Revival and Rehabilitation of Sick Companies

The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) received presidential assent on 8 January, 1986 and had been in operation since then. The prime objective of the SICA was the timely detection of sick or potentially sick companies owning industrial undertakings, and their speedy revival, wherever possible, or closure thereof. The Companies (Second Amendment) Act, 2002 inserted sections 424-A to 424-L that deal with sick companies to be administered by the Tribunal, in the Companies Act, 1956. The Repeal Act also was passed in 2004. However, neither of the amendments were notified or became operative. The Companies Act, 2013 also included section 253 to 269 dealing with sick companies, but were not notified or made operative. The Insolvency and Bankruptcy Code, 2016 (Insolvency Act) amended the Companies Act, 2013 to delete the provisions relating to sick companies. It also amended the Repeal Act to allow companies having pending proceedings under the SICA to approach the National Company Law Tribunal (NCLT) under the provisions of the Insolvency Act (preamendment applicable provisions were under the Companies Act, 1956) within the specified time without payment of fees.

This chapter is not applicable for students.