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Government plans to introduce easier norms for winding up the company in India by the end of August 2022.

The Finance Ministry plans to allow companies with complex closure processes to wind up their operations within 180 days. In cases where there is no need for intricate settlements on assets, liabilities and loans, such companies will be wound up in 100 days.

The budget for this year had announced the Centre for process accelerated Corporate EXIT (C-PACE). Its purpose is to reduce the time for corporate exits from two years to six months.

One of the officials said, "The Ministry of Corporate Affairs is currently working on launching MCA-21 version 3, followed by the introduction of company law module, which will be released in four phases, including creating C-PACE,".

The 3rd version of MCA-21 has to be designed to submit the required documents and various filings under the company law. L&T will be developing the software by the end of May. This software will be the foundation of the C-PACE interface. The government is testing and evaluating the portal carefully in order to avoid glitches.

The winding-up of the company in India can be of two types- voluntarily or by the court through the provisions of the Insolvency and Bankruptcy Code. Winding up of the company releases assets and liabilities and relieves the promoters from making annual filings with the Registrar of Companies (RoC).

The process of winding up involves Getting the board's approval of a special resolution, filing a winding-up petition and filing an order copy of liquidation by the liquidator with RoC and getting the same published in the newspaper.



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