

A Revival Strategy for Sick Units and an Industrial Sickness Study

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Abstract – 'Industrial Sickness' is a broad generalized phrase that puts together two separate 'industrialization' terms, an economic transition that carries socioeconomic change in its midst, and 'sickness', a clinical-pathological nomenclature that denotes a deficiency or disorder in the body. Taken together, these two suggest a certain barrier to economic production and focus harmfully on all those associated with an industrial unit that is ill. Indeed, an ailing manufacturing unit affects the social microcosm under which it operates in many respects-owners / shareholders are deprived of sufficient returns on their investment; workers / employees are deprived of daily wages / wages giving rise to family tension and indebtedness issues; the income of suppliers / subcontractors is jeopardised, also causing subsistence issues for them; end-product usage. Thus, industrial disease tended to be widely neglected in the public sector as well as in the small-scale market; the former because of the optimism that the public market would one day hit the 'commanding heights' of the economy on its own; and the latter because of the expectation that rising doses of rewards and liberalized finance would inevitably staunch the pathogenesis in this sector.

Key Words – Revival Strategy, Sick Units, Industrial Sickness, Sick Ventures

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1. INTRODUCTION

One of the antagonistic patterns recognizable in the corporate private sector of India is the developing occurrence of sickness. It is making impressive concern organizers and policymakers. It is additionally putting an extreme strain on the financial framework, especially on the banks.

There are different criteria of sickness. As indicated by the models acknowledged by the Reserve Bank of India "a sick unit is one which has announced money misfortune for the time of its activity and in the judgment of the financing bank is probably going to acquire money misfortune for the current year as likewise in the next year." [1]

A significant symptom of sickness is a consistent fall paying off debtors value proportion and a lopsidedness in the financial situation of the unit. Basically, a sick unit is one which can't uphold itself through the activity of internal assets (that is, profit furrow back). As a general rule, the sick units keep on working underneath the equal the initial investment point (at which complete income = absolute expense) and are, subsequently, compelled to rely upon external hotspots for assets of their drawn out endurance.

Industrial sickness makes different socioeconomic issues. At the point when an industrial unit falls sick the individuals who rely upon it need to confront a questionable future. They dread loss of occupations. Regardless of whether they don't lose positions they don't get their wages and compensation in time and are, in this manner, compelled to live in extreme difficulty. [2]

Obviously, sickness is certainly not an uncommon issue of India. It is, without a doubt, a worldwide marvel. Indeed, even in industrially progressed nations there are various instances of bankruptcy or liquidation. These sick units are breast fed back to wellbeing through mergers, blends, takeovers, acquisition of advantages, or by and large nationalization. At the point when the-issue turns out to be truly disturbing or unmanageable, the unit is allowed to kick the bucket its regular demise.

1.1 Sick Industrial Organizations, Feeble Industrial Units and SSI Sick Units

• Non-SSI sick units

A Sick Industrial Company (as characterized by the Sick Industrial Companies (Special Provisions) Act, 1985) (SICA) implies an industrial organization (being an organization enlisted for at least seven

years) which has toward the finish of any financial year gathered misfortunes equivalent to or surpassing its whole net worth and has additionally endured money misfortunes in such financial year and the financial year promptly going before such financial year.[3]

- **Non-SSI feeble units**

It is important to make a differentiation between 'sick industrial organization' as characterized in the Act and other industrial units not secured by the Act, in whose cases likewise sickness should be observed and restoration endeavors made for those discovered to be conceivably feasible. To answer to the Reserve Bank and making a move as per its rules, industrial units in the last classification (barring SSI units), regardless of their constitution, have been named as 'powerless' units.

- **SSI sick units**

Before June 1989, a SSI unit was considered 'sick' in the event that it had acquired money deficit in the past bookkeeping year and was probably going to keep on causing money shortfall in the current bookkeeping year and has a disintegration because of combined money misfortunes to the surviving of 50% or a greater amount of its total assets or potentially.

