190]

Person [s.3(23)]: an individual, HUF, company, trust, partnership, LLP, any statutory entity, and a **person resident outside India** (SM MCQ 18). [SM 190]

Adjudicating Authority for corporate persons = **NCLT** under s.408 of the Companies Act, 2013 [s.5(1)]. [SM 190]

Corporate applicant [s.5(5)]: the corporate debtor; an authorised member or partner; the individual managing its operations; or the person controlling its financial affairs. [SM 191]

Insolvency commencement date = the date the AA **admits** the application under s.7, 9 or 10 (the **initiation date** is the date of filing). **Insolvency resolution process period** = **180 days** from the commencement date. [SM 191]

Related party [s.5(24)]: directors, partners, KMP and their relatives; a company where a director holds over **2%**; holding, subsidiary and associate companies; a person controlling over **20%** of votes (either way); anyone controlling the board; more than **two directors in common**; anyone on whose advice a director is accustomed to act (SM MCQ 17, essay 2). [SM 191–192]

Resolution plan: a plan by a resolution applicant to resolve the corporate debtor **as a going concern**; it may include merger, amalgamation or demerger. **Resolution professional**: the IP who runs the CIRP, including the IRP. **Voting share**: in proportion to the **financial debt** owed. [SM 192]

	Financial creditor (FC)	Operational creditor (OC)
owed	financial debt (incl. a debt legally assigned to him) [s.5(7)] [SM 189]	operational debt: goods, services, employment, Government dues [s.5(20)] [SM 190–191]
to start CIRP	**files directly** with the NCLT (s.7), alone or jointly, with a record of default	first serves a **demand notice** or invoice; files (s.9) only if **not paid or disputed within 10 days** [SM 195]
in the CoC	**member with votes** (unless a related party) [SM 199]	**no vote**; one representative may attend if OCs' dues are at least **10%** of the debt [SM 200]

2.2 Corporate insolvency resolution process (CIRP) · the Q5(b) topic

Default min. ₹1 lakh in the SM [SM 193] → **Application** FC s.7 · OC s.9 · CD s.10 → **NCLT admits** within 14 days; 7 days to fix defects [SM 194–195] → **Moratorium + public announcement + IRP** → **CoC** of FCs; 1st meeting within 7 days; RP by 66% [SM 199] → **Plans** → CoC 66% → **NCLT** (s.31) [SM 202]

⚠ TWO SM FIGURES ARE OUT OF DATE (NOT IN SM)

(1) The minimum default was raised from ₹1 lakh to **₹1 crore** by notification of 24 March 2020; the SM only says the CG "can increase" it up to ₹1 crore. (2) The SM's outer limit of "360 days including any extension" should be **330 days**: the 2019 amendment set 330 days, **including time taken in legal proceedings**.

WHO MAY START (s.6) · WHO MAY NOT (s.11) · JUN'24 Q2(b)

On a default, a **financial creditor**, an **operational creditor** or the **corporate debtor itself** may start a CIRP. [SM 193]

SM WORDS A corporate debtor (including a corporate applicant) **shall not be entitled** to apply:

a. when it is **undergoing a CIRP** or a pre-packaged process; also an FC or OC of a debtor undergoing a **pre-packaged** process;

b. when it **completed a CIRP**, or had a pre-pack plan approved, within **twelve months** before the application;

c. a corporate debtor or FC who **violated the terms of a resolution plan** approved twelve months before;

d. a corporate debtor against which a **liquidation order** has been made.

[SM 193–194]

TIME LIMIT (s.12) · ASKED 3 TIMES AS AN MCQ

- The CIRP must be completed within **180 days from the date of admission**. [SM 196]
- The RP applies for an extension if the CoC so resolves by **66% of the voting shares** (Dec'24 MCQ). The NCLT may extend by up to **90 days**. [SM 196]
- So **180 + 90 = 270 days** with extension (Dec'25 and Jun'26 MCQ answer); the outer limit is **330** (see ⚠).
- Moratorium period in the SM chart: "180 or 270 days" (fill-in 4: maximum **270**). [SM 193, SM 215–216]

s.12A WITHDRAWAL · 2026 AMENDMENT (DEC'26 SUPPLEMENTARY)

