A STUDY ON INDUSTRIAL SICKNESS IN INDIA

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ABSTRACT

Corporate company's failure is major problem of developed countries as well as developing counties in the world. Failures are increasing day by day because of growing competition and the changing economic, political, social, cultural, legal and global environment. The companies' number is increasing in India every year. With the increasing number of companies, sickness in industries also flowed by it. In this paper we tried to mention the thing to combat sickness problem in India. It includes the concept of types of sickness, reasons, adverse effect of sickness along with preventives measure which is provided by the Government in India.

Keywords: Sickness, Revival, Rehabilitation, Innovations, Analysis

I. INTRODUCTION

Sickness in Industries has become very sensitive problem in India. It is creating adverse problem to industrial health and the economy as well. Rapid industrialization gives positive as well as negative impact on the economy. Sickness covers all types of units in small, medium and large sectors in all over the world. It is a matter of crores of rupees concern directly and indirectly to the nations. It is also a phenomenon shows adverse effect on employment, availability of goods and services and the price of those things soaring up. The investors lose their earning and creditors lose their future returns and the business become weak. The Government, Financial Institutions and Management should focus on prevention of sickness, to save the business world. However, before discussing the remedial measures of industrial sickness we should know the concept of Sickness.

II. DEFINITION OF INDUSTRIAL SICKNESS

"Industrial sickness is defined in India as an industrial company (being a company registered for not less than five years) which has, at the end of any financial year, accumulated losses equal to, or exceeding, its entire net worth and has also suffered cash losses in such financial year and the financial year immediately preceding such financial year".

The Reserve Bank of India has defined a sick unit as one "which has incurred a cash loss for one year and is likely to continue incurring losses for the current year as well as in the following year and the unit has an imbalance in its financial structure, such as, current ratio is less than 1:1 and there is worsening trend in debt-equity ratio."

The State Bank of India has defined a sick unit as one "which fails to generate an internal surplus on a continuous basis and depends for its survival upon frequent infusion of funds."

According to Companies (Second Amendment) Act, 2002

Sick Industrial Company means an industrial company which has

i) The Accumulated losses in any financial year equal to 50 per cent or more of its average net worth during four years immediately preceding such financial year or

ii) Failed to repay its debts within any three consecutive quarters on demand made in writing for its repayment by a creditor or creditors of such company.

III. TYPES OF SICK COMPANIES

Here we can find types of sick companies based on the circumstances. They are as follows.

1. Born Sick:

Sickness is not always a post-implementation feature. Some of the industrial projects are born sick from the very beginning because owing to ill-conceived projects, bad planning and poor appraisal, wrong choice of location and product selection, inadequate market surveys, false fixed investment decisions and one customer-one product type situation etc. Mostly the units established by the government under social welfare scheme come in this category.

2. Become Sick

Some projects become sick due to internal causes. They are based on some circumstances i.e., poor management, poor deliberate diversion of funds, wrong recruitment and faulty management policies are responsible for the sickness.

3. Made Sick

Sickness is the push upon because of external causes that beyond the control of the management. They may be sudden changes in government policies, technological changes and macro, social, political and economical problems. One more reason for made sick is that entrepreneur’s inefficient management policy.

IV. REVIEW OF LITERATURE

Dr. Navneeta Singh reviews in his article entitled “Industrial Sickness and Causes & Remedies”, sickness is an organic process, the process of sickness may take several years, but the seeds of sickness can be visualized at a very early stage in the life cycle of an industrial unit.

Dr. M. K. Rastogi, Prakash Yadava has explained in this paper “Analysis of Remedies for Revival of Sick Small Units in Indian Economy” prioritization of the factors that influence the revival sick small units in India. This may help the Organisations and other players to take steps to enhance the measures of the factors, enabling these organizations to thrive. In order to combat the problem of industrial sickness, a comprehensive assessment of the magnitude of industrial sickness and an analysis of the main factors which bring about sickness are necessary.