1.2 Causes

Industrial sickness has become a significant issue of the India's corporate private sector. Of late, it has accepted genuine extents. A nearby look uncovers that there are, in any event, five major reasons for industrial sickness, viz., special, administrative, specialized, financial and political.[4]

An industrial unit may get sick at its beginning stage or subsequent to working for a long while. For example, two significant customary industries of India, viz., cotton materials and sugar, have fallen sick to a great extent because of silly financial and devaluation policies. Hefty capital cost heightening emerging out of value swelling complements the issue. The historical strategy for cost deterioration is exceptionally inadequate when resources are to be supplanted at current expense during expansion.

1.3 Occurrence

In Dec. 1980 the all out number of sick units was 24,550, including remarkable bank credit of Rs. 1,809 crores. As toward the finish of March 2000, the all out number of sick units remained at 307,399 including an exceptional bank credit of about Rs. 23,656 crores. Of these 14,793 were potentially practical, 278,423 were non-reasonable and the suitability of the staying 14,183 has not been chosen.[5]

Three significant industries influenced by industrial sickness are jute, designing products and tex-tiles. A portion of the industries, for example, the land, light buyer products, car, precious stones and numerous others are reeling under the effect of steep fall popular, deficient flexibility of account, huge extent of non-performing resources and constraints of money because of gigantic measures of assets getting impeded in maturing receivables

1.4 Revival Strategy

"In a Capitalist economy where in serious powers have a free play, the sickness issue typically doesn't welcomes state consideration or State mediation. The Darwinian head of the "Survival of the Fittest will apply and the individuals who can't stand rivalries will have sickness followed by normal passing or elimination, this is one significant trait of free rivalry in an entrepreneur economy, Efficiency is compensated with benefit just as development and failure gets due discipline of eradication. An Industrial unit which fall sick and neglects to revive it will get removed and this is center of the rationale of serious industry. The story is distinctive in a blended economy like our own with state control guidelines and cooperation. The Government in such a setting can't be apathetic regarding the issue of industrial sickness and is to assume an indispensable part to handle the issue. [6]

The Growing sickness in the industrial endeavors in India is a reason for extraordinary worry for the Government, Banks and Financial Institutions. Other than a significant measure of capital and profitable resources staying inactive, a lot of bank acknowledge is snooty for the sick industrial units. Delayed sickness in an industrial unit brings about its conclusion delivering its work power jobless.

- **Reserve bank of India**

Reserve Bank of India has characterized sick unit as one which causes money misfortune for one year and in the judgment of the bank is probably going to keep on acquiring money misfortune for the current year just as, the next year and having awkwardness in its budgetary structure, for example, current proportion is under 1:1 and compounding obligation value [7]

- **State bank of India**

The state bank of India has characterized industrial sickness as "A sick unit is one which neglects to create inside gatherings on a persistent premise and depends for its survival upon continuous mixture of funds from outside sources".

• **Industrial Credit and Venture Company of India**

ICICI characterized Sick Industry as one whose financial practicality is undermined by unfavorable components present and proceeding. The unfriendly factors may identify with the board, market, financial weight, work connection, or some other. At the point when the effect of these elements arrives at a moment that a company starts to cause money misfortunes or prompting disintegration of its assets, there is a danger to its budgetary practicality.

1.5 SICK Ventures

(i) Parameters

Sickness is infrequently rises as an unexpected wonder. Countless signs are shown by bombing units at first. An industrial unit will in general give indications of financial trouble beginning with transient liquidity issues, income misfortunes, working misfortunes and moving toward over utilization of outside credit and so on. These signs step by step converge into indications or boundaries. [8]

(ii) Causes

The purposes behind sickness contrast from Industry to industry and, inside a given industry, from unit to unit. Sickness in industrial endeavors normally emerges because of a complex of components present in the inside and outside situations. Every one of these causes are between associated. Reasons for sickness can begin directly from the phase of beginning to the phase of crystallization of the idea or usage of the undertaking. Bidani and Mitra have planned a clinical model to contemplate and inspect the interior and outer reasons for sickness separating the practical zones into four to be specific: fund, creation, promoting and staff. As indicated by them, if there is a sure issue in any of the useful frameworks inside the unit, its wellbeing will be influenced. Again outer imperatives may likewise antagonistically influence the working of the four principle frameworks if the corporate administration can't handle the unfriendly changes.[9]

(iii) Process of sickness

Sickness in an industrial unit is a natural cycle. Sickness doesn't create on the double. It can take years. Components that cause sickness could be inner or outside. The outer factors generally influence all the industrial units in similar gathering while the inside elements may influence a specific unit in particular. In such cases, the sickness has a cause followed by a few phases of sickness.