An admitted application may be **withdrawn** only with the approval of **90%** of the CoC's voting share, subject to the amended conditions. Where **several applications** are pending against the same debtor, the **first application's date** is the initiation date. In force from **26 May 2026**. [Supp Dec'26 p.4]

Route	Financial creditor (s.7)	Operational creditor (s.8–9)	Corporate applicant (s.10)
before filing	none; can file alone or jointly; for a class (e.g. allottees), at least **100** or **10%** of the class, whichever is less [SM 194]	**demand notice** or copy of invoice; the debtor has **10 days** to pay or point to a dispute (suit or arbitration) [SM 195]	books of account; proposed IRP; a **special resolution** or approval of **3/4th** of partners [SM 196]
the application	record of default + name of the proposed RP [SM 194]	prescribed form with s.9(3) documents; may propose an IRP	prescribed form
NCLT decides	within **14 days**; checks default from an **information utility** or other evidence [SM 194–195]	within **14 days**; **rejects if a dispute notice was received**; it does not judge whether the dispute is genuine [SM 195–196]	within **14 days**: admit if complete [SM 196]
rejection	no default; incomplete; disciplinary proceedings against the proposed RP; **7 days** to rectify first [SM 195]	incomplete; debt paid; no demand notice; dispute received; proceedings against the IRP [SM 195–196]	incomplete; **7 days** to rectify first [SM 196]

In every route the **CIRP commences on the date of admission**. Defaults in the year from **25 March 2020** (COVID) are not counted. [SM 195–196]

s.13–18 Moratorium, public announcement, interim resolution professional · Jun'25 Q2(b)

ON ADMISSION THE NCLT SHALL

(a) **declare a moratorium**; (b) cause a **public announcement** of the CIRP and **call for claims**; (c) **appoint an IRP**. The announcement is made immediately after the IRP is appointed. [SM 196–197]

Moratorium (s.14) prohibits: (a) **suits** and proceedings against the debtor, including execution of decrees; (b) the debtor **transferring or encumbering** its assets; (c) any action to **enforce a security interest**, including under SARFAESI; (d) an owner or lessor **recovering property** occupied by the debtor. **Essential supplies** may not be cut off. [SM 197]

Does not apply to: transactions the CG notifies with a financial-sector regulator; a **surety** in a contract of guarantee to the debtor. **Lasts** from the order until the CIRP ends, or earlier on **plan approval or a liquidation order**; the period is excluded from limitation. [SM 197] *Never asked long: a fresh question is likely some day.*

MANAGEMENT BY THE IRP (s.17) · THE JUN'25 ANSWER

- SM WORDS From the date of appointment of the IRP, the **management of the affairs** of the corporate debtor **shall vest in the IRP**. [SM 198]
- The **powers of the board** or partners **stand suspended** and are exercised by the IRP. [SM 198]
- **Officers and managers report to the IRP** and give access to documents and records. [SM 198]
- **Banks** holding the debtor's accounts act on the IRP's instructions and give him all information. [SM 198]
- The IRP protects and preserves the property and runs the debtor **as a going concern** (SM MCQ 6): appoints professionals, makes contracts, raises **interim finance**, instructs employees (s.20). [SM 198]
- **Authority (s.17(2)):** acts and signs in the debtor's name; accesses its records in **information utilities**, with Government authorities and the **statutory auditors**; complies with laws on its behalf. [SM 198]

DUTIES OF THE IRP (s.18)

a. **collect information** on assets, finances and operations: business operations and payments for the previous **two years**; assets and liabilities as on the initiation date
b. **receive and collate claims**
c. **constitute the committee of creditors**
d. **monitor the assets** and manage operations until the CoC appoints an RP
e. file information with the **information utility** if necessary
f. take **control and custody of assets** owned by the debtor
g. other duties specified by the Board

[SM 198–199]

The personnel and promoters must cooperate; if not, the IRP applies to the **NCLT for directions**. [SM 199]

