

**GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2250
ANSWERED ON:10.03.2006
DEFUNCT COMPANIES
Verma Shri Ravi Prakash

Will the Minister of COMPANY AFFAIRS be pleased to state:

- (a) whether the Government proposes to frame new laws for defunct companies in view of the changing scenario in the world;
- (b) if so, the details thereof;
- (c) the details of the instructions issued earlier for these companies;
- (d) the final decision likely to be taken for issue of new guidelines; and
- (e) the benefits likely to be accrued to the Government and companies from these new instructions?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) & (b) The Government are considering a new Companies Bill for comprehensive revision of the Companies Act, 1956, including provisions relating to defunct companies.

(c) This Ministry issued instructions for the implementation of Simplified Exit Schemes (SES) in the years 2003 and 2005, to enable defunct companies an opportunity for easy exit from the Register of Companies through a simplified procedure. The schemes were under implementation from 25th March 2003 to 31st March 2004 and 01st February 2005 to 31st August 2005 respectively. The details of the companies that applied and were approved for striking off pursuant to the above schemes, as on 28.02.2006, are as under:-

Schemes	Received	Approved	for Striking Off
SES 2003	28050	21004	
SES 2005	26626	14947	

(d) As at (a) & (b) above.

(e) Striking off the names of defunct Companies will help reduce the cost of public maintenance of statutory company records and focus monitoring and supervision effort on active companies. The companies would benefit in terms of compliance cost for such entities as are not functioning and have neither assets nor liabilities.