

## Insolvency and Bankruptcy Board of India

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### Press Release

**Subject: Research study on ‘Micro, Small and Medium Enterprises in the Insolvency and Bankruptcy Code’ conducted by Management Development Institute, Gurgaon’**

The Management Development Institute, Gurgaon has undertaken a research study titled “*Micro, Small and Medium Enterprises in the Insolvency and Bankruptcy Code.*” The study presents an assessment of the Micro, Small and Medium Enterprises (MSMEs) under the Insolvency and Bankruptcy Code, 2016 since its inception and offers an examination of the role of MSMEs in insolvency proceedings under the Code, both in their capacity as Operational Creditors (OCs) and as Corporate Debtors (CDs).

2. The study highlights several recommendations to strengthen the insolvency framework for MSMEs. It calls for the systematic collection and publication of data on pre-admission recoveries and settlements. It suggests mandating structured recording of operational creditor invoices (₹1 crore and above) by NeSL. To improve access, the study proposes allowing aggregation of claims by MSME operational creditors and reducing related procedural costs. It also recommends a recovery-focused auction model guided by a quasi-Absolute Priority Rule, alongside replacing the “no impairment” clause in PPIRP with a principle-based allocation. Further, it advocates separating avoidance transaction reviews from the core resolution process, while keeping resolutions provisional, and emphasises enhancing awareness and capacity-building for MSMEs through targeted outreach and support initiatives.

3. The findings of this study offer insights into the evolving role and experience of MSMEs under the insolvency framework and contribute to an understanding of the practical challenges, emerging trends, and potential areas for MSMEs.

4. The full report is available on the website of the Insolvency and Bankruptcy Board of India at <https://ibbi.gov.in/uploads/resources/7373b47de45dd16da8313f1863709fcb.pdf>.

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