APPOINTING THE IRP · THE RP

- The NCLT appoints the IRP on the **insolvency commencement date**; the IP proposed by the applicant is appointed if **no disciplinary proceedings** are pending against him. [SM 197]
- **First CoC meeting within 7 days** of its constitution (SM MCQ 7): by **66%** of voting share the CoC confirms the IRP as RP or **replaces** him (the Board must confirm the new name). [SM 199]
- The RP may later be replaced by **66%** (s.27; SM MCQ 8) with NCLT approval after the IBBI clears the name. [SM 199]
- The RP **conducts the entire CIRP** and manages operations, with the IRP's powers and duties. [SM 200]

s.21–28 Committee of creditors and the RP · Dec'24 Q4(a), ICMAI MQP Q5(b)

COMMITTEE OF CREDITORS (s.21, 24)

- Constituted by the IRP after collating claims; comprises **all financial creditors**. A **related-party FC** has **no right of representation, participation or voting**. [SM 199]
- A creditor who is both FC and OC sits **as an FC to the extent of the financial debt**. [SM 199]
- Ordinary decisions: at least **51%** of voting share. The CoC may demand financial information; the RP gives it within **7 days**. [SM 199]
- **Meetings (s.24)**: in person or electronic, run by the RP. Notice to (a) CoC members, (b) the **suspended directors** or partners, (c) **OCs** whose dues are at least **10%** of the debt. Directors and one OC representative may attend but have **no vote**. A member may be represented by another IP. [SM 200]

s.28 · NEEDS THE CoC'S PRIOR APPROVAL BY 66% (DEC'24 Q4(a))

a. raise any **interim finance**
b. create any **security interest** over assets
c. change the **capital structure**
d. record a change in **ownership interest**
e. instruct banks on a **debit transaction**
f. any **related party transaction**
g. amend **constitutional documents**
h. **delegate** its authority
i. dispose of or permit disposal of **shares** to third parties
j. change the **management** of the debtor or its subsidiary
k. transfer rights or debts under **material contracts** outside the ordinary course
l. change the appointment or terms of **personnel** specified by the CoC
m. change the **statutory or internal auditors**
n. invite prospective **resolution applicants** meeting CoC criteria

[SM 200–201]

SM WORDS Without the prior approval of the CoC, with **66% voting in favour**, the action **will be invalid** and action may be taken against the IP. [SM 200]

s.29–31 Resolution plan: who may bid, contents, approval · Dec'25 Q5(b), Jun'25 MCQ

s.29A · WHO CANNOT SUBMIT A PLAN

A person, or anyone acting jointly or in concert with him, who:

a. is an **undischarged insolvent**
b. is a **wilful defaulter**
c. has an account classified as an **NPA** for at least **one year** before the CIRP began (eligible if all overdue amounts with interest are paid before submitting the plan; not applied to the applicant for **three years** after the plan's approval)
d. was **convicted**: imprisonment of **two years** under the 12th Schedule offences, or **7 years** under any law
e. is **disqualified as a director** under the Companies Act (SM T/F 2)
f. is **barred by SEBI** from the securities market
g. was promoter or in management of a debtor where a **preferential, undervalued, extortionate or fraudulent** transaction took place and the AA made an order
h. gave a **guarantee** to a creditor of the debtor
i. has a similar disability **abroad**
j. has a **connected person** ineligible under (a)–(i)

[SM 194]

Jun'25 MCQ (= SM MCQ 19): 1, 2 and 3 all disqualify, so the answer is (A).

FROM INFORMATION MEMORANDUM TO APPROVAL

1. **Information memorandum** (s.29): prepared by the RP. Applicants get access to relevant information and undertake **confidentiality**, protection of the debtor's **IP**, and no sharing with third parties. [SM 201]
2. The applicant submits the plan with an **affidavit of eligibility under s.29A**. [SM 201] *Dec'26 supplementary: also disclose the **ultimate beneficial owner** and file the **s.32A** affidavit (from 23 Dec 2025).* [Supp Dec'26 p.3]
3. **The plan must provide for** (s.30(2)): (a) **CIRP costs paid first**; (b) OCs paid **not less than** they would get in a **liquidation under s.53**; (c) **management** of the debtor after approval; (d) **implementation and supervision**; (e) **no contravention of law**. [SM 201]
4. **CoC approval**: plans that meet s.30(2) are approved by **66%** of voting share after considering **feasibility and viability**. The applicant may attend but votes only if he is also an FC. [SM 202]
5. **NCLT approval (s.31)**: if satisfied that the CoC-approved plan meets the Code's requirements, it **approves by order**. The plan then **binds** the debtor, its employees, members, creditors and guarantors. If it is **rejected**, **liquidation** follows. [SM 202]

