

NOTES

CIRP vs CIIRP vs PPIRP

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CIRP vs CIIRP vs PPIRP are three distinct restructuring frameworks under the Insolvency and Bankruptcy Code (IBC) designed to rescue financially distressed corporate entities in India.

While they share the ultimate goal of resolving insolvency and preventing liquidation, they differ significantly in their eligibility criteria, operational timelines, and the amount of control left in the hands of the existing management.

Understanding the core differences between Corporate Insolvency Resolution Process (CIRP), Fast Track Corporate Insolvency Resolution Process (FTCIRP/CIIRP), and Pre-packaged Insolvency Resolution Process (PPIRP) is *essential for creditors, corporate debtors, and legal professionals navigating the Indian distressed asset ecosystem.*

The [Insolvency and Bankruptcy Code, 2016](#) now provides three routes for resolving a corporate debtor's insolvency. *These are the Corporate Insolvency Resolution Process (**CIRP**), the Pre-Packaged Insolvency Resolution Process (**PPIRP**), and the Creditor-Initiated Insolvency Resolution Process (**CIIRP**).*

All three aim at reviving the debtor as a going concern rather than liquidating it. *They differ in who can start the process, who controls the business, how long it takes, and how much the NCLT is involved.*

CIRP: The Conventional Route

CIRP is governed by [Chapter II \(Sections 6 to 32\)](#) and applies to all corporate debtors. It can be triggered by a **financial creditor** ([Section 7](#)), an **operational creditor** ([Sections 8 and 9](#)), or the **corporate debtor** itself ([Section 10](#)). The minimum default is Rs. 1 crore.

The process begins only when the NCLT admits the application. The Amendment Act, 2026 now requires the NCLT to admit or reject Section 7 applications within 14 days. *The Amendment Act makes it mandatory for the NCLT to admit or reject within 14 days of receipt.*

Key Features of CIRP

On admission, a moratorium under [Section 14](#) begins automatically, and the powers of the board are suspended. The Interim Resolution Professional takes over management under [Section 17](#). A *Committee of Creditors (CoC) of financial creditors is formed under [Section 21](#).*

A resolution plan needs approval by 66% of the CoC's voting share under [Section 30\(4\)](#), followed by NCLT approval under Section 31. The outer limit is 330 days, including litigation time, under [Section 12](#). **If no plan is approved, the debtor goes into liquidation under [Section 33](#).**

PPIRP: The Pre-Pack for MSMEs

PPIRP was inserted as [Chapter III-A \(Sections 54A to 54P\)](#) by the IBC (Amendment) Act, 2021. **It is available only for corporate debtors that are Micro, Small or Medium Enterprises (MSMEs) and have defaulted, with a minimum default of Rs. 10 lakh.**

It is a hybrid process. The resolution plan is negotiated privately between the debtor and its financial creditors before the NCLT is approached. **The NCLT then admits the application and the process runs under court supervision.**

Initiation and Conduct of PPIRP

Only the corporate debtor can initiate PPIRP, and no creditor can start it. It requires the approval of financial creditors (not related to the debtor) **holding at least 66% of the debt by value, who must approve a base resolution plan.** A special resolution of members is also needed.

The debtor must not have undergone CIRP or PPIRP in the preceding three years.

Management stays with the existing board (debtor in possession), supervised by a Resolution Professional. The CoC may seek a shift to CIRP if the management is found to have acted improperly.

Time Limits in PPIRP

PPIRP has a tight overall timeline of 120 days. The resolution plan must be approved by the CoC within 90 days of commencement and then sent to the NCLT, which must decide within 30 days. A moratorium operates from the commencement date. Operational creditors are not left out. The base plan must pay them at least what they would receive in liquidation.

CIIRP: The 2026 Creditor-Led Route

CIIRP was inserted by the [IBC \(Amendment\) Act, 2026 as Chapter IV-A \(Sections 58A to 58K\)](#). It is **described as a debtor-in-possession track, out-of-court in its initiation and resting on creditor consent rather than judicial command.**

Only specified financial creditors, in classes listed by the government, can trigger it. The Central Government must also notify which categories of corporate debtors are eligible. Initiation requires designated financial creditors holding at **least 51% of the reported financial debt.**

Initiation and Conduct of CIIRP

The eligible creditors issue a 30-day notice to the corporate debtor. If the debtor does not contest within that period, the **Resolution Professional makes a public announcement that commences the process. The NCLT is therefore not the gateway, unlike in CIRP.**

Management stays with the debtor, subject to supervision by the Resolution Professional. The timeline is 150 days, extendable by 45 days. If no plan emerges or management does not cooperate, the **NCLT converts CIIRP into a full CIRP.**

Bars and Moratorium in CIIRP

CIIRP cannot start where resolution or liquidation proceedings are already ongoing. It is also **barred if the debtor has gone through CIIRP, PPIRP or a completed CIRP in the preceding three years.**

Moratorium protection in CIIRP is optional. It needs creditor approval and NCLT involvement, whereas in CIRP it is automatic on admission. This is a major practical difference and a likely exam point.

