

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3094  
ANSWERED ON:07.12.2001  
SICK COMPANIES FINANCED BY FINANCIAL INSTITUTIONS  
IQBAL AHMED SARADGI

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the number of sick companies funded by the financial institutions declined by 127 during the year 1999-2000;
- (b) if so, whether as per data on sick companies in the portfolio of the Industrial Development Bank of India, as many as 67 firms were wound up/liquidated;
- (c) whether out of the 614 companies with a whopping fund of Rs.4836.80 crore only two could be revived by the Board for Industrial and Financial Reconstruction;
- (d) if so, the main reasons for dismal record; and
- (e) the steps the Government have taken in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

a) to c): Yes, Sir.

d) & e): The Board for Industrial & Financial Reconstruction (BIFR) set up under provisions of Sick Industrial Companies (Special Provisions) Act, (SICA) ,1985 has not been able to address effectively the problem of industrial sickness. It has also failed to find timely solutions for restructuring of the corporate sector. Considering the many deficiencies that were noticed in the operation of SICA and BIFR, a Bill, namely Sick Industrial Companies (Special Provisions) Repeal Bill,2001 to repeal SICA was introduced in Lok Sabha on 30-8-2001. Simultaneously another Bill, namely, Companies (Amendment) Bill, 2001 has also been introduced inter-alia providing for: setting up of a National Company Law Tribunal with the powers currently exercised by (a) Company Law Board (CLB) (b) High Courts regarding winding up of Companies and amalgamation schemes; and (c) BIFR/AAIFR under Sick Industrial Companies (Special Provisions) Act, 1985.