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CONFLICTION AND COORDINATION BETWEEN THE INSOLVENCY AND BANKRUPTCY CODE (IBC) AND COMPETITION COMMISSION OF INDIA (CCI) IN CORPORATE INSOLVENCY

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Abstract

The interface between the Insolvency and Bankruptcy Code, 2016 (IBC) and the Competition Act, 2002 represents a critical point of convergence within India's economic regulatory framework, where the objectives of insolvency resolution and market competition intersect, and at times, collide. The IBC was enacted with the primary aim of ensuring a time-bound, efficient, and value-maximizing resolution of distressed corporate entities, shifting control from debtors to creditors and emphasizing commercial decision-making through the Committee of Creditors (CoC). [1] In contrast, the Competition Act seeks to preserve market integrity by preventing anti-competitive practices and regulating combinations that may cause an appreciable adverse effect on competition (AAEC).[2] The friction between these two statutes becomes particularly pronounced when resolution plans under the IBC involve mergers, acquisitions, or restructuring transactions that qualify as "combinations" under Sections 5 and 6 of the Competition Act, thereby necessitating prior approval from the Competition Commission of India (CCI).[3]

The legislative attempt to reconcile this overlap is reflected in Section 31(4) of the IBC, which mandates that resolution applicants obtain approval from the CCI prior to the approval of the resolution plan by the CoC. [4] However, the interpretation and practical implementation of this requirement have generated considerable legal uncertainty. Initially, adjudicatory authorities such as the National Company Law Appellate Tribunal (NCLAT) adopted a pragmatic approach by treating the requirement as directory, thereby allowing post-CoC approval of CCI clearance in order to preserve the strict timelines envisaged under the IBC.[5]This approach reflected a policy preference for speed and efficiency in insolvency resolution over strict procedural compliance.

The jurisprudential landscape, however, underwent a significant transformation with the decision of the Supreme Court in *Independent Sugar Corporation Ltd. v. Girish Sriram Juneja*, wherein the Court held that the requirement of prior CCI approval under Section 31(4) is mandatory and must be complied with before the CoC considers and approves the resolution plan.[6] The Court emphasized the importance of statutory interpretation, the need for informed decision-making by the CoC, and the avoidance of regulatory uncertainty that could arise from post-facto approvals. While this ruling has clarified the legal position, it has also intensified concerns regarding delays in the Corporate Insolvency Resolution Process (CIRP), potential value erosion of distressed assets, and increased compliance burdens on resolution applicants.

This paper critically examines the nature of the conflict between the IBC and competition law at procedural, substantive, and institutional levels. It argues that the tension between the objectives of

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speedy insolvency resolution and the preservation of competitive market structures is not merely incidental but structural in nature.[7] The absence of a coordinated regulatory framework exacerbates this conflict, leading to inefficiencies, uncertainty, and potential deterrence of prospective resolution applicants. The paper further explores comparative approaches adopted in jurisdictions such as the United States and the European Union, where expedited merger review mechanisms and the "failing firm defence" have been employed to balance competition concerns with insolvency objectives.

In conclusion, the paper contends that while the Supreme Court's interpretation has brought much-needed clarity, it underscores the urgent need for institutional coordination and procedural innovation. The adoption of fast-track approval mechanisms, pre-filing consultations with the CCI, and the formulation of joint guidelines between insolvency and competition regulators are essential to harmonize the two regimes. A balanced and integrated approach is necessary to ensure that the twin goals of economic efficiency and competitive markets are achieved without undermining the effectiveness of either statutory framework.

Keywords: Insolvency, Competition Law, IBC, CCI, Corporate Insolvency, Jurisdictional Conflict

1. INTRODUCTION

The enactment of the Insolvency and Bankruptcy Code (IBC) in 2016 marked a historic shift in India's corporate insolvency framework. Designed to ensure swift and effective rescue of distressed companies, the IBC places significant emphasis on the time-bound Corporate Insolvency Resolution Process (CIRP) and encourages market-driven revival strategies. Simultaneously, India's competition law regime, governed by the Competition Act, 2002, aims to maintain market fairness by monitoring anti-competitive behavior and regulating mergers and acquisitions (combinations).