CIRP costs [s.5(13)]: interim finance and its cost; the RP's fees; costs of running the business as a going concern; Government costs to facilitate the process. **Interim finance** = financial debt raised by the RP during the CIRP. [SM 202]

2026 AMENDMENT ON PLANS (DEC'26 SUPPLEMENTARY)

s.30 now deals with how **dissenting financial creditors** (who do not vote for the plan) are treated in the distribution; "avoidance transactions" are defined to cover preferential, undervalued and extortionate-credit transactions, and fraudulent or wrongful trading. [Supp Dec'26 p.4]

⚠ FAST-TRACK CIRP (s.55–58): ICMAI MQP Q5(a), NOT IN THE SM

The SM only mentions it (SM 203). From the Act: **who**: debtors notified by the CG, which in June 2017 notified (a) **small companies** under the Companies Act, (b) **start-ups** (other than partnership firms), and (c) **unlisted companies with total assets up to ₹1 crore**. **Time**: **90 days** from the insolvency commencement date. The RP may seek an extension if the CoC resolves by **66%**, and the NCLT may extend **once**, by up to **45 days**. The CIRP procedure applies otherwise; if there is no plan in time → liquidation.

2.3 Liquidation of a corporate person · never asked; s.53 amended by the 2026 Act

WHEN THE NCLT ORDERS LIQUIDATION (s.33)

- **No resolution plan** received within the CIRP period (s.12) or the fast-track period (s.56); or the plan is **rejected** under s.31. [SM 203]
- The CoC resolves by **66%** to liquidate, at any time before the plan is confirmed. [SM 203]
- The debtor **contravenes an approved plan** (on the application of an affected person). [SM 203]
- Then: liquidation order · public announcement · order sent to the registering authority. **No suit** by or against the debtor, except by the liquidator with NCLT approval. [SM 203]
- **Liquidator**: the RP acts, on written consent, unless replaced; the powers of the board and KMP **vest in the liquidator**. [SM 203–204]
- **Powers**: verify claims; take custody of assets; value, protect and sell them (not to persons ineligible under s.29A); carry on the business for a beneficial liquidation; sue and defend; investigate undervalued or preferential transactions; distribute proceeds. [SM 204]
- **Claims**: collected within **30 days** of the liquidation commencement; decision communicated in **7 days**; appeal within **14 days**. [SM 206]

LIQUIDATION ESTATE (s.36) (SM SHORT ESSAY c)

Held by the liquidator **as a fiduciary** for all creditors. **In:** assets the debtor owns (incl. shares in subsidiaries), encumbered assets, tangible and intangible assets, assets recovered through avoidance proceedings, assets on which a secured creditor **relinquished** security, and the proceeds. [SM 204–205]

Out: third-party assets in its possession (**trust**, **bailment**, **PF, pension and gratuity** dues of workmen and employees); collateral of financial service providers subject to netting; **personal assets of shareholders or partners**; assets of **Indian or foreign subsidiaries**. [SM 205]

Avoidance transactions: preferential (s.43: a transfer that puts a creditor or guarantor in a better position than under s.53); **undervalued** (s.45: gifts, or consideration significantly below market value), looked back **one year**, or **2 years** for related parties (s.46); **defrauding creditors** (s.49: to keep assets out of creditors' reach). The NCLT may **reverse** them. [SM 206–207]

Secured creditor (s.52): (a) **relinquish** the security to the estate and share under s.53; or (b) **realise** it himself and hand any **surplus** to the liquidator. [SM 207–208]

Rank	Distribution waterfall (s.53)
1	**CIRP costs and liquidation costs**, paid in full [SM 208]
2	equally: **workmen's dues for 24 months** before the liquidation commencement date, and debts of **secured creditors who relinquished** their security [SM 208]
3	**wages and dues of other employees for 12 months** [SM 208]
4	**financial debts of unsecured creditors** [SM 208]
5	equally: **Government dues for 2 years**, and the **unpaid balance of secured creditors who enforced** their security [SM 208]
6	**any remaining debts and dues** ⚠ the SM skips this clause (f) and goes from (e) to (g)
7–8	**preference shareholders**, then **equity shareholders or partners** [SM 208]

