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24% jump in insolvency cases in wholesale, retail trade during Q1 FY23 from year-ago period: CareEdge

Ease of Doing Business for MSMEs: The share of the trading sector with 567 cases (from 454 in June 2021) in the total 5,636 insolvency cases during the first quarter stood at 10 per cent.

 Written by [MSME Desk](#)

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In terms of the status of the cases during Q1, out of the total cases admitted into CIRP at the end of June, only 9 per cent ended in approval of resolution plans.

Ease of Doing Business for MSMEs: The number of cases admitted for Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), 2016 pertaining to wholesale and retail trade increased 24.8 per cent in the first quarter (April-June) of the current financial year from the year-ago period, according to the report by credit rating company CareEdge on Q1 FY23 insolvency cases. The share of the trading sector with 567 cases (from 454 in June 2021) in the total 5,636 insolvency cases during the first quarter stood at 10 per cent.

The manufacturing sector (2,232 cases) accounted for the highest share at 40 per cent while real estate (1,160 cases) share was at 21 per cent, construction 622 (cases) at 11 per cent, and hotels & restaurants (121 cases) at 2 per cent, among top five sectors.

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While the number of CIRP cases increased each quarter since IBC's launch in 2016, a major portion of the cases was admitted over the last 12 quarters, indicating the rising acceptance of IBC as an effective debt resolution mechanism, the report noted. Moreover, even as the number of admitted cases jumped 23.5 per cent in Q1 FY23 from 4,565 cases in Q1 FY22, the number continued to be lower compared to earlier quarters in FY19 and FY20, it added.

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In terms of the status of the cases during Q1, out of the total cases admitted into CIRP at the end of June, only 9 per cent ended in approval of resolution plans, while 35 per cent remained in the resolution process in comparison to 37 per cent as of June 2021. On the other hand, 30 per cent of the total cases admitted ended in liquidation.

Importantly, the MSME Ministry in July last year had reinstated retail and wholesale trade under the MSME category, for the limited purpose of priority sector lending, to benefit 2.5 crore retail and wholesale traders. The move allowed traders to register on the Udyam registration portal. Between July 2, 2021, and November 29, 5.33 lakh registrations were recorded on the portal, MSME Minister Narayan Rane had informed Lok Sabha last year.

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