

Political Economy, Concept and Rationale of Winding-up of Companies and Corporate Sector

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Abstract

The concept of political economy develop the relationship between the study of individuals and society, and more specifically, the relationship between citizens and state for better utilization of economic resources. There is a strong feeling that with the passage of time corporate law in the present modern political economy, will be increasingly globalize through better corporate and political culture and the same is likely to impact on world and Pakistan political economy. Perhaps one area where further efforts are required is with regard to development of a more flexible corporate rescue in Pakistan in the context of present economic and political situation. The winding up process is the legal and economic exit mechanism by which untenable or uncompetitive companies are taken off-line from the capitalist market economy just like political parties with frail political thought are eroded from the political scene. The winding up of company has an immense impact on public view with regard to economic and political aspects. The process of winding up of the companies is seen as, the companies being fiscally and economically not practicable and viable in presence of weak economic and political culture.

Key words: Assets, Contributories, Corporate sector, Dissolution, Just and equitable, Incorporation, Insolvent,

Concept of Political Economy

Political economy is simply interaction between politics, law and economics and the same examines how the specific public policy is formulated and implemented through a legal frame work. Since certain groups and companies are competing for limited resources by following the certain rules and regulations as in case of winding up of companies. The law and practice of winding of the companies is being carried out on the similar analogy of political economy for best and efficient use of economic resources for public good and welfare. (<http://www.investopedia.com/terms/p/political-economy.asp>)

Historically the concept of political economy has been linked to Plato and Aristotle based on natural law. In 1990s and in the beginning of 21st century a number of economically and politically motivated multinational corporations were accused of exploitation of economic resources of developing countries by relaxing worker protection and environmental laws by using of international and local political influence which ultimately affect the local economy of

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developing countries (<http://www.britannica.com/EBchecked/topic/467600/political-economy>).

Concept of Winding-up

Winding up of a company is a legal procedure to dissolve the company and put an end to its life. The company ceases to be a going concern (Winding up of Company). This procedure is also known as "liquidation proceedings". Therefore, winding up is a legal process, through which an incorporated company is brought to an end (Pakistan Industrial Leasing Corporation Vs Sunrise Textile Mills, 2009).

Need for Winding-up of Companies and Political Economy

The fiscal, economic and financial and political system's strength and stability depends upon an effective and speedy winding up process. It is, therefore, essential to make an effective and sound economic and political structure for restructuring and rehabilitation of such companies alongwith frame work of winding up/ liquidation. The structure and frame work must look into and search for to protect estate and make best use of the value of assets/ properties, accept inter se rights of creditors and give balanced treatment of similar creditors at the same time dealing with small creditors just and equitably.

The Process and Rationale of Winding of Companies

The process of winding up starts with a resolution passed for voluntary winding up by the members of the company or after the court passes the order for winding up (www.secp.gov.pk). The term winding up is used for a process by which a company is dissolved. In case the excess if any is available must be dispersed to the members and contributories proportionately as per their shares (Pakistan Industrial Leasing Corporation Vs Sunrise Textile Mills, 2009) By the dissolution, the company's legal entity and personality brings to an end. The insolvency of a company, that is, incapable/ unable of paying its debts and liabilities is the one of the important reasons of winding up/ liquidation. However, a company can also be wound up even as it is quite solvent (Simon Goulding, 1999:389).

Liquidation or winding up is the process through which the properties and assets of the company under winding up are realized, its dues are paid and any surplus is obtained back by members. This process is the steer up to the company's decease after its formal dissolution (Jennifer James, 2003-4:265). On winding up, the company is necessarily to be closed to be a going entity.

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The owners are also legally competent to get the share of residual assets and may ask for to pay off in the event if the assets are insufficient and the present agreement so necessitates (Winding Up- Procedure under Companies Act, 1956)

The prime purpose and rationale behind the introduction of the Companies Ordinance, 1984, was the commencement and completion of an effective winding up of the companies within a possible shortest time period. From the plain reading of the preamble of the Companies Ordinance, 1984, it is obvious that the purpose and rationale behind the introduction of the companies Ordinance is certainly that the law relating to the companies and other specific associations was required to be amended and consolidated suitably for the better and healthy growth of corporate sector, promotion of policies of capital investment, development of the economy, better protection of the investors, creditors and members, stability and strengthening of the regulators and other relevant matters connected with the process of winding up of the companies. Therefore, simply the object and purpose of the Companies Ordinance, 1984, was clearly to arbitrate/ adjudicate all matters falling under the Ordinance and finally to achieve the results for which the Ordinance has been enforced (Rauf Baksh Kadri and others Vs M/s. National Technology Development Corporation Ltd. and others, Karachi, 2005)