Dr. K.A. Goyal explained in his article about the industrial sickness, i.e. sickness is increased in small scales sector day by day. And investment is blocked has also increased year after year resulting locking of funds of the lending institutions, loss of scarce material sources and loss of employment. When the problems arise, the diagnosis and treatment would be easier. However, when sickness reaches an advanced stage, it becomes difficult and takes longer time to diagnose the reason and makes it more costly and expensive to bring the units back to normal, so there is a need to identify sickness in initial stages and initiate remedial measures before the sickness takes place.

Deepak Goswami opined that Industrial sickness is one of the primary causes that slow down overall economic development of a state in particular and a country in general. Generally, industrial sickness is identified using some traditional techniques which rely upon a range of manual monitoring and compilation of financial records. It makes the process tedious, time consuming and at times are susceptible to manipulation. The model may also be used to predict a certain microscopic picture within a macroscopic scenario showing distinct parametric association with the overall economic state of an industrial belt of a state or a country. Mathematical approach with statistics framework will give help for decision makers and policy planner a better way to deal with sickness.

Dr. R.N. Misra Most of the sick units established in India are confronted with the delay in supply of raw-materials, delay by bankers in sanctioning working capital and poor selection of entrepreneurs. As the incidence of sickness has been persistently increasing, the Government felt the necessity to set-up an agency which could monitor the case of sick units.

Dr. Ghulam Murtaza Maitlo found out that the root causes of sickness in small industries are lack of good management, short fall of working capital, inadequate feasibility reports and marketing problems.

K.Srinivas and V.Apparao said that sickness of a company is mainly based on internal causes which are controllable and external causes which are not controllable. The management has to identify it initially for taking corrective measures to control it.

A.K.M Solayman Hoque said that identify the causes of industrial sickness and to show how far the application of the theories and principles of Production and Operations Management and Technology management play a role in the prevention of industries becoming sick.

Dr.Sardar Gugloth discussed that the various causes of industrial sickness are classified into external and internal causes. While small scale units fall prey to external factors like lack of infrastructure, lack of finance, problems of marketing, etc., large and medium scale units fall sick mainly due to internal factors like mismanagement. Whatever may be the causes of sickness, the main consequences of sickness on an economy have been locking up the country's financial resources, wastage of scarce capital assets, loss of production and increase in unemployment.

Garry Pursell explained sickness in two ways. They are primary sickness and secondary sickness. In the primary sickness government policies and secondary sickness, demand and supply with price levels leads to industrial sickness. Welfare consequences, fully traded goods and production costs are reasons for industrial sickness in India.

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V. SICK INDUSTRIES IN INDIA

Small scale sector companies play a major role in the development of economy. It will help the economy to create employment, development of entrepreneurial skills for gaining export earnings. The small scale sector produced 48.86 million tons of production in 2013.14. It creates 111.43 millions employment opportunities to the rural and urban areas of the country in 2013-14. SSI exported 8495.73 Billion Rupees in 2014-15. The below tables shows

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number of sick small scale and media scale enterprises in India and the amount of outstanding against them in the books of commercial banks as at the end of 2015.