The challenge arises when these two systems intersect. Insolvent companies are frequently revived by merging with or being acquired by financially stable entities. Such transactions often cross the asset or turnover thresholds defined under the Competition Act, compelling the parties to notify the Competition Commission of India (CCI). However, the procedural timelines of the IBC— specifically, the 330-day overall cap on resolution—are not aligned with CCI's detailed merger review process. This misalignment introduces potential friction between the goals of insolvency resolution and market competition.

Therefore, questions arise:

Should CCI clearance precede NCLT approval of the resolution plan? Does the moratorium under Section 14 restrict CCI's jurisdiction? Can competition concerns override a financially viable resolution plan? These issues have been addressed through a series of judicial decisions, policy reforms, and evolving regulatory coordination.

This paper examines this complex interplay, mapping the conflict points and highlighting emerging mechanisms of coordination that aim to harmonize the objectives of both statutes.

2. RESEARCH GAP

Despite the growing body of literature on insolvency law and competition law in India, there exists a significant gap in analyzing their **institutional interaction and practical coordination**. Most existing studies examine the Insolvency and Bankruptcy Code, 2016 and the Competition Act, 2002 in isolation, focusing either on insolvency resolution efficiency or competition regulation, without adequately addressing their overlap in cases involving mergers and acquisitions arising out of insolvency proceedings.

While some scholarly works have highlighted the requirement of approval from the Competition Commission of India during insolvency resolution, there is limited research

on the **procedural sequencing, timing of approvals, and jurisdictional conflicts** between adjudicating authorities such as the National Company Law Tribunal and the Competition Commission of India. Further, existing literature lacks a detailed examination of how the mismatch in statutory timelines affects the **efficiency and value maximization objectives of the insolvency framework**.

Additionally, there is insufficient analysis of whether competition law scrutiny in insolvency cases **enhances market fairness or creates unnecessary delays**, thereby undermining the core objective of timely resolution under the Insolvency and Bankruptcy Code. The absence of a **harmonized legal or regulatory framework** governing the interaction between these two regimes remains underexplored.

Therefore, this study seeks to fill this gap by critically analyzing the **conflict and coordination between insolvency law and competition law**, examining both doctrinal and practical challenges, and proposing a more integrated and efficient regulatory approach.

3. RESEARCH METHODOLOGY

Research Approach

This study adopts a **doctrinal (analytical) research approach**, focusing on the examination and interpretation of legal principles governing the interaction between the Insolvency and Bankruptcy Code, 2016 and the Competition Act, 2002. The research primarily involves the analysis of statutory provisions, judicial decisions, and regulatory frameworks to understand the areas of conflict and coordination between insolvency law and competition law in India.

The doctrinal approach is supplemented by **qualitative analysis**, enabling a critical evaluation of legal issues such as jurisdictional overlap, procedural delays, and regulatory inefficiencies.

Nature of Research

The research is **analytical and descriptive in nature**. It seeks to:

- Describe the existing legal framework governing insolvency and competition law
- Analyze the interaction between these two regimes
- Critically evaluate the effectiveness of current regulatory mechanisms

The study also incorporates **normative analysis**, proposing reforms for improving coordination between insolvency and competition authorities.

3.1 Sources of Data

The research relies on **secondary sources of data**, including:

(a) Primary Legal Sources

- Statutes:
  - Insolvency and Bankruptcy Code, 2016
  - Competition Act, 2002
- Rules and Regulations:
  - Combination Regulations, 2011
- Judicial Decisions:
  - Landmark cases such as *ArcelorMittal*, *JSW Steel–Bhushan Power*, and related jurisprudence

(b) Secondary Sources

- Books on insolvency and competition law
- Research articles from law journals (NUJS, NLS, etc.)
- Reports and publications by:
  - Competition Commission of India
  - Insolvency and Bankruptcy Board of India
  - Organisation for Economic Co-operation and Development

- Government publications and policy papers

4. Background and Evolution of Corporate Insolvency Law in India

The evolution of India's insolvency framework reflects a gradual yet significant transformation from a fragmented, inefficient, and debtor-oriented system to a consolidated, creditor-driven regime. Prior to the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), the legal landscape governing insolvency and debt recovery was characterized by multiple overlapping statutes, including the Companies Act, 1956, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), and the Recovery of Debts Due to Banks and Financial Institutions Act, 1993. These laws operated independently, often resulting in jurisdictional conflicts, procedural delays, and inconsistent outcomes.[8]