It is also viewed that the whole scheme of the Companies Ordinance is meant to protect/ guard the interest of the stakeholders such as creditors and shareholders and not to put their concern/ interest at risk by interim arrangements (Hala Spinning Limited vs Industrial Development Bank of Pakistan, 2002) When winding up of a company is made, its end is judicially marked and steps are taken for its burial which is known as dissolution of a company. In such a situation all and sundry, subject to legal boundaries, are allowed to participate in the proceedings, submit their claims, raise objections and put forward their grievances whatsoever and the proceedings are somewhat analogous to administration of estate left by a deceased or insolvent person (Mrs. Salma Noorani vs Mandiwala Estates Limited, 1991)

Most corporate law models deal with the subject of winding up and have provisions for the winding up and dissolution of the companies. There is a constant search for cost-effective winding up of the companies which is the backbone of corporate sector and world political economy (National Corporate Law in a Globalised Market, David Milman , 2009:74) The Companies Ordinance, 1984, is a special statute therefore, the provisions under it will supersede the general law. The provision of section 316 of Company Ordinance, 1984, was introduced to accelerate the process of winding up

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proceedings, and also provide a very cheap and summary remedy to the members, creditors, and other stake holders in respect of their claims for and against the company, and to save the company and its directors from unnecessary and costly litigation especially the prolonged civil litigation which lasts for years and years being unfruitful (Pakistan Industrial Leasing Corporation Vs Sunrise Textile Mills, 2009).

The courts priority would not be to wind up a company and this power would be exercised with great caution. The court would determine that the reasonable ground exists that the company is not financially sound and incapable of paying its debts to its creditors (Navjivan Trading Finance Pvt. Ltd., In re 1978). The spirit of provisions of the companies Ordinance 1984 reflects that it is not binding upon the court to entertain the desires of the majority of the creditors but in each and every case the court must give them special consideration (F. G. Robson Vs Dawsons Bank Ltd., 1932)

It would be more appropriate that the court before passing the winding up order has to convince itself and make a view in terms of subsection (h) of section 305 of the Companies Ordinance, 1984. The purpose of the proceedings by the court seems to be to get out of solvency or insolvency of the company and not involve in resolving the claims/ issues of the creditors. The purpose is not to compel the company through legal process to pay dues to unpaid creditor but to effect discontinuation of on going tasks of such company (Islamic Republic of Pakistan Vs Messrs Sabah Shipyard (Pakistan) Ltd. and another, Karachi, 2009)

During the process of winding up of a company; the court would keep in consideration that the purpose of filling of an application for winding up is not for realization of dues from the company. The petition filed under the provisions of Companies Act would be to the effect that the company has become commercially insolvent and its further continuation as going concern is detrimental to its financial position thus, consequently, must be wound up (Haryana Telecom Ltd. Vs Sterlite Industries (India) Ltd., 1999).

For the successful continuation and growth of the corporate sector and political economy, the role and contribution of the creditors to the commercial entities has immense significance. So, it is well established principle of law and one of the good practices of the court that a winding up order of the company will be made only on a creditor's application if it would advantage him or the company's creditors (Bharat Petroleum Corporation Vs National Organic Chemical, IV (2004).

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In the light of detailed study of provisions of the Companies Ordinance, 1984, the winding up is to be considered as the last remedy for realization of debts which is available for the creditor or the investor of the company. It is important that these objectives can only be achieved if the realization after the disposal of the assets of the company is maximized by the liquidator. During a winding up of the company, the court has to ensure even-handed justice to all and powers may be exercised to protect the interests of the creditors, the shareholders/ members and other related persons (Commercial Art Engravers Pvt. Vs Indian and Eastern Newspapers, 1978). It is well established principle of law that the filing of an application for winding up is a maltreatment of the process of the Court if the debt against which application is filed is disputed to be authentic and the same required further verification and proof (Ofu Lynx Ltd. Vs Simon Carves India Ltd., AIR 1970).

