

Distinguish, differentiate, compare and explain what is the main difference between Internal and External Reconstruction of a company and organization. Comparison and Differences.

Difference between Internal and External Reconstruction

1. In internal reconstruction, no new company is formed. The existing company continues as a going concern. In external reconstruction, a new company is formed by the existing shareholder of the old company to take over the assets and liabilities.
2. In internal reconstruction, the ailing company will not give its liquidation under the capital reduction scheme. In external reconstruction, the ailing company goes into liquidation.
3. Internal reconstruction involves complying the requirements under the Companies Act. For external reconstruction, there is no need to comply with a particular clause in the Companies Act.

Steady Run