Common Features and Safeguards

All three processes bar re-entry within three years and aim to preserve going-concern value. **A failed PPIRP or CIIRP can convert into CIRP, which makes CIRP the fallback mechanism.** [Section 29A](#), which disqualifies certain persons from submitting resolution plans, remains a core safeguard in the CIRP framework.

The Amendment Act, 2026 also gave dissenting financial creditors express statutory protection in [Section 18](#) of the Act's amending provisions, in line with earlier Supreme Court rulings on dissenting creditors.

Status of CIIRP: Important Caution

Reports in May 2026 stated that key provisions of the Amendment Act, including CIIRP, came into force from 26 May 2026. However, a later analysis says Section 40, which inserts *the creditor-initiated process, was left out of the notification, and neither the eligible debtors nor the creditor class had been notified.*

CIRP is the court-driven, creditor-controlled default route. PPIRP is a quicker, debtor-led hybrid for MSMEs. CIIRP is the newest, creditor-led and largely out-of-court route for notified debtors.

For CLAT PG, remember the three contrasts: initiator, control, and timeline (330, 120, and 150 plus 45 days). Also remember that the moratorium is automatic only in CIRP.



CIRP vs PPIRP vs CIIRP

IBC 2016 | THREE ROUTES | ONE GOAL – REVIVE, NOT LIQUIDATE

Different routes, same objective – a going concern.

CIRP

The Conventional Route

Legal Basis & Scope

- Chapter II (Sections 6–32)
- Applies to all corporate debtors.

Who can initiate?

- Financial creditor (Sec. 7)
- Operational creditor (Secs. 8 & 9)
- Corporate debtor (Sec. 10)

Minimum default: ₹1 crore

Key Features

- NCLT admission (14 days under 2026 Amendment).
- Moratorium (Sec. 14) – automatic.
- CoC of financial creditors (Sec. 21).
- Plan approval: 66% CoC (Sec. 30(4)) + NCLT (Sec. 31).
- Time limit: 330 days (incl. litigation).
- If no plan → Liquidation (Sec. 33).



Court-driven & creditor-controlled.

PPIRP

The Pre-Pack for MSMEs

Legal Basis & Scope

- Chapter III-A (Sections 54A–54P)
- Only for MSMEs (default ≥ ₹10 lakh).

Who can initiate?

- Only the corporate debtor. (No creditor can start it.)

How it works?

- Negotiated privately before NCLT.
- NCLT admits → runs under court supervision.

Key Conditions

- Approval of 66% financial creditors (by value).
- Special resolution of members.
- No CIRP/PPIRP in last 3 years.
- Management stays with existing board (RP supervises).

Time Limit

120 days + 90 days (CoC approval) + 30 days (NCLT decision) + Moratorium from commencement.



Debtor in possession.

CIIRP

The 2026 Creditor-Led Route

Legal Basis & Scope

- Chapter IV-A (Sections 58A–58K)
- Debtor-in-possession, out-of-court initiation, based on creditor consent.

Who can initiate?

- Only specified financial creditors (Govt. notified classes).
- ≥ 51% of reported financial debt.

Key Features

- Public announcement by RP (after 30 days if no response).
- Management stays with debtor (RP supervises).
- Timeline: 150 days + 45 days (extendable).
- If no plan / non-cooperation → NCLT converts to CIRP.

Bars & Moratorium

- Cannot start if resolution/liquidation already ongoing.
- Barred for past CIIRP/PPIRP/CIRP (3 years).
- Moratorium is optional (no NCLT/creditor approval needed).



Largely out-of-court & creditor-led.



Common Features & Safeguards

- Bar on re-entry within 3 years.
- Aim to preserve going-concern value.
- Failed PPIRP/CIIRP can convert into CIRP.
- Section 29A (disqualifies certain persons) applies in CIRP.
- 2026 Amendment: dissenting financial creditors get statutory protection (Sec. 18).



Status of CIIRP

- Key provisions (including CIIRP) came into force from 26 May 2026, but:
- Section 40 (inserting CIIRP) was left out of the notification.
- Neither eligible debtors nor creditor class notified yet.

So, CIIRP is not fully operational (as of now).



Quick Comparison

Feature	CIRP	PPIRP	CIIRP
Initiator	FC / OC / Debtor	Debtor only	Specified FCs (≥51%)
Control	CoC (FCs)	Debtor (with FC approval)	Debtor (with creditor consent)
Timeline	330 days	120 days	150 + 45 days
Moratorium	Automatic	From commencement	Optional

CIRP is the court-driven default. PPIRP is the fast-track for MSMEs. CIIRP is the new creditor-led route.