(iv) Tackling of sickness: significance and need

Ending up of an industrial company would be unavoidable if there is finished disintegration of its total assets. Indebtedness of an individual removes his entitlement to contract. So also if a company gets wiped out with its advantages being inadequate to meet its liabilities the company ought not be allowed to carry on its business or agreement further liabilities[10]

1.6 Stages in Revival Strategy Implementation

A sick industrial unit experiences different stages in hauling itself out of its emergency lastly turning out to be reestablished to sound state. The stages might be depicted as:

- (i) Survival,
- (ii) Stabilization, and
- (iii) Growth.

The revival technique may initiate at different phases of the unit's sickness. On the off chance that the revival starts at the beginning phase of sickness when the unit is suitable, a portion of the stages might be skipped. In any case, when the unit has arrived at the phase of grave sickness however is as yet suitable, it should experience all the stages. [11]

1.7 Rehabilitation of sick Industries

The Rehabilitation 118 of sick units can be concentrated in two stages. These are pre- reform stage and post autonomy stage.

(i) Pre-reform period

Prior to Independence, Indian economy was prevalently horticultural. Most of populace lived in towns and was occupied with horticulture and unified administrations. Agribusiness was completely founded on storm. The remaining were occupied with bungalow industrial delivering products like Handi creates, Handloom weaving, unrefined rural instruments, and so on. The majority of these exercises were led inside their homes. Indian horticultures got most extreme consideration under the East India Company. This was basically on the grounds that the principle wellspring of state salary was land income. Besides it was the sole point of the British Government was to set up India as agrarian base subsequently the farming produces in India could give modest crude materials to industrial England.

(ii) Post-reform time

Prior to Independence, the strategy of the British Government was against empowering Industrial

advancement in India. No motivators were offered to Indian businesses for their development. There were many wanted and undesired obstacles place in the method of the development of Indian industry. Whatever industrial improvement occurred in India was disregarding the negative and unfriendly disposition of the British Government. Inspite of such conditions pioneers like Jamshedji Tata, Walchand Hirachand, Lala Sriram, G. D. Birla and others, who established the frameworks of modern industry in India.

2. LITERATURE REVIEW

M. V. Arunachalam (1991), in his talk "Sickness in Industries - Causes and Cures", implies various non-customary reasons for industrial sickness, for example internecine fighting among the individuals from the controlling family, long-lasting working in a defensive domain making it extreme to confront serious circumstance; as additionally the unforeseen weakness and absence of inalienable quality of the Indian economy, the remainder of which has come about as a result of the large scale monetary approaches sought after over the most recent forty years, as an excessive number of controls and limitations have checked the inward dynamism of the Indian economy.[12]

While offering a sharp study of sickness in material industry all in all, **Ruchika (1991)**, in her article named "Sickness in Textile Industry : Analysis and Policy Options", expresses that sickness in this industry is an aftereffect of more profound auxiliary shortcomings and distinguishes four factors that lead to it: (i) large scale or natural factors, for example, government arrangements, significant expense of data sources, stale interest, and so forth., (ii) basic elements like special therapy to one fragment of industry, (iii) high work force and leave limitations, (iv) static recognitions and absence of prescience. The article at that point talks about in detail the effect of each factor on the business and draws out the different weaknesses in controlling them.[13]

S. Balakrishnan's (1991) article named "Usage of RBI Norms for SSI" briefly presents the discoveries, along with his remarks consequently, of an example study led by the RBI to confirm whether the guidelines gave by the RBI in regard of SSI units are actualized by the business banks. Discovery of nascent sickness was one of the things on the study's plan. It was discovered that sickness recognized at nascent stage is exceptionally simple to cure. Notwithstanding, the banks have been very remiss in such manner and activity isn't started at the beginning sickness stage which may cause sickness of more genuine nature. This would be extremely hard for the banks to redress at a last stage.[14]