Year	Sick (SSI/MSE)		Sick Non-SSI		Weak Non-SSI		Sick /Weak Total	
	Units	Amount Out Stan.	Units	Amount Out Stan.	Units	Amount Out Stan.	Units	Amount Out Stan.
1993	238176	34.43	1867	79.01	657	17.90	240700	131.34
1994	256452	36.80	1909	81.52	591	18.64	258952	136.96
1995	268815	35.47	1915	87.40	476	14.52	271206	137.39
1996	262376	37.22	1956	88.23	418	12.03	264750	137.48
1997	235032	36.09	1948	86.14	420	15.64	237400	137.87
1998	221536	38.57	2030	98.62	446	19.64	224012	156.82
1999	306221	43.13	2357	131.14	435	20.37	309013	194.64
2000	304235	46.08	2742	167.48	422	22.99	307399	236.56
2001	249630	45.06	2928	184.78	389	27.92	252947	257.76
2002	177336	48.19	2880	175.91	381	36.55	180597	260.65
2003	167980	57.06	2999	215.18	397	75.91	171376	348.16
2004	138811	52.85	5054	311.66	567	45.31	144432	409.82
2005	138041	53.80	4478	296.44	774	47.83	143293	398.07
2006	126824	49.81	3408	260.13	1132	69.76	131364	379.70
2007	114132	52.67	-	-	-	-	-	-
2008	85187	30.82	-	-	-	-	-	-
2009	103996	36.19	-	-	-	-	-	-
2010	77723	52.33	-	-	-	-	-	-
2011	90141	52.11	-	-	-	-	-	-
2012	85591	67.90	-	-	-	-	-	-
2013	220492	124.42	-	-	-	-	-	-
2014	465492	263.31	-	-	-	-	-	-
2015	528300	253.88	-	-	-	-	-	-

Source: RBI handbook of statistics on the Indian Economy

STATE-WISE POSITION OF SICK MICRO AND SMALL ENTERPRISES AS AT THE END OF MARCH 2011, 2012, 2013 (AMOUNT IN CRORES)

States/ Union Territories	2011				2012				2013			
	Total Sick Units		Units under nursing		Total Sick Units		Units under nursing		Total Sick Units		Units under nursing	
A.N. Islands	8	0.25	0	0	8	0.26	0	0	68	1.59	22	0.24
Arunachal Pradesh	109	3.57	0	0	0	0	0	0	74	5.13	25	2.89

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Assam	506	122.71	3	0.35	598	104.81	124	1	1292	123.35	357	80.12
Bihar	4872	67.81	449	8.68	5633	85.52	40	0.47	5652	289.67	804	21.45
Jharkhand	1476	70.65	76	14.82	2201	138.05	459	20.85	5017	137.77	208	13.46
Manipur	23	0.35	1	0.01	143	1.67	0	0	148	1.7	1	0.01
Meghalaya	276	3.56	0	0	18	13.09	4	0.13	69	2.07	36	0.4
Mizoram	7	0.80	0	0	38	61	0	0	159	5.44	7	2.08
Nagaland	23	1.87	0	0	8	3.15	0	0	147	11.13	40	5.32
Orissa	4967	101.58	177	10.53	5899	129.73	163	3.69	11751	378.34	814	27.99
Sikkim	21	2.56	0	0	38	1.10	0	0	63	4.09	0	0
Tripura	13	1	1	0	12	5	0	0	16	0.15	2	0.03
West Bengal	7904	721.42	149	22.24	8816	624.66	855	49.87	11243	877.85	1740	120.69
Chandigarh	147	33	1	11	55	22	0	0	624	124.7	70	26.25
Delhi	4250	297.81	98	31.89	1150	393.94	115	24.12	2702	792.97	662	122.46
Haryana	344	21	27	4	2976	172	31	2	3327	371.56	1719	63.89
Himachal P.	575	65	69	34	516	27	26	1	1934	158.29	422	18.48
J & K	1631	37.14	22	1.81	1202	82.70	46	3.59	1321	70.38	99	18.14
Punjab	1478	141.13	175	21.76	1597	472.18	167	12.63	3715	607.08	849	156.65
Rajasthan	1743	52.74	61	0.32	5188	99.93	213	7.80	20336	276.74	6824	107.61
UP	4674	244.30	521	39.68	5366	263.09	1467	36.18	19049	1330.08	1444	173.63
Uttaranchal	352	9.15	5	0.07	305	8.14	19	0.04	4568	150.74	2579	64.62
Chattisgarh	1052	36.43	50	7.54	594	26.66	38	7.02	2988	63.77	121	3.89
D&N Haveli	0	0	0	0	1	0	0	0	22	1.82	3	1.43
Daman & Diu	0	0	0	0	17	0.21	0	0	25	3.74	9	3.57

