

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2789**  
**TO BE ANSWERED ON 05.08.2021**

**Financial Crisis Faced by Small and Micro Companies**

2789. SHRIMATI RITI PATHAK:

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

- (a) the details of small and micro companies facing financial crisis during COVID-19 period in Madhya Pradesh;
- (b) the details of small companies declared bankrupt during COVID-19 period in Madhya Pradesh; and
- (c) the steps being taken by the Government for their revival?

**ANSWER**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI NARAYAN RANE)

(a): The COVID-19 pandemic has temporarily affected the entire economy including the MSME sector as economic activity contracted due to the strict lockdown measures imposed by the Government. As MSMEs are present in both formal and informal sector, data regarding enterprises/companies becoming bankrupt and data regarding temporary or permanent closure the enterprises are not maintained by the Government of India in Ministry of Micro, Small and Medium Enterprises (MSME).

(b): The matters pertaining to Bankruptcy of Companies are under the administrative domain of Ministry of Corporate Affairs which has reported that data on small companies are not separately available, however, during the period from April, 2020 to June, 2021, 28 companies were admitted into the corporate insolvency resolution process and 10 companies were ordered for liquidation process from Madhya Pradesh.

(c): As informed by Ministry of Corporate Affairs, Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 has been promulgated on 04<sup>th</sup> April, 2021 thereby providing pre-packaged insolvency resolution process (pre-pack process) for MSME corporate debtors under Part II of the Code in order to provide a speedier, cost effective, semi-formal and less disruptive framework for insolvency resolution of corporate debtors in distress. Further, for operationalisation and effective implementation of pre-pack process framework, the Insolvency and Bankruptcy (pre-packaged insolvency resolution process) Rules, 2021 and Insolvency and Bankruptcy Board of India (pre-packaged insolvency resolution process) Regulations, 2021 have been put in place w.e.f. 09<sup>th</sup> April, 2021.

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