

Media Coverage

BusinessLine
27 Mar 2022

Yadav calls for expansion of pre-pack insolvency regime

Says all corporate debtors must be allowed to use it

KR SRIVATS
New Delhi, March 26

The Centre must extend the facility of pre-packaged insolvency to all corporates and not only MSMEs as is the case now, Union Labour Minister Bhupender Yadav suggested on Saturday. This will allow lenders to improve their rate of recovery, Yadav said in his virtual address at an international conference on the IBC, organised by the Indian Institute of Insolvency Professionals of ICAI (IIPPI) and insolvency regulator IBBI.

'Need of the hour'
"The most pressing need right now is to bring in force the pre-pack insolvency concept which allows players



Bhupender Yadav

to decide on a plan and zero in on a buyer ahead of the corporate insolvency process. Although this approach can be used in India for MSMEs as of now, the need of the hour is to allow players to use it for all corporate debtors," said Yadav.

A pre-packaged insolvency is an arrangement where the resolution is negotiated with a buyer before the appoint-

ment of an insolvency professional. It is a cost effective mechanism that quickens the resolution process.

Evolving code

"Given the high degree of globalisation in recent times together with successful implementation of proposed developments of the existing IBC code, it is imperative to align the Indian insolvency system with best international practices for managing cross border insolvency," Yadav said.

"Over next five years, IBC will continue to evolve in sync with emerging market realities and reach more pivotal milestones to discuss around its tenth anniversary," he added.

Business Standard

IBC has brought change in attitude of lenders, borrowers: Goyal
Goyal said IBC is a game changing reform compared to the past, when resolution would take probably decades.

The Insolvency and Bankruptcy Code (IBC) has brought about change in the attitude of both lenders and borrowers, Minister Piyush Goyal said on Thursday.

Goyal said IBC is a game changing reform compared to the past, when resolution would take probably decades.

credibility of India and its financial architecture. Any borrower who does not pay back his dues will be called to task, Goyal said.

The minister also called upon IIPPI members to guide principles in work — integrity, competence, confidentiality — "And if we follow these five principles, we will be able to do a lot of good."

