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To,
The Editor

Press Note

MORE MSMEs ARE COMMITTING SUICIDE IN INDIA THAN FARMERS.

Insolvency and Bankruptcy Board of India (IBBI), SIPI - an independent think on insolvency, INSOL India - the leadership body of insolvency stakeholders, FISME and Indian Industries Association (IIA) organised a roundtable of MSME representatives, professionals who assists MSMEs in their business activities/ CAs and bankers engaged in MSME financing to obtain their views, feedback and suggestions on the draft regulations on Fast Track Resolution under the Insolvency and Bankruptcy Code of India at IIA Head Office, Vibhuti Khand, Gomti Nagar, Lucknow today.

Ms. Suman Saxena, whole time member IBBI was the Chief Guest for the Roundtable meet.

The programme was introduced by Shri Man Mohan Agarwal- Secretary IIA. Shri Manish Goel President IIA welcomed the key speakers/guests Shri Anil Bhardwaj, Secretary General- Federation of Indian Micro, Small and Medium Enterprises, Shri Sanjeev Pandey, Deputy General Manager, Insolvency and Bankruptcy Board of India and Ms. Suman Saxena, whole time member- Insolvency and Bankruptcy Board of India. President IIA in his welcome address said that it is easy to set up a business than to exit the same in case of its failure and therefore here is a great need for an easy exit route option to be made available for the sick units. The programme was attended by large number of professionals, industrialists, IIA members, Former Presidents of IIA and other Office Bearers.

Shri Anil Bhardwaj in his opening remarks during the discussion said that in MSME sector failure is a norm but success is rare. The condition of MSME entrepreneurs is no different than the farmers engaged in commercial crops. In fact as per a study report more MSME entrepreneurs have committed suicide as compared to farmers in India. In India, the debate and discussion on insolvency is on for several decades. In 1988, when NAYE (the parental body of IIA and FISME) organised Udyami Mahasammelan in Lucknow wherein we raised the issue for early decision for the rehabilitation and exit of MSMEs. Even after about 20 years, we are still discussing the same.

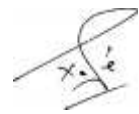
Shri Sanjeev Pandey highlighted the facts and the process of taking relief under The Insolvency and Bankruptcy Code. He said that all the previous laws related to sick units such as SICA, SARFAESI etc have been transformed into a single self sufficient legislation so as to provide an ease to the sick units. All the good ideas from the British Insolvency Law have been extracted with the basic objective to make the company survive and opt for resolution rather than dissolution.

Ms. Suman Saxena presented her views on the Fast Track Insolvency Resolution Process such as the class on which the fast track will be applicable, various issues in the regulations, the timelines provided in the Corporate Insolvency Resolution Process and the resolution process under Fast Track Corporate Insolvency. Comments/ suggestions on the code were also invited by Ms. Suman Saxena so that the same may be kept in mind and be incorporated while finalising the regulation.

Based on the discussions in this Round Table Meeting, Indian Industries Association have decided to submit the following recommendations to IBBI, Government of India for inclusion in the Fast Track Regulations under the Insolvency and Bankruptcy Code of India:

- 1) Eligibility for Fast Track Resolution in MSME Sector should be kept as 20 crores annual turnover irrespective of the constitution of the enterprise. This limit is reasonably keeping in view the maximum investment limit in plant and machinery in MSME as per its definition.
- 2) Care must be taken to include Proprietorship and Partnership Firms in MSME Sector for applicability of Fast Track Regulation because about 98% enterprises in MSME sector are either Proprietorship or Partnership Firms.
- 3) IP (Insolvency Professional) Fee and all other applicable fees in the Fast Track Regulation under Insolvency and Bankruptcy Code of India should be exempted for MSMEs because a sick MSME will not be able to afford the fees.

As concluding remarks, Shri Sunil Vaish Senior Vice President IIA thanked the speakers, members of IIA, Senior Office Bearers from IIA and other professionals etc for making the roundtable discussion an educative and a meaningful one.



D.S. Verma
Executive Director