



## IBBI Introduces Regulation on Non-Submission of Repayment Plan by Personal Guarantors

भारतीय दिवाला और शोधन अक्षमता बोर्ड

Insolvency and Bankruptcy Board of India

### Introduction

With the objective of streamlining the insolvency resolution process for personal guarantors to corporate debtors, IBBI<sup>1</sup> has introduced [Regulation 17B](#) through the IBBI, via Notification No. IBBI/2025-26/GN/REG125, effective from May 19, 2025. This new provision specifically addresses the failure of personal guarantors to submit a repayment plan, thereby enhancing the efficiency of the insolvency process.

Prior to this amendment, a critical gap existed: while **Section 105** of the IBC<sup>2</sup> expects personal guarantors to prepare a repayment plan for their debts, there was no clear course of action when this obligation wasn't met. This often led to delays and uncertainty in the insolvency resolution process. **Regulation 17B has been specifically designed to fill this void, providing a structured approach for the Resolution Professional (RP) to follow.**

### The Procedural Blueprint of New Regulation 17B

The newly introduced Regulation 17B outlines a clear and concise procedure for the Resolution Professional in cases of non-submission of a repayment plan:



1. **Non-Submission of Repayment Plan:** The process is triggered when the personal guarantor (debtor) fails to prepare a repayment plan as contemplated under Section 105 of the Code.
2. **Resolution Professional's Obligation:** Upon identifying the non-submission of a repayment plan, **the Resolution Professional is now mandated to take proactive steps.**
3. **Creditor Approval:** Crucially, before proceeding, the Resolution Professional must secure the approval of the creditors. This ensures that any subsequent action taken by the RP is in alignment with the collective interests of those owed money.
4. **Application to Adjudicating Authority:** With the consent of the creditors, the Resolution Professional is required to file an application before the Adjudicating Authority.
5. **Intimation and Guidance:** The application must formally inform the Adjudicating Authority about the non-submission of the repayment plan by the debtor. Furthermore, the RP will seek appropriate directions from the Authority for the subsequent stages of the insolvency resolution process. This guidance is vital to ensure the smooth progression of the resolution despite the initial hurdle.

## Conclusion

Regulation 17B represents a crucial step in strengthening India's personal insolvency framework. By clearly defining the process for non-submission of repayment plans by personal guarantors, it promises to reduce delays, enhance certainty for all stakeholders, and promote greater accountability, thus ensuring a more systematic and timely resolution of insolvencies under the IBC, 2016.

## Citations

1. *Insolvency Resolution Process for Personal Guarantors to Corporate Debtors (Amendment) Regulations, 2025*
2. *Insolvency and Bankruptcy Code, 2016*

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