

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3522
ANSWERED ON:15.12.2011
INSOLVENCY/LIQUIDATION PROCEDURE
Singh Shri Ravneet

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the liquidation process of the companies takes a long period in the country;
- (b) if so, the details thereof;
- (c) whether Government plans to introduce a separate legislation to speed up insolvency proceedings and help distressed firms wind up operations quickly;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N.SINGH)

(a)&(b): Yes, Madam. As per a recent study done by the World Bank, the average time taken to liquidate a company in India is about seven years.

(c)to(e): There is no proposal to introduce a separate legislation to speed up insolvency proceedings. However, the proposed Companies Bill, 2011 which seeks to replace the Companies Act, 1956, provides for more effective regulation of rehabilitation, liquidation and winding up of companies in a time bound manner.