Goa	155	49.02	21	40.07	109	17.22	13	12.53	194	30.63	27	1.59
Gujarat	4321	270.34	519	40.70	6257	351.94	348	51.04	20452	667.68	816	50.14
MP	8124	107.47	141	1.70	3331	225.25	399	9.68	11254	370.32	1040	40.65
Maharastra	8815	876.87	714	63.14	10136	1135.02	424	125.02	32200	2540.75	2994	171.72
AP	11305	390.43	232	24.77	3848	371.27	79	6.65	12231	633.81	3431	116.04
Karnataka	7034	467.84	210	23.79	5655	330.77	1300	17.08	15627	724.03	2852	107.66
Kerala	5363	241.40	288	31.46	5425	177.29	48	23.65	8663	199.33	1998	66.44
Pondicherry	1457	8.54	2	0.48	150	6.32	1	0	188	7.44	38	0.14
Tamil Nadu	7106	764.72	686	82.59	8301	1439.24	269	51.85	23373	1478	3168	178.15

Source: GOI, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion

As per the above table, total sick industries are more in Andhra Pradesh during 2011(11305), Maharastra in 2012(10,136) and 2013(32,200) also. Sick industrial units are low in D & N Haveli and Daman & Diu during 2011, Arunachal Pradesh in 2012 and Tripura in 2013. The outstanding amount in small sick units is high at Maharastra in 2011(876.84 cr), Tamilnadu in 2012(1439.24 cr.) and Maharastra in 2013(2540.75 cr.). The number of sick units nursing high in Maharastra in 2011(714), Uttar Pradesh in 2012 (1467) and Rajastan in 2013 (6824).

STATE WISE VIABILITY POSITION OF SICK MEDIUM ENTERPRISES AS AT THE END OF MARCH, 2011 & MARCH, 2012 (SCHEDULED COMMERCIAL BANKS)

State / UTs	**2011**		**2012**	
	Total Sick units		**Total Sick Units**	
	Units	**O/S**	**Units**	**O/S**
Eastern Region				
A.N. Islands	0	0.00	0	0.00
Arunachal Pradesh	0	0.00	0	0.00
Assam	1	2.35	6	2.20
Bihar	28	48.47	112	111.84
Jharkand	7	8.29	15	46.70
Manipur	0	0.00	0	0.00
Meghalaya	10	56.71	0	0.00
Mizoram	3	66.47	0	0.00
Nagaland	0	0.00	0	0.00
Orissa	18	38.18	33	59.47
Sikkim	0	0.00	0	0.00
Tripura	19	32.73	0	0.00
West Bengal	459	1056.12	297	1169.93
Sub Total	**545**	**1309.32**	**463**	**1390.14**
Northern Region				
Chandigarh Delhi Haryana Himachal Pradesh J & K Punjab Rajasthan Uttar Pradesh Uttaranchal	4	2.53	17	20.10
	82	64.71	660	1476.62
	123	23.47	41	678.47
	231	15.51	27	4.60
	1489	12.04	62	19.26
	230	49.82	186	170.09
	3	0.03	167	433.16
	19	45.95	122	123.48
	6	21.13	9	17.69
Sub Total	846	235.19	1291	2946.47
Western Region				
Chhattisgarh D & N Haveli Daman & Diu Goa Gujarat Madhya Pradesh Maharashtra	3	5.69	168	64.99
	0	0.00	0	0.00
	0	0.00	1	7.51
	3	0.31	0	0.00
	130	301.54	117	1222.48
	50	93.99	430	218.26
	168	837.71	144	1182.50
Sub Total	354	1239.54	860	2725.74

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Southern Region Andhra Pradesh Karnataka Kerala Pondicherry Tamil Nadu	86 154 19 0 113	217.14 341.41 49.00 0.00 332.03	136 116 36 0 142	749.69 382.47 15.06 0.00 494.82
Sub Total	372	939.58	430	1642.04
Total	2117	3723.63	3044	8704.39