A key feature of the pre-IBC regime was its **debtor-in-possession model**, which allowed defaulting promoters to retain control over the company during insolvency proceedings. This approach frequently led to mismanagement, diversion of assets, and prolonged delays, thereby undermining creditor confidence. The Board for Industrial and Financial Reconstruction (BIFR), established under SICA, was often criticized for inefficiency and inability to revive sick companies effectively.[9]

Empirical evidence indicates that under the pre-IBC regime, insolvency proceedings in India took an average of over four years to conclude, with recovery rates significantly below global standards. According to the World Bank, India's recovery rate was approximately 25.7 cents on the dollar, reflecting systemic inefficiencies and weak enforcement mechanisms.[10] The absence of a unified framework led to inefficient allocation of resources, erosion of asset value, and diminished investor confidence.

The introduction of the IBC marked a paradigm shift in insolvency law by consolidating existing statutes into a single comprehensive framework. The Code introduced a time-bound Corporate Insolvency Resolution Process (CIRP), emphasizing creditor control, transparency, and market- driven outcomes.[11] Under this framework, management of the distressed company is transferred to an insolvency professional, and key decisions are taken by the Committee of Creditors (CoC), thereby ensuring accountability and efficiency.

Institutionally, the IBC established a robust ecosystem, including the Insolvency and Bankruptcy Board of India (IBBI), insolvency professionals, and adjudicating authorities such as the National Company Law Tribunal (NCLT). These institutions play a crucial role in standardizing procedures and ensuring effective implementation of the Code.[12]

Despite its transformative impact, the IBC continues to face challenges, including delays in judicial processes, capacity constraints of tribunals, and complexities in large-value insolvency cases. Nevertheless, the Code represents a significant advancement in India's insolvency framework, aligning it with global best practices and improving the ease of doing business.

5. Evolution of Competition Law in India

Parallel to the development of insolvency law, India's competition law framework has also undergone significant transformation. The enactment of the Competition Act, 2002 replaced the Monopolies and Restrictive Trade Practices Act, 1969, reflecting a shift from controlling monopolies to promoting competition and economic efficiency.

The MRTP Act was enacted in a pre-liberalization era and primarily focused on preventing concentration of economic power. However, it lacked provisions to address modern competition issues such as mergers, acquisitions, and abuse of dominance in dynamic markets. [13] With the economic reforms of 1991, the limitations of the MRTP framework became The Competition Act established the

Competition Commission of India (CCI) as the primary authority responsible for enforcing competition law. The CCI is tasked with preventing anti- competitive agreements, regulating abuse of dominant position, and reviewing combinations that may adversely affect competition.[14]

One of the most significant features of the Competition Act is its **effects-based approach**, which evaluates the impact of business conduct on market competition rather than merely focusing on structural aspects. This approach aligns Indian competition law with global standards followed in jurisdictions such as the United States and the European Union.[15]

With the liberalization of the Indian economy and increasing global integration, the role of competition law has become more critical. The rise of digital markets, platform economies, and data- driven business models has introduced new challenges for competition regulators. The Competition Commission of India has actively addressed these challenges through market studies and enforcement actions, particularly in sectors such as e-commerce and telecommunications.[16]

Despite these developments, challenges remain, including delays in regulatory approvals, complexity in economic analysis, and evolving nature of digital markets. Nevertheless, the Competition Act has significantly strengthened India's regulatory framework by promoting fair competition and protecting consumer welfare.

6. Convergence of Insolvency and Competition Law

The intersection between insolvency and competition law has emerged as a critical area of legal and policy discourse. This convergence is primarily driven by the increasing prevalence of mergers and acquisitions in insolvency resolution processes. Resolution plans under the IBC often involve the acquisition of distressed assets by financially strong entities, thereby triggering the combination provisions under the Competition Act.[17]

This convergence creates a situation where a single transaction is subject to dual regulatory scrutiny. While the IBC focuses on ensuring timely resolution and value maximization, competition law seeks to prevent anti-competitive outcomes and preserve market structure. This dual oversight introduces both **complementarity and conflict** between the two regimes.

One of the central issues arising from this convergence is the **mismatch in statutory timelines**. The IBC mandates completion of the Corporate Insolvency Resolution Process within 180 to 330 days,

whereas the Competition Act allows the CCI up to 210 days to review combinations. [18] This divergence creates procedural challenges and may lead to delays in insolvency resolution.

