

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5775
ANSWERED ON:03.05.2002
COMPANIES REFERRED TO BIFR
MADAN PRASAD JAISWAL;NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

:

- (a) the number of companies referred to the BIFR as on March 31, 2002;
- (b) the break-up of public and private sector companies referred to BIFR during the last three years, State-wise;
- (c) the number of industrial units recommended for closure/revival during the said period; State-wise;
- (d) whether the Government propose to wind up the BIFR;
- (e) if so, the reasons therefor; and
- (f) the alternative arrangements made or are likely to be made for taking decisions on sick industries ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) The Board for Industrial and Financial Reconstruction (BIFR) has reported that as on 31.3.2002, references were received from 5320 sick industrial companies u/s 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and out of which 3912 companies were registered with the Board under the provisions of the said Act.

(b) and (c) The State-wise break up of Public Sector Companies (Central and State) and Private Sector companies registered with BIFR during the last three years i.e., 1999 to 2001 and January, 2002 and the State-wise details of number of industrial units recommended for closure/revival during the said period are given in the Statement enclosed.

(d) to (f) The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), under which BIFR was set up has not effectively addressed the problem of industrial sickness due to the reasons such as (a) restrictive definition of sickness;

(b) slow pace of BIFR intervention and (c) delays in winding up of sick companies.

A Bill, namely Sick Industrial Companies (Special Provisions) Repeal Bill, 2001 to repeal SICA was introduced in Lok Sabha on 30-8-2001, thereby proposing abolition of Board for Industrial and Financial Reconstruction (BIFR) and Appellate Authority for industrial and Financial Reconstruction (AAIFR) mechanism. 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. Both the Bills are currently receiving consideration of the Department related Parliamentary Standing Committees.