

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UN-STARRED QUESTION NO. 160
ANSWERED ON MONDAY, 04th DECEMBER 2023
AGRAHAYANA 13, 1945 (SAKA)**

VOLUNTARY EXIT OF CORPORATE COMPANIES

QUESTION

**160: SHRI CHANDRA SEKHAR BELLANA:
SHRIMATI CHINTA ANURADHA :**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the number of corporate companies that have voluntary exited in the last five years;**
- (b) the process and the average time that is currently taken for a corporate company to voluntarily wind up and exit;**
- (c) whether the mechanism in place is comparable to the international standards; and**
- (d) the number of cases of voluntary corporate exit currently pending in the country?**

ANSWER

Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.

सांख्यिकी और कार्यक्रम कार्यान्वयन मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार); योजना मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार) और कॉर्पोरेट मामलों के मंत्रालय में राज्य मंत्री।

(Rao Inderjit Singh)
राव इंद्रजीत सिंह

ANSWER

(a), (b) and (d) : Voluntary exit of companies is covered under Section 248(2) of the Companies Act, 2013 and Section 59 of the Insolvency and Bankruptcy Code (IBC), 2016. Under Section 248(2) of the Companies Act, 2013, a company that seeks to have its name removed from the Register of Companies is required to apply to the Registrar of Companies (RoC). On the application, the RoC seeks public objections through newspaper advertisements and publication in the Official Gazette. On receipt of objections, if any, RoC scrutinizes and approves the application, in case it is found in order, it is thereafter, published in the Official Gazette and from the date of publication, the company's name stands struck off.

In compliance with Section 59 of the IBC, 2016, companies which intend to liquidate themselves voluntarily and which have not committed any default may initiate voluntary liquidation proceedings. After passing special resolution of Members and after consent of the creditors holding 2/3rd of the value of debt, if any, a Liquidator is appointed. The Liquidator, after following due process for realization of the assets and distribution of the proceeds to the creditors and shareholders, submits the final report to the Adjudicating Authority, i.e. National Company Law Tribunal (NCLT).

From FY 2018-19 to FY 2023-24 (upto 30th November, 2023) 1,06,561 companies have exited voluntarily under section 248(2) of the Companies Act, 2013. From FY 2018-19 to FY 2023-24 (upto 30th September 2023) final reports of 1168 companies have been submitted by Liquidators under section 59 of the Insolvency and Bankruptcy Code, 2016 (Code), of which final dissolution orders have been passed by the NCLT in 633 cases during the said period.

In the last 5 years, the time taken for voluntary exit under Section 248(2) of the Companies Act, 2013 has varied between an average of approximately 6-8 months to even 12-18 months in some cases. Under the IBC, the average time taken for dissolution of companies after submission of final report by the Liquidator has been in the range of 7- 9 months. The average time taken by Liquidator to submit final report for Adjudication to the NCLT has been about 14 Months.

Keeping the above in view, the Central Government has set up on 01.05.2023 the Centre for Processing Accelerated Corporate Exit (CPACE) to centralize and expedite voluntarily exit of the companies under Section 248(2) of the Companies Act, 2013. Under CPACE the time taken for voluntary exit during the current year is around 110 days.

470 cases are currently pending for voluntary liquidation under section 59 of the IBC till September 2023. Further 3695 cases are currently pending for voluntary corporate exit under section 248(2) of the Companies Act, 2013 with CPACE.

(c) : The Report of the Bankruptcy Law Reforms Committee which was the precursor to the enactment of the code had considered the well-established principles of collective insolvency resolution regime provided in UNCITRAL Legislative Guide on Insolvency while recommending the framework of the Code.