The continuation of business process by company has been regarded as good for the economy and political process in country. Therefore, if the company has not been doing business for a year an order will not be made on the ground that the business of the company has been suspended for the time being, if a petitioning shareholder is opposed by a large majority of the shareholders and there is a reasonable intention to proceed with the business. A company does not cease to carry on business, because it has given up part of its business. Although the power to wind up is optional, it has to be exercised judicially (Paramjit Lal Badhwar Vs Prem Spinning And Weaving Mills, 1986).

The process of winding up that can be considered as important is the possibility of winding up in the public interest reflecting desire to maintain some state control under concept of political economy. Winding up in the public interest extends to foreign companies, provided enough jurisdictional link with English law can be recognized. In order to start the process of winding up for its collective benefits a shareholder in a fund needs to ensure that it does not have a more practical and beneficial alternative remedy available before presenting a winding up petition before the court for the benefits of the entire bonafide beneficiaries (Colette Wilkins, Ingrid Pierce, Matthew Goucke and Rupert Bell, 2010).

A fundamental principle of law is that a petitioner who submits his case for the winding of the company on the basis of 'just and equitable' clause he is morally and ethically required to appear before the court with clean hands to convince the court, and if due to differences, confidence breakdown has happened between him and the other parties to the issue of a winding up due to his conduct with respect to the affairs of the company, therefore it is not

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appropriate that he will insist on the company being wound up if other members and creditors wish it to continue it on reasonable and justifiable grounds (Kumagai Gumi Co Ltd Vs Zenecon-Kumagai Sdn Bhd., 1994).

The commercial enterprises and multinational corporations are established with the objective to gain economic and financial gains in the modern political economy. As far as the law of commerce, economic gains etc., is concerned, it is clear that joint commercial or economic activity for the purpose of gain can be carried on by more than one individual or for the whole society. As discussed earlier the main purpose and objective of the incorporation of the company is to secure more and more financial benefits for the well being of the common man in the political economy. Law has to ensure and watch that public mischief involving uncertainty and obvious dangers to the innocent third parties in transacting business that such joint ventures should have a legal personality. This view and thought so as to subserve the public purpose of avoiding possible economic and commercial mischief. The basic object of the same is to safeguard the public interests (Vasantrao Dattaji Dhanwatay and Vs Shyamrao Dattaji Dhanwatay and, AIR 1977).

Once the companies have multiple shareholders and multiple directors functioning by means of consultation among those persons in the ways company law requires there is a clear public interest. It is contrary to that public interest for one person to take over the role of the body of persons and to function in the way in which the body is meant to function. So in case of multiple shareholders of the company every body related with the affairs of the company must observe its responsibilities in public as well as company benefit (Pham Thai Duc v Pts Australian Distributor Pty Ltd, 2005)

The company owes a duty to its creditors to ensure the safety and maintenance of the assets and properties which are provided as collateral and are to be available and utilized in case of repayment of the debts outstanding against the company. For this purpose all the affairs of the company and its management, is delegated to its directors for proper functioning of the company as per its Memorandum and Association of the company (M/s. Bakemans Industries Pvt. Ltd Vs M/s. New Cawnpore Flour Mills and, Supreme Court of India, May, 2008).

During the process of winding up the legal rights of the creditors of the company are not affected; rather, it only puts into effect a process of collective execution against the assets of the company for the benefit of all creditors, shareholders, members and contributories of the company (winding up Action No. HBF 001, 2009). Moreover, it is the considered view that it is not the business of the Court to manage the affairs of a company during the winding

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up proceedings and the liquidators are legally required to do so under supervision of the court (Krishna Iyer Sons Vs New Era Manufacturing Co. Ltd., AIR 1965).

The application of legal phrase just and equitable during the process of winding up by the courts while the filing and decision for the admission and rejection of the winding up petition also important for the commercial fate of the company. This is also a well known concept in legal jurisdictions whose insolvency and companies laws are derive from English 19th century legislation. It is a flexible jurisdiction regarding the winding up of the companies which has been applied by Commonwealth courts for well over a century in a judicious manner, mostly in relation to traditional trading companies for their better financial and commercial decisions (Matthew Crawford, 2010)

By considering the words 'just and equitable' courts look beyond the strict legalities and consider the rights and expectations of the shareholders. Justice and equity would not, be held, by allowing one party to disregard the obligations which it undertook on joining a company; the law empowered a court to exercise the powers in order to execute and safeguard the legal rights of the company and other parties by equitable considerations. Where people had combined to form a company, due consideration must be given to their legal rights which they are entitled to by virtue of their agreements and expectations at the time of formation of the company. This just and equitable phrase or concept could not apply to all companies; but only to those which display specified characteristics. Traditionally, such companies are called quasi-partnerships. The circumstances which permit the application of equitable considerations cannot be laid down conclusively in order to decide the issue during the process of winding up in public and the company interest (National Corporate Law in a Globalised Market, David Milman , 2009).