Dissolution (s.54): when the assets are fully liquidated, the liquidator applies; the NCLT orders dissolution from the date of the order; the order goes to the registering authority within **7 days**. [SM 208] *Dec'26 supplementary: s.53 distribution "clarified" by the 2026 Act (no detail given).* [Supp Dec'26 p.4]

2.4 Personal insolvency (individuals and partnership firms) · Dec'24 MCQ came from here

- A creditor (alone or jointly) applies for **bankruptcy** within **3 months** of an order under s.100(4) (defrauding a creditor), s.115(2) (repayment plan rejected) or s.118(3) (repayment plan not satisfied). The application **cannot be withdrawn** without the AA's permission. [SM 209]
- **Interim moratorium** from the date of application: all litigation is stayed. [SM 209]
- **SM WORDS** The IP proposed shall be continued or rejected by the AA based on information sent by the Board. **If none is proposed, the AA requests a nomination within 7 days and the Board nominates within 10 days** (Dec'24 MCQ: option A). A CoC with **75%** may replace the bankruptcy trustee. [SM 209]
- Claims: notice within **10 days**; registration within **7 days** of the public notice; list of creditors in **14 days**; creditors' meeting within **21 days**. Bankruptcy order within **14 days**; secured creditors must act within **30 days**. [SM 209–210]
- **The bankrupt** may not be appointed a trustee or public servant or be elected to a local authority; may not act as a **director** or promote companies; must **disclose** the bankruptcy in all dealings; and needs permission to **travel overseas** (SM MCQ 10). [SM 210]
- **Adjudicating Authority = Debt Recovery Tribunal** (DRT) where the debtor resides or works (SM MCQ 9). Civil courts have no jurisdiction. [SM 210]
- Appeal to the **DRAT**, then to the **Supreme Court** on questions of law. The SM says "within 15 days" for the DRAT appeal. [SM 210] ⚠ The Act's s.181 gives 30 days, plus up to 15 more for sufficient cause.

M Model answers

MODEL ANSWER 1 · CIRP BY A FINANCIAL CREDITOR: ROLE OF THE NCLT, RP DUTIES, PLAN (JUN'26 Q5(b), PTP Q5(a)) · 7 MARKS

1. **Initiation (s.7):** on a default, ABC Ltd.'s financial creditors, alone or jointly, apply to the **NCLT** with the **record of default** and the name of a proposed RP. [SM 194]
2. **Role of the NCLT:** within **14 days** it ascertains the default from an information utility or other evidence; it admits the application, or rejects it (no default, incomplete, or disciplinary proceedings against the proposed RP) after giving **7 days** to rectify. The CIRP **commences on admission**. It then declares a **moratorium**, orders a **public announcement** and appoints the **IRP**. [SM 194–197]
3. **IRP/RP:** management **vests in the IRP** and the board is suspended; he collects information and claims, **constitutes the CoC** and runs the company **as a going concern**. The CoC confirms or replaces him as RP by **66%**. The RP prepares the **information memorandum**, invites resolution applicants, and needs CoC approval for **s.28** actions. [SM 198–201]
4. **Plan:** applicants (not barred by **s.29A**) submit plans; the RP puts compliant plans to the CoC, which approves by **66%**; the NCLT approves under **s.31**, after which the plan **binds all stakeholders** and is implemented under its supervision terms. Rejection or no plan in **180 (+90) days → liquidation**. [SM 196, SM 201–202]

MODEL ANSWER 2 · NBFC LENDER CASE (ICMAI PTP Q5(b))

Facts: an NBFC lent money at interest to a company, which defaulted. (1) **Creditor type:** money **borrowed against payment of interest** is a **financial debt**, so the NBFC is a **financial creditor** [s.5(7), 5(8)(a)]. [SM 189] (2) **Where:** it files under **s.7** before the **NCLT** (the AA for companies), with the record of default; no demand notice is needed. (3) **IRP:** the IP it proposes is appointed IRP if no disciplinary proceedings are pending. (4) **Time: 180 days** from admission, extendable once by up to **90 days** on a **66%** CoC resolution. [SM 190, SM 194, SM 196–197]