Further, the requirement of obtaining prior approval from the Competition Commission of India adds an additional layer of regulatory compliance. While such scrutiny is necessary to prevent market concentration, it may also slow down the resolution process and affect asset valuation.

From an economic perspective, the convergence reflects the need to balance **efficiency and competition**. Insolvency law promotes efficient allocation of resources by transferring distressed assets to capable entities, whereas competition law ensures that such transfers do not lead to monopolistic structures.[19]

Judicial decisions have attempted to address these issues, emphasizing that insolvency proceedings must comply with all applicable laws, including competition law. However, the absence of a harmonized framework continues to create uncertainty and inconsistency in practice.

Thus, the convergence of insolvency and competition law represents both an opportunity and a challenge. While it enables a more comprehensive regulatory approach, it also necessitates better coordination to ensure that

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the objectives of both regimes are effectively achieved.

7. Legal Framework

The legal framework governing the interaction between insolvency resolution and competition law in India is primarily shaped by the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) and the Competition Act, 2002. Both statutes operate in distinct regulatory domains but intersect in situations where resolution plans under the IBC involve mergers, acquisitions, or restructuring

transactions that qualify as "combinations" under competition law. This intersection necessitates a careful examination of the statutory provisions, regulatory objectives, and institutional mechanisms that define their relationship.

The Insolvency and Bankruptcy Code, 2016 provides a comprehensive framework for the reorganization and insolvency resolution of corporate persons in a time-bound manner.[20] The initiation of the Corporate Insolvency Resolution Process (CIRP) under Sections 7, 9, or 10 leads to the imposition of a moratorium under Section 14, which prohibits the continuation of legal proceedings against the corporate debtor.[21] During the CIRP, the management of the corporate debtor is vested in an Interim Resolution Professional (IRP) and subsequently in a Resolution Professional (RP), while the Committee of Creditors (CoC) exercises control over key decisions, including the approval of the resolution plan under Section 30(4). The resolution plan, once approved by the CoC, is submitted to the Adjudicating Authority (National Company Law Tribunal) for approval under Section 31, which makes the plan binding on all stakeholders.

A crucial provision governing the interface with competition law is Section 31(4) of the IBC, which mandates that where a resolution plan contains a provision for a combination as defined under the Competition Act, 2002, the resolution applicant shall obtain approval from the Competition Commission of India (CCI) prior to the approval of such resolution plan by the CoC. This provision reflects the legislative intent to ensure that insolvency resolution does not circumvent competition law requirements. However, the interpretation of this provision has been a subject of judicial debate, particularly with respect to whether such approval is mandatory or directory.

The Competition Act, 2002, on the other hand, establishes the legal framework for regulating anti- competitive practices and combinations in India. Section 5 of the Act defines "combinations" based on asset and turnover thresholds, while Section 6 prohibits combinations that cause or are likely to cause an appreciable adverse effect on competition (AAEC) within the relevant market.[22] Parties to a combination are required to notify the CCI and obtain its approval prior to giving effect to the transaction.[23] The CCI conducts a detailed assessment of the proposed combination, which may involve a Phase I or Phase II investigation, and has the power to approve, modify, or reject the transaction.[24]

The overlap between the IBC and the Competition Act becomes particularly significant in the context of resolution plans involving acquisitions of distressed companies. While the IBC prioritizes the speedy resolution of insolvency and maximization of asset value, the Competition Act focuses on maintaining competitive market structures and preventing excessive concentration of economic power.[25] This divergence in objectives creates a potential conflict, especially when compliance with competition law requirements may delay the CIRP or affect the viability of the resolution plan.

The judiciary has played a crucial role in clarifying this interface. Initially, the National Company Law Appellate Tribunal (NCLAT) adopted a flexible approach by allowing CCI approval to be obtained after the approval of the resolution plan by the CoC but before its approval by the Adjudicating Authority.[26] However, the Supreme Court in *Independent*

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Sugar Corporation Ltd. v. Girish Sriram Juneja settled the issue by holding that the requirement of prior CCI approval under Section 31(4) is mandatory and must be complied with before the CoC approves the resolution plan.[27] This decision underscores the importance of ensuring regulatory compliance and avoiding uncertainty in the insolvency process.

