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**ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆ**

ಚೇಂಬರ್ ಬಿಲ್ಡಿಂಗ್, ಬಂದರು, ಪಿ.ಬಿ. ನಂ. 116, ಮಂಗಳೂರು, ಭಾರತ - 575 001.

**KANARA CHAMBER OF COMMERCE & INDUSTRY**

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CIN : U91990KA1940PLC001135

**Ref. No.:2022-23/0162**

**30<sup>th</sup> September, 2022**

Smt. Nirmala Sitaraman,  
Hon'ble Minister of Finance and Corporate Affairs,  
Government of India,  
A Wing, Shastri Bhawan,  
Rajendra Prasad Road,  
New Delhi -110 001.

Hon'ble Madam,

**Sub: Inclusion of MSME under Section 53(1)(b) of IBC,  
2016 for preference of payment.**

The MSMEs are the backbone of the Indian economy, and the special schemes initiated by the Government have been much appreciated as they have provided timely finance and assistance to MSMEs.

When MSMEs do business with some Limited Liability Companies that are later referred to the NCLT, they stand no chance of recovering their dues. This is because MSMEs do not have the resources or the expertise to analyse their customers' creditworthiness. As a result, MSMEs believe such entities would honour their commitment and have the capability of meeting their financial obligations. In such a situation, MSMEs have little bargaining power in dealing with corporate customers.

In the interest of the MSME, there is an imperative need for the Insolvency and Bankruptcy Code, 2016, to be amended by giving preference to MSMEs in the waterfall mechanism of distribution of assets. It is generally felt that MSMEs should be included in clause(b) of sub-section 1 of Section 53 and brought on par with the workmen's due. These benefits should be available for all the pending cases before the NCLT and NCALT.

Unless this is done, the survival of MSMEs caught in the web of companies that have gone to NCLT is challenging. We, as a chamber, have a first-hand experience of the stress the MSMEs undergo as we deal with several cases that come for arbitration at our arbitration centre, which are referred vide the MSME Act 2006 for arbitration or settlement.

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**PRAYER:** We humbly request you to kindly amend the Insolvency and Bankruptcy Code, 2016 and include MSME dues under Clause(b) of sub-section 1 of Section 53 on par with the workmen's dues.

Thanking you

Yours faithfully,  
For **KANARA CHAMBER OF COMMERCE & INDUSTRY**

**M. GANESH KAMATH**  
**DIRECTOR / PRESIDENT**  
**DIN 07941510**

Cc: Affiliated bodies of KCCI.

**Affiliated to:**

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Confederation of Indian Industry (Southern Region), Bengaluru/Chennai. | Bangalore Chamber of Industry & Commerce, Bengaluru. | Indian Merchants' Chamber, Mumbai.

**For Mediation, Arbitration, Conciliation contact:**



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