

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 683

ANSWERED ON MONDAY THE 24TH JULY, 2023

SRAVANA 2, 1945 (SAKA)

**VOLUNTARY EXIT OF CORPORATE COMPANIES
QUESTION**

**683. SHRI CHANDRA SEKHAR BELLANA:
SHRI SANJAY KAKA PATIL:**

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

- (a) the number of corporate companies that have voluntarily exited during the last five years;**
- (b) the average time and process that is currently taken for a corporate company to voluntarily wind up and exit;**
- (c) whether there is any mechanism in place that is comparable to the international standards;**
- (d) if so, the details thereof; and**
- (e) the number of cases of voluntary corporate exit that are currently pending in the country?**

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

- (a) (b) & (e): Voluntary exit of companies is covered under Section 248(2) of the Companies Act, 2013 and Section 59 of the Insolvency and Bankruptcy Code (IBC), 2016. Under Section 248(2) of the Companies Act, 2013, a company that seeks to have its name removed from the Register of Companies is to apply to the Registrar of Companies (RoC). On receipt of the application, the RoC seeks public objections by way of newspaper advertisements and publication in the Official Gazette. After receipt of objections, if any, RoC scrutinizes the whole case and approves the application of the company, if found in order. The same is then published in the Official Gazette and from the date of publication, the company's name is struck off.**

In compliance with Section 59 of the IBC, 2016, companies which intend to liquidate themselves voluntarily and which have not committed any default may initiate voluntary liquidation proceedings. After passing special resolution of Members and after consent of the creditors holding 2/3rd of the value of debt, if any, a Liquidator is appointed. The Liquidator, after following due process for realization of the assets and distribution of the proceeds to the creditors and shareholders, submits the final report to the Adjudicating Authority, in this case the NCLT.

From 1.04.2018 to 31.03.2023, 96,261 companies have exited voluntarily under section 248(2) of the Companies Act, 2013. Under section 59 of the IBC, 2016 final reports of 1013 companies have been submitted by Liquidators, of which final dissolution orders have been passed by the NCLT in 510 cases during the said period.

In the last 5 years, the time taken for voluntary exit under Section 248(2) of Companies Act, 2013 has varied between an average of approximately 6-8 months to even 12-18 months in some cases. Under the IBC, the average time taken for dissolution of the company after submission of final report by the liquidator has been in the range of 7-9 months. The average time taken by liquidator to submit the final report for adjudication to the NCLT has been about 14 months.

Keeping the above in view, the Central Government has set up the Center for Processing Accelerated Corporate Exit (CPACE) to centralize and expedite voluntarily exit of the companies under Section 248(2) of the Companies Act, 2013 at one central place at Manesar. Since its operationalization on 01.05.2023, the time taken for voluntary exit has been found to be about 4 months.

520 cases are currently pending for voluntary liquidation under section 59 of the Code till March 2023. Further 11,037 cases are pending for voluntary corporate exit under section 248(2) of the Companies Act, 2013 till date.

(c) & (d): The Report of the Bankruptcy Law Reforms Committee which was the precursor to the enactment of the Insolvency and Bankruptcy Code, 2016 (Code) in 2016 had considered the well-established principles of collective insolvency resolution regime provided in UNCITRAL Legislative Guide on Insolvency while recommending the framework of the Code.