In addition to statutory provisions, subordinate legislation such as the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, provides procedural guidelines for the notification and approval of combinations. These regulations prescribe timelines, filing requirements, and factors to be considered by the CCI in assessing the impact of combinations on competition. However, the absence of a dedicated fast- track mechanism for insolvency-related transactions highlights a gap in the current legal framework.

Overall, the legal framework governing the interaction between the IBC and the Competition Act reflects a complex balance between two competing regulatory objectives—efficient insolvency resolution and preservation of market competition. While Section 31(4) of the IBC attempts to harmonize these objectives, the practical challenges arising from its implementation indicate the need for greater coordination and clarity within the legal framewor

08. Nature of Conflict in Corporate Insolvency

The conflict between the Insolvency and Bankruptcy Code, 2016 (IBC) and the Competition Act, 2002 becomes particularly acute in the context of corporate insolvency resolution, where resolution plans frequently involve acquisitions, mergers, or changes in control of the corporate debtor. Under the IBC, the Corporate Insolvency Resolution Process (CIRP) is designed to ensure the revival of distressed companies through a time-bound and creditor-driven mechanism, with the Committee of Creditors (CoC) exercising commercial wisdom in approving resolution plans.[28] However, when such plans involve combinations within the meaning of Section 5 of the Competition Act, they trigger mandatory scrutiny by the Competition Commission of India (CCI), which is required to assess whether the transaction would result in an appreciable adverse effect on competition (AAEC).[29]

This creates a direct procedural and substantive conflict within the corporate insolvency framework. Procedurally, the CIRP is governed by strict timelines under Section 12 of the IBC, aimed at preserving the value of the corporate debtor. In contrast, the CCI's review process under the Combination Regulations, 2011 may involve detailed market analysis, potentially extending beyond the time-sensitive structure of CIRP.[30] Substantively, the conflict arises where the resolution of a corporate debtor requires acquisition by a dominant market player, which may be essential to prevent liquidation but could simultaneously raise concerns of market concentration.[5] The Supreme Court's interpretation of Section 31(4) in *Independent Sugar Corporation Ltd. v. Girish Sriram Juneja* has further intensified this conflict by mandating prior CCI approval before CoC approval, thereby embedding competition law compliance directly into the corporate insolvency process.[6]

09.Coordination and Harmonization in Corporate Insolvency

Given the inevitability of overlap between insolvency resolution and competition regulation in corporate insolvency cases, effective coordination and harmonization mechanisms are essential to ensure that the objectives of both regimes are fulfilled. The principle of harmonious construction requires that the IBC and the Competition Act be interpreted in a manner that allows both statutes to operate without defeating each other's purpose. In the context of corporate insolvency, this implies that while the CoC must retain its commercial autonomy, it must also ensure that resolution plans are compliant with competition law requirements at an

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appropriate stage.

One practical approach to harmonization is the integration of competition law considerations into the early stages of the CIRP. Resolution applicants can engage in pre-filing consultations with the CCI to identify potential competition concerns before submitting their plans to the CoC. This ensures that competition issues do not arise at a later stage, thereby reducing delays in the approval process. Additionally, the introduction of a fast-track approval mechanism by the CCI specifically for insolvency-related combinations would align the timelines of competition review with the strict deadlines under the IBC.[31]

Another important tool for harmonization in corporate insolvency is the application of the "failing firm defence," which recognizes that the acquisition of a financially distressed company may be justified even if it leads to increased market concentration, provided that the firm would otherwise exit the market.[10] Incorporating this principle into Indian competition law would allow the CCI to adopt a more flexible approach in insolvency cases, thereby facilitating resolution while maintaining competitive safeguards. Furthermore, institutional coordination through formal guidelines issued jointly by the Insolvency and Bankruptcy Board of India (IBBI) and the CCI can provide clarity on procedural sequencing and compliance requirements, thereby reducing uncertainty for resolution applicants.

10. Legal Challenges in Corporate Insolvency

The intersection of the IBC and the Competition Act gives rise to several legal challenges that are particularly pronounced in corporate insolvency cases. One of the most significant challenges is the potential delay in the CIRP caused by the requirement of prior CCI approval under Section 31(4) of the IBC. Since the value of a distressed corporate debtor is highly time-sensitive, any delay in obtaining regulatory approvals may lead to value erosion and reduce the effectiveness of the resolution process. Additionally, the possibility of conditional approvals by the CCI, requiring structural or behavioral modifications to the proposed combination, may necessitate revisions to the resolution plan already approved by the CoC, thereby creating further delays and uncertainty.[12]

Another major challenge is the increased compliance burden on resolution applicants, who must navigate both insolvency and competition law requirements simultaneously. This dual regulatory scrutiny may discourage potential bidders, particularly in complex cases involving large corporate debtors with significant market presence.[32] Furthermore, the lack of a clearly defined coordination mechanism between the National Company Law Tribunal (NCLT) and the CCI results in procedural inefficiencies and duplication of efforts. The absence of synchronized timelines and communication channels between these authorities exacerbates the challenges faced by stakeholders in the corporate insolvency process.

