

**GOVERNMENT OF INDIA  
COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:621  
ANSWERED ON:02.03.2007  
COMPANIES UNDER LIQUIDATION  
Reddy Shri Karunakara G.

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

- (a) whether the Government proposes to quicken the process of liquidations of companies to protect the interests of stake holders;
- (b) if so, the details thereof;
- (c) the number of companies which are under liquidation; and
- (d) the average time taken to complete the proceedings for such liquidation ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) & (b): Yes sir. As per the Companies (Second) Amendment Act 2002, the functions and powers currently discharged by the Company Law Board (CLB), the Board for Industrial and Financial Reconstruction (BIFR) and the High Courts in respect of liquidation, amalgamation etc. would be transferred to the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), which are envisaged as full time, specialized fora to adjudicate on these matters. The Sick Industrial Companies (Special Provisions) Act, 1985 is also proposed to be repealed. These measures are expected to rationalize and expedite the process of liquidation and winding up of the affairs of a company.

However, following a legal challenge to the above Amendment Act and the subsequent ruling of Hon'ble Madras High Court dated March 30, 2004 on the same, staying the constitution of the NCLT/NCLAT, the same are not yet constituted. A Special Leave Petition has been filed by the Central Government in Hon'ble Supreme Court of India, where the matter is presently under consideration.

(c) As on 31.12.2006, 6600 companies were under liquidation under different provisions of the Companies Act, 1956.

(d) According to a recent study, it takes an average of about 10 years to complete a company liquidation process in India.