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PRE-PACKAGED INSOLVENCY – A MUCH NEEDED VALUE ADDITION TO IBC 2016

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ABSTRACT

Pre-Packaged Insolvency is a popular tool/process to pursue corporate bankruptcy in US, UK & other advanced economies. At present it is also gaining lot attention in India, particularly after the central government announced a one year moratorium on initiating fresh cases under CIRP basis section 7,9 &10 of IBC 2016. This article provides a detailed understanding, context & important concepts about Pre-Packaged Insolvency. It further explains the reason, rationale & need for having Pre-Pack in India, especially since there are no alternative tool available for out of court debt settlement/restructuring in this country. It also explains how Pre-Pack insolvency, as an important tool for informal debt settlement, can also work alongside the current CIRP process under IBC. In a way, this article is a first of its kind comprehensive review & need analysis of informal insolvency process in India. Lastly, the article also provides a short preview of Pre-Pack bankruptcy process as prevalent in UK & US.

KEYWORDS: *Cirp; Pre-Pack; Ibc; Nclt; Aa ; Jlf ; Ppirp; Pas ; Pairp;*

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