The legal challenges are further compounded by interpretational uncertainties and evolving jurisprudence. While the Supreme Court has clarified the mandatory nature of prior CCI approval, practical questions regarding the timing, scope, and consequences of such approval continue to arise in corporate insolvency cases. These challenges highlight the need for legislative clarity and institutional coordination to ensure that the objectives of timely insolvency resolution and effective competition regulation are achieved in a balanced and efficient manner.

11. Judicial Interpretation

The judicial interpretation of the interface between the Insolvency and Bankruptcy Code, 2016 (IBC) and the Competition Act, 2002 has played a crucial role in shaping the legal position

concerning corporate insolvency resolution involving combinations. In the initial phase of

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the IBC's implementation, adjudicatory authorities such as the National Company Law Tribunal (NCLT) and

the National Company Law Appellate Tribunal (NCLAT) adopted a pragmatic and flexible

approach in reconciling the requirements of competition law with the time-bound framework of the Corporate Insolvency Resolution Process (CIRP). In cases such as *ArcelorMittal India Pvt Ltd v*

Abhijit Guhathakurta and *Vishal Vijay Kalantri v Shailen Shah*, the tribunals interpreted the

requirement of obtaining approval from the Competition Commission of India (CCI) under Section 31(4) of the IBC as directory rather than mandatory.[33] This interpretation allowed resolution

applicants to secure CCI approval after the approval of the resolution plan by the Committee of Creditors (CoC) but before its final approval by the Adjudicating Authority, thereby ensuring that the strict timelines of the CIRP were not compromised.

This approach reflected a judicial preference for preserving the core objective of the IBC, namely, the timely resolution of corporate insolvency and maximization of asset value. The tribunals

recognized that imposing rigid compliance with competition law requirements at an early stage could delay the resolution process and lead to value erosion of the corporate debtor. At the same

time, they ensured that competition law compliance was not entirely bypassed, as final approval of the resolution plan remained contingent upon obtaining clearance from the CCI. This balancing

approach sought to harmonize the objectives of both statutes without allowing one to override the other.

However, the jurisprudential position underwent a significant transformation with the decision of the Supreme Court in *Independent Sugar Corporation Ltd v Girish Sriram Juneja*.[34] The Court categorically held that the requirement of prior approval from the CCI under Section 31(4) of the IBC is mandatory and must be complied with before the CoC approves the resolution plan. The Supreme Court emphasized the plain language of the statute and rejected the earlier directory interpretation adopted by the NCLAT. It observed that allowing post-facto approval would defeat the legislative intent and create uncertainty, as a resolution plan approved by the CoC could

subsequently be rejected or modified by the CCI.[35]

The Court further underscored the importance of informed decision-making by the CoC, noting that creditors must have complete information regarding regulatory approvals, including competition law clearance, before exercising their commercial wisdom. This interpretation aligns with the

broader judicial approach of strengthening institutional discipline within the insolvency framework, as seen in cases like *Committee of Creditors of Essar Steel India Ltd v Satish Kumar Gupta*, where the Supreme Court upheld the primacy of the CoC's commercial wisdom while ensuring

compliance with statutory requirements.[36]Similarly, in *Swiss Ribbons Pvt Ltd v Union of India*, the Court recognized the IBC as a complete code aimed at balancing the interests of all stakeholders, thereby reinforcing the need for strict adherence to its provisions.

The shift from a directory to a mandatory interpretation of Section 31(4) reflects a move towards greater legal certainty and regulatory compliance in corporate insolvency cases. However, it also raises concerns regarding potential delays and procedural rigidity within the CIRP, as the

requirement of prior CCI approval may extend the resolution timeline. This judicial development highlights the need for a coordinated regulatory framework that can

reconcile the objectives of

insolvency resolution and competition law without compromising the efficiency of either regime.[737]

12. FINDINGS

1. **IBC and CCI overlap primarily during resolution plans involving acquisition**, causing procedural delays and jurisdictional confusion.

