

Media Coverage

# IIPI Panel Lays Out Norms for RPs in MSME Pre-pack

Personal guarantees likely to be made top priority for RPs under the resolution scheme

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Mumbai: Personal guarantees will likely get a disproportionate share of attention as experts craft the broad role definitions for professionals handling pre-packaged debt resolutions at MSMEs.

Personal guarantees seem to be a top priority in defining the role of an insolvency resolution professional (RP), said a source.

The RP needs to get it confirmed with lenders as to whether the resolution plan is a composite one covering personal guarantees, said an interim report on the subject. ET has seen a copy of the report.

"Group Company cross guarantees / cross personal guarantees also needs to be addressed before getting into the resolution process under this scheme," said the panel of the Indian Institute of Insolv-

cy Professionals of ICAI or IIPI. "It cannot be initiated on an apprehension of insolvency" says the special panel in the report.

RPs are advised to collect claims and finalise the list of creditors within 21 days.

An MSME should not have gone through any insolvency resolution process three years before applying for the pre-pack scheme.

The RP should invite resolution plans within 21 days from the date of commencement.

"If no plan is received by the last date

of submission, the RP may seek the permission of the CoC to extend the timeline, provided that the total time period of 90 days to submit a plan ... is not compromised," said the report. The RP will file termination applications in case no plan is approved.

The study group is chaired by G Ramaswamy IP & past president of ICAI and has nearly two dozen members. It is also coming out with an FAQ on the scheme.

The government has introduced the package for MSMEs with a minimum default sum of ₹10 lakh.



The Economic Times, October 01, 2021

The Economic Times, August 23, 2021