G. V. Ramana's (1991) article named "Enormous Plans, Small Thinking" presently remarked: The arrangement doesn't have any answer for the huge

number sick and frail SSI units. Not exclusively is inactive limit obstructed in such units, the banking sector's assets also are secured. The units which are unviable, should be twisted up. Yet, the expense of exit is particularly brutal on sole owner and association firm versus private restricted firms. An instrument must be developed to fair-mindedly distinguish instances of certifiable sickness and situations where the sickness has been designed. On account of the previous, the approach needs to advance soft states of exit with reimbursement of levy at concessional pace of intrigue; where sickness has been designed, the Government should smooth out the lawful structure and systems for quick recuperation of duty[15]

S. N. Bidani and P. K. Mitra (1983) in their book "Industrial Sickness: Identification and Rehabilitation" have built up a clinical model of 'Reasons for Industrial Sickness'. Their's is a bankers' perspective on the circumstance and subsequently, the couple has given more significance to the undertaking study stage with the goal that early sickness could be dodged.[16]

3. OBJECTIVES OF THE STUDY

In view of the introductory remarks and reflections on the issue statement, the field of study and the scope of study, the aims of this research were set out as follows:

- To study the steps to tackle occupational sickness introduced by numerous agencies.
- To evaluate the prevalent severity of industrial disease in the region under study.
- To identify the factors responsible for causing industrial disease in the region under study.

4. RESEARCH METHODOLOGY

4.1 Statement of the issue

Industrial Sickness is a significant monetary and social issue, perpetrating unfavorable effect on business, creation and flexibility of merchandise, costs, work, et al. The Planning Commission of India had communicated its anxiety about it as "The marvel of industrial sickness not just will in general bother the issue of work, yet additionally delivers infructuous capital speculation and by and large makes unfriendly atmosphere for additional industrial development ... (it) has considerably more genuine financial outcomes in a nation where joblessness is a significant issue and assets are scant". In the underlying years, with regards to these assessments as likewise as a

result of the fairly innocent conviction that the organization was Omni competent to meet the issue of industrial sickness head-on and as a libertarian move, the Government set out on a binge of taking over exclusive sick industrial units, siphoning extra assets into them and keeping them above water to prop a few thousand positions up. It, along these lines, came as an impolite shock when the Government-controlled public sector units started turning sick individually. Inevitably, acknowledgment unfolded that the Government take-over isn't generally the solution for sickness nor, in light of the social costs included, the simple alternative of exchanging the sick unit.

4.2 Data assortment: auxiliary information

• Library Sources

The auxiliary information as factual and recorded data required for the effective finish of the work was gathered from the studied sick units, Government offices, loaning banks and financial institutions.

For examining calculated and hypothetical parts of the executives, its utilitarian territories and industrial sickness, distributed sources accessible in different libraries, documents and assortments were utilized.

• Data analysis

The historiographic information, compared against the hypothetical foundation, were deciphered through a scholarly exercise to recognize the particular factors that initiated sickness condition in industrial units in Delhi. The discoveries got from this activity have been introduced independently.

The measurable essential information gathered from sick units was prepared on a PC under master watch. Likewise, application-explicit PC software was utilized for graphical introduction and factual study.

• Scope of the study

The geological extent of the current study is kept to the limits of Delhi of Delhi State. The effective degree centers around the occurrence of industrial sickness in the study region. The analytical scope covers the satisfaction of the destinations. The utilitarian extension is restricted to an activity in principle expanding on containing the rate of industrial sickness and concocting a methodology for the recovery of the sick industrial units.

• Significance of the study

The key drive of study in the board is continued by the last's mission for the procurement of new information valuable in meeting the provokes presented to a financial association, both by the external condition just as by the internal turbulences. Since the disease of sickness harasses an industrial

venture because of internal and external factors, the present proficient in the related regions, similar to industry, fund, the executives consultancy, and so on, generally through unstructured meetings and casual conversations.