As per the provisions of Subsection (2) of section 314 of Companies Ordinance, 1984, if the court feels that other remedies are available to petitioners, and they are pursuing their winding up application in an irrational and unreasonable manner instead of pursuing other available remedy from other body or legal forum, the Court in its discretion for the benefits of the members and creditors of the company may decline to make an order of winding up of the company. This provision is important as it has expressly provided that the petitioner can be directed to pursue the other remedy available to him in case the winding up petition had been moved by the petitioner on the sole ground to establish its case that the company should be gone into winding up on simply just and equitable ground. It has again been

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left to the prudence of the Court to pass such an order even in such a situation and the stage for taking a decision whether caution should be exercised in favour of asking the petitioner to pursue the other remedy (National Bank of Pakistan, WAPDA house branch, Lahore Vs Ittefaq Foundries (Pvt.) Ltd. and 9 others, 1998).

In order to further explain the concept of just and equitable ground for winding up of the company in view of its commercial entity and future survival, it is still to be decided and remains debatable that whether discretion vested in the Court under the provisions of section 314(l) of the Companies Ordinance, 1984, should be exercised in favour of making an order of winding up in the facts and circumstances of the case and even after the available proof of the fact that the company was unable to pay the debt. It is well-settled law that the prudence vested in a Court is required to be exercised judiciously on application of the mind to the facts and circumstances of each case and after examining the particularly previous and present conduct of the defaulting company towards its creditors and other persons (Habib Bank Ltd. Vs Hamza Board Mills and others, 1996)

Contrary to the voluntary winding up, the compulsory winding up is both lengthy and expensive and if the winding up is the only remedy available then it would be better to initiate a creditors' voluntary winding up if the company really is insolvent. This process would be quick as it will require to pass an extraordinary resolution with 2/3 majority in favour; the winding up would be subject to close supervision by the creditors. The bank would be wise to avoid compulsory winding up as in that case there is possibility it will take a long time to conclude that will be against the interest of the creditors. However, it is possible to initiate and file the petition for a compulsory winding up order of the company and it does not matter that the company is in voluntary winding up (Jennifer James, Company Law, 4th Edition, 2003-4:223)

Moreover, even if a company is insolvent, unable of paying back its debts and is under the pressure from its creditors, it still is in the best interest of the stakeholders to continue and go for the voluntary winding up which is a less expensive and formal procedure. However, compulsory winding up should be considered as a measure that should be used as a last resort for creditor or member. However, all petitions for compulsory winding up should be supported by sufficient and appropriate evidence by the petitioners (Chris Shepherd, Company Law, 8th Edition, 1996)

A creditor can file suit for recovery of money and on the other side winding up proceedings can be proceeded simultaneously. The mere fact that a creditor has other or alternate remedy under general law or a special law does not

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deter him from pressing in aid the provision of section 306 read with section 309 of the Ordinance, 1984, for seeking the winding up of the debtor company. The winding up proceedings cannot be regarded as useless on the strength of the objection of the other side that the dispute is going on in some different proceedings between the same parties for establishing the liabilities of each other and despite such other proceedings the company judge is competent to pass a winding up order because in terms of section 305, of the Ordinance, 1984, it has to base its judgment for winding up of a company on the situations noted therein including non payment of debts by it. The rationale behind the provisions of the Companies Ordinance is to realize the debts of the creditors in an effective and speedy way through the winding up process of a company (Messrs Central Cotton Mills Ltd. Vs Habib Bank Limited, 2004).