2. **Judicial interpretation has shifted towards a coordinated model**, emphasizing that both regulators have distinct but complementary roles.

3. **Green Channel Route has significantly improved coordination**, though its applicability remains limited in concentrated sectors.

4. **Moratorium does not block CCI investigations**, but it prevents enforcement of penalties—a balanced approach preserving both statutory objectives.

5. **Timeline mismatch remains the biggest unresolved challenge**, as CCI's detailed review often extends beyond IBC's mandated period.

6. **Regulatory cooperation is increasing**, but statutory amendments would strengthen coordination more effectively.

13. RECOMMENDATIONS

- **Fast-Track CCI Review for IBC Cases** : There is a need to introduce a **fast-track approval mechanism** for combinations arising out of the Corporate Insolvency Resolution Process (CIRP). A shorter timeline (around 30 days) would ensure that competition law scrutiny does not delay resolution. Since distressed assets rapidly lose value over time, quicker approvals would help preserve value while maintaining regulatory oversight.

- **Expansion of the Green Channel Route** :The **Green Channel Route** should be expanded to include more sectors, especially those prone to insolvency. Many transactions involving distressed firms do not significantly impact market competition, and automatic approval in such cases would reduce delays and encourage greater participation from resolution applicants.

- **Joint guidelines by the IBBI and CCI :** are necessary to address procedural uncertainties. These should define timelines, sequencing of approvals, and documentation requirements, thereby reducing ambiguity and ensuring smoother coordination between insolvency and competition authorities.

- **IBC–CCI Coordination Mechanism** : facilitate early identification of competition concerns during the CIRP. This would help resolution applicants modify their plans in advance and avoid delays at later stages.

- **Pre-Filing Consultation with CCI** :A structured **pre-filing consultation process** should be encouraged, allowing resolution applicants to seek early, non-binding guidance from the CCI. This would enhance regulatory certainty and reduce the risk of rejection or modification of resolution plans.

- **legislative harmonization** between the IBC and the Competition Act. Aligning procedures and incorporating insolvency-specific considerations, such as the failing firm defence, would reduce conflicts and improve the efficiency of the overall framework

14. Conclusion

The interface between the Insolvency and Bankruptcy Code, 2016 and the Competition Act, 2002 represents a critical juncture in India's corporate insolvency regime, where the objectives of economic efficiency and market fairness must be carefully balanced. The Supreme Court's decision in *Independent Sugar Corporation Ltd. v. Girish Sriram Juneja* has provided much-needed clarity by affirming the mandatory nature of prior CCI approval under Section 31(4) of the IBC, thereby ensuring that competition law considerations are integrated into the insolvency resolution process at an early stage.[1] However, this clarification, while

legally sound, has also exposed deeper structural challenges in reconciling the time-sensitive nature of the Corporate Insolvency Resolution Process (CIRP) with the comprehensive scrutiny required under competition law.

The conclusion that emerges from this analysis is that the conflict between the two regimes cannot be resolved through judicial interpretation alone. Instead, it requires a **holistic and coordinated regulatory approach** that aligns procedural timelines, enhances institutional cooperation, and incorporates economic realities specific to corporate insolvency. The introduction of a fast-track approval mechanism for insolvency-related combinations, the adoption of pre-filing consultation processes, and the recognition of the failing firm defence are essential reforms that can bridge the gap between the two frameworks.

Furthermore, there is a pressing need for formal coordination between the Insolvency and Bankruptcy Board of India (IBBI) and the Competition Commission of India (CCI) through joint guidelines or regulatory protocols. Such coordination would not only reduce uncertainty and duplication but also provide clarity to resolution applicants navigating the dual regulatory landscape. Legislative intervention may also be necessary to refine the sequencing of approvals and ensure that compliance requirements do not unduly hinder the objectives of insolvency resolution.

In conclusion, the effectiveness of India's corporate insolvency framework depends on its ability to integrate seamlessly with competition law while maintaining its core objective of timely and value- maximizing resolution. A balanced and pragmatic approach, grounded in both legal certainty and economic efficiency, is essential to ensure that the twin goals of insolvency resolution and market competition are achieved without compromising the integrity of either regime.

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