Where a statutory authority, during the subsistence of a moratorium under Section 14 of the IBC, directs a bank to place lien on and freeze the bank accounts of the Corporate Debtor, and the bank acts on such direction, such action amounts to execution and enforcement of an order against the Corporate Debtor and is barred by Section 14(1)(a) of the IBC

The **Ahmedabad Bench of the National Company Law Tribunal** in the case of **Wind World vs IDBI Bank [1A/1278(AHM)2023] dated April 01, 2026**, has held that where a statutory authority, during the subsistence of a moratorium under Section 14 of the IBC, directs a bank to place lien on and freeze the bank accounts of the Corporate Debtor, and the bank acts on such direction, such action amounts to execution and enforcement of an order against the Corporate Debtor and is barred by Section 14(1)(a) of the IBC. Since such action directly affects the Corporate Debtor's assets, going concern status, and the conduct of CIRP, the NCLT has jurisdiction under Section 60(5) of the IBC to intervene and grant relief.

The Tribunal held that the application is maintainable notwithstanding the Mining Department's objection founded on Embassy Property, because the challenge was not to the correctness of the quasi-judicial determination of dues, but to the impermissible enforcement of such dues during moratorium. Statutory authorities may determine dues, but they cannot enforce recovery outside the mechanism of the IBC during CIRP, and Section 238 of the IBC gives overriding effect to the Code over inconsistent recovery powers under other statutes.

The Tribunal observed that the application was maintainable because the dispute before it was not about the correctness of the Mining Department's determination of dues, but about the direction issued to IDBI Bank to create a lien and freeze the Corporate Debtor's bank accounts during the subsistence of the moratorium. It held that such action directly impacted the functioning of the Corporate Debtor as a going concern and inhibited the Resolution Professional from taking control, custody, protection and preservation of the Corporate Debtor's assets.

The Tribunal observed that the direction to create lien on bank accounts and the consequent freezing of those accounts resulted in execution and enforcement of an order against the Corporate Debtor, which is expressly prohibited by Section 14(1)(a) of the Code. It emphasized that the placing of lien and freezing of bank accounts constitutes execution or enforcement of a claim against the Corporate Debtor and is therefore barred during the moratorium period.

While considering the effect of moratorium, the Tribunal relied on the principle that once moratorium is imposed, a statutory freeze operates so that the insolvency resolution process may proceed unhindered. It also noted that, in view of Section 238 of the IBC, the Code overrides inconsistent provisions contained in other enactments, and statutory authorities, though entitled to determine dues, cannot enforce recovery during the moratorium.

On relief, the Tribunal observed that the Mining Department was required to follow the mechanism under the IBC by filing its claim before the Resolution Professional for dues quantified prior to commencement of CIRP. Regardless of whether the Department was aware of the CIRP, the instruction to create lien and freeze accounts was held to be in violation of the moratorium, and the Tribunal directed IDBI Bank to defreeze the accounts and allow use of the money lying therein for running the Corporate Debtor as a going concern. It also clarified that any lien or attachment created prior to commencement of CIRP would remain subject to the provisions of the Code and could not be enforced during the moratorium period.

Accordingly, the Tribunal declined to adjudicate upon the Mining Department's request that its belated claim be admitted and treated as that of a secured creditor. The NCLT allowed the application, and directed IDBI Bank to forthwith remove all liens and defreeze all bank accounts of the Corporate Debtor. The Tribunal also quashed the actions taken pursuant to the Mining Department's directions, and restrained the Respondents from taking any coercive or recovery action during the subsistence of the moratorium. The Mining Department was left free to pursue its claim in accordance with the IBC, subject to limitation and other applicable provisions.