In the light of the judicial prudence the court will not interfere with a voluntary winding up and order a compulsory winding up unless it is shown to the court beyond the reasonable doubt that it is apprehended that the rights of the petitioners are being compromised by the voluntary winding up. Moreover, on the stance of the members of the company, the court would make a compulsory order for the winding up of the company for the benefit of all stakeholders (The Hon. Mr. Justice C. A. Hasten. LLD and William Kaspar Fraser. B.A., Oxon Company Law of Canada ,Second Edition, 1920)

In political economy the workmen are considered back bone of the business concerns and corporate sector. So during the process of winding up, care must be taken for the protection of their legal rights. The provisions of the Companies law will be applicable through pari passu charge for the equal provision of due share (Andhra Pradesh State Financial Vs T.G.L. Quick Foods Limited, Adoni, 2000). All transactions regarding transfer of the assets made by a company during the time between the presentation of a petition for winding up of the company and the passing of the order by the court for winding up will not be considered null and void (Tulsidas Jasraj Parekh Vs Industrial Bank of Western India, AIR 1931).

The Court to exercise its discretionary powers in favour of a shareholder under section 433(f) corresponding to section 305(h) of the Ordinance, 1984, must not only establish that the situation is such that not only winding up of the company is the only alternative but also that no other solution is available. An order to winding up is an extreme step. A heavy burden lies on a shareholder to show clearly how he considers that the company has lost its purpose and it is just and equitable that the company be wound up for the realization of its assets and distribution among the shareholders, creditors and

other related persons (Arshad Tanveer, Vs Sindh Industrial Trading Estates & 28 others Karachi, 1997).

The property in hand at the date of the winding up, and the contributions of all the present shareholders, are primarily and justly liable to pay all the debts of the company equally. As far as they would exceed liability of the past shareholder could arise meaning thereby that the liability of the past members would arise only after the existing assets and the contributions of the shareholders are found to be insufficient and in accordance with to meet the debts and liabilities of the companies against its creditors. The liability of past shareholder to contribute with regard to debts contracted and received before they ceased to be shareholder could not exceed the residual amount of those debts (In Re: Prabhakar Glass Works Ltd. Vs Unknown, Madras High Court, 1873)).

In this contemporary political economy era the law makers have to adopt a co-operative approach with regards to winding up of a company which can be phrased as an international insolvency, so as to achieve a fair distribution of the assets (Ross Cranston, Principles of Banking Law, 2002: 19). In the winding up process of the company all creditors, whether inland or foreign, if they are able to establish their debts against the company have equal rights to receive due amount as per their formal share. The principle that the winding up of the unregistered Company by the court should be treated as ancillary and the Courts dealing with it should act in aid of the winding up of the company in the country of its incorporation (Rajah of Vizianagaram Vs The Official Liquidator, AIR 1952) Apprehension that the company is likely to lose its corporate existence and commercial value through winding up of the company, most probably may cause a huge loss to the company in the commercial sense both in its effort to restructure, in day-to-day manufacturing and commercial operations (Pradeshia Industrial and Investment Corporation of U. P.'s 1994).

It is difficult to list all the circumstances that can lead to petition for winding up being successful however, it might be difficult to mention and cover all the reasons which can provide a base and give rise to a company's investors and creditors to initiate the winding up petition against the company. Moreover, some general principles have evolved and emerged from the cases decided by the courts of different law jurisdictions which can provide a proper and visible guidance to the commercial liquidity funds, promoters, investors, directors and investment managers of the corporate sector and these are cause of benefit for the social welfare of the world community. A winding up order of the company on the ground of just and equitable and on the basis of mere conflict and disagreement between minority shareholders and

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management or a majority of shareholders would not be considered prudent for a company. A minority share holders of the company for seeking winding up order of the company would need to clearly express by cogent evidence that they are subject to oppression at the hands of the majority and not by merely the exercise of majority rule of the shareholders of the company (Matthew Crawford, 2010:300) The Law required the Court to form an opinion about the fair nature of the case. Equity jurisdiction, thus, has been vested in the Court by the law itself.

It is well established and also a legal position that during winding up, a company cannot be treated as a dead unit; it remains alive. The compromise and arrangement that would revive a dead project into a going concern which would only be in the interest of national political economy and would create jobs. Since prima facie the revival plan and the merger is for the good of the company and for the benefit of their members which will ultimately be in the best interest of already in poor economy of this country. It would be just and proper that an attempt be made for the revival of the company as it would be in dominion of corporate and commercial wisdom to gain economic political gains for the society (Additional Registrar of Companies Vs Karim Silk Mills Limited, Karachi, 2011)

The courts decision may not just be restricted and may be exercised if there is a public interest to safeguard, for example, if the company subject to the winding up is an insurance company on whose continuous solvency the effectiveness of policies issued by it depends or where the petition is presented by the Secretary of State for Trade and Industry who makes out a strong prima facie case that the company's business activities have throughout been designed to mislead the public into making hazardous speculations on vague terms which have resulted in excessive charges being made by the Company for its services (Pennington's Company Law, 1985:867)

