

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4997
ANSWERED ON:20.12.2002
REVIEW OF SICA
SHYAMA SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether BIFR has stressed the need for a comprehensive review of the Sick Industrial Companies Act (SICA);
- (b) if so, the reaction of the Government in this regard;
- (c) whether the rising NPAs would have any impact on the SICA; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) to (d) Taking into consideration the problems noticed during the course of implementation of BIFR Mechanism, Government has been considering various alternatives to address the problems of industrial sickness more effectively. On 31st March 2000, BIFR also made several suggestions to improve the functioning of BIFR. Prior to that the Government had constituted a Committee under the Chairmanship of Justice V. Balakrishana Eradi consisting of experts to examine the existing laws relating to winding up proceedings of companies in order to remodel it in the line with the latest developments and innovations in the corporate law and governance and to suggest reforms in the procedure at various stages followed in the insolvency proceedings of companies to avoid unnecessary delay in tune with the international practice in this field. The Committee also studied the BIFR Mechanism with a view to creating confidence among various stakeholders. The Committee in its report dated 31st July 2000 inter-alia suggested repeal of SICA 1985 and amendment of the Companies Act, 1956 for setting up the National Company Law Tribunal (NCLT). The powers and jurisdiction presently being exercised by various bodies viz. Company Law Board, or BIFR or AAIFR or High Courts will be consolidated and entrusted to NCLT to avoid multiplicity of litigations before various courts or quasi judicial bodies regarding revival or rehabilitation or merger or amalgamation or winding up of companies. The Company Law Amendment Bill, 2002 for the purpose has already been approved by both the Houses of Parliament. Another Bill introduced simultaneously to repeal SICA 1985, is yet to receive consideration.