

Insolvency and Bankruptcy Board of India

Subject: Proposal for rationalisation of validity period of the Limited Insolvency Examination.

This Agenda Note deals with the proposal to extend the validity period of the Limited Insolvency Examination from twelve months to twenty-four months, thereby amending clause (a) of Regulation 5 of the IBBI (Insolvency Professional) Regulations, 2016 (IP Regulation).

i. Introduction:

Insolvency professionals constitute one of the four pillars of the insolvency resolution ecosystem, which is crucial for the effective and timely functioning, as well for providing credibility to the entire insolvency and bankruptcy process. An IP Professional manages the affairs of the corporate debtor (CD), exercises the powers of its Board of Directors and complies with applicable laws on behalf of CD. He is entrusted with the task to protect and preserve the value of assets of CD, manage its operations as a going concern and facilitate the committee of creditors (CoC) in taking prudent decisions for resolution of insolvency.

As per sub-clause (b) of clause (1) of Section 196 of the Insolvency and Bankruptcy Code, 2016 (the Code), the Board, subject to the general directions of the Central Government, shall specify the minimum eligibility requirements for registration of insolvency professional agencies, insolvency professionals and information utilities. Furthermore, as per sub-clause (e) of clause (1) of Section 196 of the Code, the Board shall lay down by regulations the minimum curriculum for the examination of the insolvency professionals for their enrolment as members of the insolvency professional agencies.

In accordance with these provisions, Regulation 5 of IP Regulation specifies the qualifications and experience required for an individual to be eligible for registration as insolvency professional. Clause (a) of Regulation 5 of the IP Regulation states as below:

“Qualifications and experience:

5. Subject to the other provisions of these regulations, an individual shall be eligible for registration, if he -

*(a) has passed the Limited Insolvency Examination within **twelve months** before the date of his application for enrolment with the insolvency professional agency;*

.....”

Thus, as per the extant regulation, an individual shall enrol with an Insolvency Professional Agency (IPA) within twelve months of passing the Limited Insolvency Examination to be eligible for registration with the Board.

ii. Problem statement:

Under the current provisions, a candidate who passes the Limited Insolvency Examination must apply for enrolment with an IPA within twelve months. This effectively limits the validity of the exam to just one year. Stakeholders have repeatedly emphasized the need for a reasonable extension of the validity period of the Limited Insolvency Examination for enrolment with IPAs. They have consistently raised concerns that the current validity period of 12 months is restrictive, and have urged for a more flexible timeline to accommodate aspiring insolvency professionals effectively.

This constraint is particularly challenging for Post-Graduate Insolvency Programme (PGIP) students, who are compelled to wait until their final year to appear for the examination in their two-year academic programme, as in case they pass the Limited Insolvency Examination during the first year, its validity gets lapsed by the time they complete the course. As a result, they face difficulties in aligning their exam schedule with their academic timeline, leading to potential delays in their transition into the insolvency profession

Moreover, the majority of candidates appearing for the examination are working professionals such as Chartered Accountants (CAs), Company Secretaries (CSs), lawyers, and finance professionals who require sufficient time to accumulate the necessary experience before seeking enrolment. The current twelve-month validity period limits their ability to plan effectively, often forcing them to make expedited career decisions.

Therefore, to provide greater flexibility and facilitate better career planning for aspiring insolvency professionals, it will be appropriate to extend the existing validity period of the Limited Insolvency Examination beyond twelve months. This extension would allow candidates to prepare at their own pace, take the exam at a more suitable time in their career trajectory, and align their enrolment with their professional commitments

iii. Potential Outcomes:

An extension of validity period of the Limited Insolvency Examination beyond twelve months would provide individuals with additional time to seek enrolment after passing the examination, reducing the pressure to complete the process within a short window. This would particularly benefit PGIP students, enabling them to appear for the examination well in advance rather than waiting until their final year. By doing so, they can align their exam with their academic timeline, thereby facilitating a smoother transition into the insolvency profession.

Moreover, extending the validity period would also accommodate working professionals who often face scheduling challenges due to their professional commitments. A longer validity period would allow them to prepare strategically, take the exam at a convenient time, and enrol with an IPA when they are ready to transition into the insolvency profession.

Overall, extending the enrolment timeframe is expected to expand the pool of insolvency professionals, thereby enhancing the efficiency of the insolvency resolution process. A longer validity period may also encourage more aspirants to take the examination, potentially

improving the instances of enrolments for the Limited Insolvency Examination.

iv. Proposal:

Given the practical challenges being faced by the candidates, and the potential for improvements in enrolments for the Limited Insolvency Examination, it is proposed that the current validity of the Limited Insolvency Examination for enrolment with the IPA may be extended from existing twelve (12) months to twenty-four (24) months from passing the Limited Insolvency Examination by way of amendment in clause (a) of Regulation 5 of the IBBI (Insolvency Professional) Regulations, 2016.

v. Approval Sought

The proposed amendment will help all aspiring professionals by way of providing greater flexibility and facilitate better career planning by way of larger time horizon of two (02) years. In addition, this will specifically help the PGIP students from the current academic year for which the course is expected to commence w.e.f. 01st July 2025. Keeping in view the urgency, the Governing Board may exempt it from public consultation under regulation 4 of the IBBI (Mechanism for Issuing Regulations), 2018. The approval of the Governing Board is sought for proposal in para (iv).

vi. The draft amendment to the IP Regulation is placed as Annexure 1

This is submitted for kind consideration and approval of the Governing Board.

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INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

DRAFT NOTIFICATION

New Delhi, ____ 2025

Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2025

No. IBBI/2024-25/GN/REG 110----In exercise of the powers conferred by sections 196 and 207 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations to amend the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, namely: -

1. (i) These regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2025.

(ii) They shall come into force from the date of publication in the Official Gazette.
2. In the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, in Regulation 5, in clause (a), for the word “twelve,” the word “twenty-four” shall be substituted.

(Mr. Ravi Mittal)
Chairperson
[ADVT. - _____]

Note: The Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 were published in the Gazette of India Extraordinary vide notification No. IBBI/2016-17/GN/REG003 on 29th November 2016 and last amended by, Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2024 vide notification number IBBI/2017-18/GN/REG027 dated 31st January 2024.