When a provisional liquidator has been appointed, the court has the legal powers to limit and restrict his powers in order to conduct a beneficial winding up of the company by the order appointing him. His appointment does not completely expel the powers of the board; it may still cause the company to oppose the winding up petition or to apply to discharge the provisional liquidator. If it is deemed necessary and in the public interest that the company would be wound up by the court on presentation of the petition from the regulator, such petitions can be considered by the court if it thinks it just and equitable for the company to be wound up (Boyle & Sykes Gore Browne on Companies)

If it appears to be convenient in the public interest/ society and just and equitable that the company should be wound up for beneficial winding up by the court. The mischief of a fraudulent company is possible to be more efficiently dealt with by winding up the company than by leaving it in existence and relying on prosecuting those who have taken part in any criminal activity; and the regulator is not to be prevented from exercising his statutory powers in this behalf by being required to provide any undertaking in damages (Re Highfield Commodities Ltd., 1984)

The law has provided to court a wide jurisdiction in the interests of commercial ethics; and if the facts reveal a strong case for investigation regarding the affairs of the company into the incorporation or promotion of the company, or the issue of debentures and other related matters of the company, the court will make a compulsory order irrespective of creditors' opposition for the same (Palmer's Company Law, 1968: 742)

The law has provided the true policy and principle that whenever a deceased person being the director, promoter, and officer of the company by his misdeed wrongly transferred either assets or the proceeds of the property belonging to the company into his own estate, his legal heir being beneficiary of the assets is responsible to provide valid and logical defence in this regard otherwise he is responsible to return the same to the company (The Official Liquidator Vs Parthasarathi Sinha & Others, 1983)

Dissolution of the Company

The date on which the order for the winding up is passed is considered as the dooms day for the company. The order of dissolution, by the Court in a dissolution proceeding, is a death warrant for a legal entity. With order of dissolution, the company is declared dead, and it ceases to exist under law. A company which has been dissolved, no longer exists as a legal entity, competent of holding any assets or being sued in any court; this in contrast to when the company is in winding up. At this stage it retains its corporate existence, as during winding up, its administration and management powers are bestowed into liquidator. If the winding up is stopped, company revives. The principle, "actio personalis moritur cum persona" (reason gone and quenched with the death of wrong doer or the party wronged), is appropriate in case of a living person may not be extended in cases of corporate or juristic person. In the case of death (i.e. dissolution) of corporate or juristic person such right of action abates, as it abates on the death of natural person (Syed Mehmood Ali Vs Network television & another, 2005). When a company is dissolved from a legal perception it ceases to exist consequently the liquidator

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cannot represent a non-existing company or discharge any duty or perform any function on its behalf without express legal authority (Ankil Members Association Vs Vijaysinh Jadeja, 1982).

Conclusion

In view of foregoing, discussion it is concluded that the lengthy procedures and proceedings are being carried out and the delaying tactics are also being used in order to complete the process of winding up in Pakistan and foreign jurisdictions which slows the process of investment and directly affect the political and economic situation in the country especially in case of multinational companies/ corporations. The delay in the process of completion of winding up proceedings some times may have political and economic consequences. The courts would follow the principle of justice ir-respect of keeping in mind the consequences of their judgments on economic and political side. In better and conducive political atmosphere the corporate sector performs in a better way which ultimately accelerates the process of investment in the economy. The defaulted and insolvent companies mange the engineered defaults which are some time directly or indirectly influenced by major corporate groups under the political motives. Usually these defaults have caused heavy loss to general public, other stake holders and at the same time the political economy of the country. It is suggested that the provisions of the present Companies Ordinance be complied with in letter and spirit for the growth of the corporate sector and political economy of the country. Moreover some significant steps are required to be taken by regulator of the companies and may be from political aspect so that the cases of misappropriation as well as criminal breach of trust must be forwarded to investigating agencies like National Accountability Bureau of Pakistan and Federal Investigating Agency of Pakistan for criminal investigation and recovery of the misappropriated assets of by directors, mangers, officers, promoters and other beneficiaries of such defaulted and insolvent companies. The process of winding up may be completed as early as possible by following the legal provisions which are in the interest of all stake holders' especially general public and the state political economy.

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