MODEL ANSWER 3 · APPROVAL OF A RESOLUTION PLAN BY THE NCLT (DEC'25 Q5(b))

Write steps 2–5 of "From information memorandum to approval" above, in order: s.29A affidavit → s.30(2) contents (CIRP costs first; OCs at least their liquidation value; management; implementation and supervision; lawful) → CoC approval by **66%** on feasibility and viability → RP submits it to the NCLT → the NCLT approves **if satisfied that it meets the Code → binding** on the debtor, employees, members, creditors and guarantors → if rejected, **liquidation**. Add the 2026 changes: beneficial-owner disclosure and the s.32A affidavit. [SM 201–202] [Supp Dec'26 p.3]

Other past long questions are answered word for word by the SM boxes above: s.11 list (Jun'24 Q2(b)) · IRP management (Jun'25 Q2(b)) · s.28 list + 66% (Dec'24 Q4(a)) · applicability (Jun'23 Q3(d)).

The SM's own exercise for the IBC (SM 211–216)

1 Code passed in	**2016**	11 CIRP with extension ★★	**270 days** ⚠ (SM key says 180)
2 applies to companies, LLPs, firms	**all of the above**	12 not applicable to ★	**financial service providers**
3 applies to banks, insurers, ARCs	**none of the above**	13 laws replaced	**all the above**
4 security interest in his favour	**secured creditor**	14 IBBI's court powers ★	**civil court**
5 normal CIRP time ★	**180 days**	15 insolvency professional agency	**ICMAI** (key) ⚠
6 RP runs the company as a	**going concern**	16 regulator	**IBBI**
7 first CoC meeting within	**7 days**	17 related party	**all of the above**
8 RP replaced by	**66%**	18 "person" includes	**all of the above**
9 AA for personal insolvency	**DRT**	19 s.29A ★	**all of the above**
10 the bankrupt shall	**all or any of the above** ⚠ (SM key says a)		

⚠ MCQ 11: the SM key (c) 180 days ignores the extension; Dec'25 and Jun'26 gave 270 as an option and that is the answer. MCQ 10: all four restrictions are in the SM text, so (d). MCQ 15: the key is (a); in fact each of the three institutes has set up its own IPA, so "all of them" is defensible.

True/False: CIRP in 180 days from the application **T** (strictly, from admission) · a disqualified director cannot be a resolution applicant **T** · secured creditor definition **T** · NCLT = "National Corporate Law Tribunal" **F** (Company) · corporate applicant = corporate creditor **F**. **Fill-ins:** assignee is also a **financial** creditor · the process ends **180** days from commencement · legal suspension of repayment = **moratorium** · maximum moratorium **270** days · plan approval: SM key **75**% ⚠ (the SM's own text and the current law say **66%**; write 66) · process period **180** days · NCLT decides in **14** days · extension up to **90** days.

R Revision: numbers

Rule	Number	Rule	Number
minimum default (SM / now)	₹1 lakh / ₹1 crore	CoC ordinary decisions	51%
NCLT admits or rejects within	14 days	RP appoint / replace; s.28; plan; extension; liquidate	66%
time to rectify defects	7 days	s.12A withdrawal (supp)	90%
OC: debtor's reply to demand notice	10 days	OCs at CoC meetings if dues ≥	10%
CIRP / extension / with extension	180 / 90 / 270 days	related party: shareholding / votes	> 2% / > 20%
outer limit (SM / Act)	360 / 330 days	s.29A: NPA / conviction	1 yr / 2 or 7 yrs
first CoC meeting	7 days	s.11 bar after a CIRP or plan	12 months
info to CoC / IRP records cover	7 days / 2 years	workmen / employees' dues (s.53)	24 / 12 months
liquidation claims / decision / appeal	30 / 7 / 14 days	Govt dues (s.53)	2 years
undervalued look-back / related	1 yr / 2 yrs	personal: nominate IP (AA / Board)	7 / 10 days
fast track / extension (Act)	90 / 45 days	bankruptcy application within	3 months