5. RESULTS

The examination and understanding the review information gathered from a sum of 62 respondent sick industrial units in the investigation territory, Delhi State.

The District Industries Center at Delhi has characterized the 80 sick units in the Delhi in seven areas, described in following table.

The data was collected from 80 sick units, out of 80, 12 units data was incomplete which was excluded from the collected sample and remaining 62 units data was considered for analysis for this study.

Subsequently, data could be gathered distinctly from 62 sick units (75% of the all out 80 sick units). The segment insightful dispersion of these 62 studied sick units is as per the following:

Table 1: Number of Sick units and their areas

S. No.	Type	Unit	%
1	Textile products,	2	3%
2	Engineering goods,	31	50%
3	Chemicals,	8	13%
4	Electrical & Electronic items,	4	6%
5	Agroproducts,	6	10%
6	Food products,	3	5%
7	Others	8	13%
	TOTAL	62	100%

Table 2: Scale of Units

Scale	Textile products,	Engineering goods,	Chemicals,	Electrical & Electronic items,	Agroproducts,	Food products,	Others	Total
Large	2	1	1	-	1	-	-	5
Medium	-	-	2	1	3	-	-	6
Small	-	30	5	3	2	3	8	51
Total	2	31	8	4	6	3	8	62

Both (100%) units in the material segment are enormous, yet among the 31/(100%) units in the building segment, just 1 (3%) is huge and all the rest 30 (97%) are small. The division is set apart by the nonattendance of medium units. The 8 (100%) units in the concoction area are conveyed as 1 (13%) enormous, 2 (25%) medium and 5 (62%) small estimated. Electric and hardware part with 4 (100%) units doesn't have a huge unit, just 1 (25%) medium unit and 3 (75%) small units. The agroproducts part has 1 (17%) huge unit, 3 (half) medium units and 2 (33%) small units, making up the all out of 6 (100%). Both food items and different items parts neither have enormous nor

medium units, the particular 3 (100%) and 8 (100%) units being just small estimated.

Table 3: Sick Units Age

Age	Textile products	Engineering goods,	Chemicals,	Electrical & Electronic items,	Agroproducts,	Food products,	Others	Total
Upto 5 Years		6						6
6 to 10 Years		5	3	2	1		3	14
11 to 15 Years		7	3	2	3	3	2	20
16 to 20 Years	1	8	2		2		2	15
21 to 25 Years		3					1	4
26 and Above Year	1	2						3
Total	2	31	8	4	6	3	8	62

Table 4: Sick unit Concerns

Concern	Textile products,	Engineering goods,	Chemicals,	Electrical & Electronic items,	Agroproducts,	Food products,	Others	Total
Finance	2	31	8	4	6	3	8	62
Production	2	31	8	4	6	3	8	62
Marketing	2	26	6	4	4	3	8	53
Personnel	2	23	7	4	4	3	5	48

Table 5: Sector wise Response of sick unit

Response	Textile products,	Engineering goods,	Chemicals,	Electrical & Electronic items,	Agro products,	Food products,	Others	Total
Satisfactory		3	1	1			2	7
Unsatisfactory	2	28	7	3	6	3	6	55
Total	2	31	8	4	6	3	8	62

6. CONCLUSION

In the Finance territory, unusually, no unit admitted to a solitary internal reason (albeit an admixture of the typical reasons for inappropriate account blend, helpless usage of benefits, helpless working capital administration, nonappearance of financial arranging and budgetting, preoccupation and ill-advised use of assets, et al., must linger out of sight). At least three of the external causes: weighty intrigue trouble, input cost accelerations and dispossession of advances, are the reaction of the at least one (unadmitted)

internal causes. The external reasons for deficiency and deferral in the arrival of assets by the banks/financing institutions likewise are similarly answerable for initiating sickness through money zone.

In the Production zone, the external reasons for power deficiencies/power interferences, crude material deficiencies and infrastructural insufficiencies together then again created the internal reason for limit under- use. Underutilized limit thusly prompted insufficient deals income that thus prompted the inability to refresh and the proceeded with utilization of outdated hardware and outmodated innovation.

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