

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO.150
TO BE ANSWERED ON 20.07.2023

PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS FOR MSME SECTOR

150. SHRI VENKATESH NETHA BORLAKUNTA:
DR. G. RANJITH REDDY:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state;

- (a) the current status of implementation of Pre-Packaged Insolvency Resolution Process (PPIRP) for MSME sector since its implementation in 2021;
- (b) whether it is true that only four cases have been admitted under PPIRP for MSMEs during the last two years of its implementation;
- (c) if so, the reasons therefor;
- (d) whether it is true that MSMEs are in favour of One Time Settlement rather than PPIRP; and
- (e) if so, whether the Government would push for OTS instead of PPIRP and if so, the details thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) & (b): As per the information provided by the Ministry of Corporate Affairs (MCA), the framework envisages that Pre-Packaged Insolvency Resolution Process (PPIRP) can be initiated by eligible MSME corporate debtor who has made a default of not less than Rs. 10 lakh and has not undergone or is not undergoing insolvency process under Part-II of the Insolvency and Bankruptcy Code (Code). However, the debtor will file for insolvency resolution after approval of name of resolution professional by creditors. So, the framework requires prior discussion and agreement between debtor and creditors. The framework envisages debtor-in-possession model during the process with well-designed checks and balances.

As per the information available with the Insolvency and Bankruptcy Board of India (IBBI), as on May 30, 2023, six cases have been admitted under the PPIRP, out of which one case is withdrawn, one case is resolved, and four cases are ongoing.

(c): Under Section 54 C of the Code, the choice of initiating the process rests with the corporate applicant, who is at liberty to weigh various options in resolving the distress of the corporate debtor before choosing an option.

(d) & (e): No information regarding the one-time settlement is available with MCA/IBBI.