Source: GOI, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion

As per the above table total Medium Scale Sick Industries are more in West Bengal in 2011 (459)and low in

A.N. Islands, Arunachal Pradesh, Nagaland, Manipur, Skkim, D & N Haveli, Daman Diu. Medium Scale Sick Industries are high in Pondicherry and Delhi in 2012 (660). The amount of outstanding is high in Karnataka in 2011 (341.41) and Delhi in 2012 (1476.62).

LIST OF NUMBER OF LARGE SCALE COMPANIES REGISTER UNDER BIFR TO DECLARE SICK:

z	Year	No of Companies
1	1991	155
2	1992	177
3	1993	152
4	1994	193
5	1995	115
6	1996	97
7	1997	233
8	1998	370
9	1999	413
10	2000	429
11	2001	463
12	2002	559
13	2003	430
14	2004	399
15	2005	180
16	2006	118
17	2007	78
18	2008	57
19	2009	64
20	2010	72
21	2011	73
22	2012	80

23	2013	92
24	2014	91
25	2015	175

Source: BIFR Website

From 1991 to 2006 the large scale companies were more in sickness. But from 2007 to 2011 the number came down. But in 2012 to 2015 again it is in increasing way. If we observe in three segments like small, medium and large scale sectors the sickness India is vast in size and it shows adverse effect on country economy. For this we need to take preventive measures as well as restart of sick units in terms of revival and rehabilitation of these sick units.

NEED FOR THE STUDY:

Growth rate of India economy is dependent of industrial development. All types of industries play vital role in the economic expansion of the country and have vast approaching for employment generation. Increasing small scale, medium scale and large scale sector also results in decentralized industrial development, better distribution of wealth and investment with entrepreneurial excellence. But the main problem arises here is sickness of companies. It is a dangerous problem to the growth of the nation. The major thrust of this study is to explore the reasons of sickness in industrial sector. This paper may give accurate reasons behind the sickness of companies in India.

OBJECTIVES OF THE STUDY:

- To present the industrial sickness position in India
- To illustrate the causes of industrial sickness in India
- To suggest preventive measures for industrial sickness.

METHODOLOGY OF THE STUDY:

This paper is completely based on secondary date source like Indian economy reports, RBI Annual Reports, different kinds of text books and news papers and journals. Different kinds of websites are taken as the reference for this paper.

REASONS FOR SICKNESS IN COMPANIES:

There are different factors as a reason for industrial sickness. It will be possible to prevent industrial sickness in the first instance, and if unfortunately, sickness does affect some industrial units, a proper and correct diagnosis would help the policy-makers to successfully tackle the problem of industrial sickness. Industrial units may become sick due to various reasons. According to V.N Nadkarni, "….some industrial units are born sick, some achieve sickness and-some have sickness thrust upon them". Causes of industrial sickness are usually divided into two categories. They are internal causes and external causes. The external factors which originate outside the unit and therefore, are not under the control of the unit such as power cuts, demand, recession, erratic availability of inputs, government policies, etc. the internal factors include which originate within the unit and can therefore be said to be under the control of the unit such as production, management, marketing and finance.

VI. INTERNAL CAUSES

Entrepreneurial Incompetence

Many entrepreneurs are setting up business units with limited knowledge regarding production, accounting and marketing etc. This is not enough to survive in the competitive world. The entrepreneur requires vast knowledge on strategic functional areas of the business. Lack of complete knowledge on business leads to increase in cost of the business.

Financial Problems:

Many companies face acute financial problems from the initial state of planning and construction of the business. The investment base of many small scale units is very weak and a slight disturbance in the market put them under acute financial strain. Often small scale units borrow from banks and financial institutions but they are unable to meet the repayment schedules. The burden of unpaid debt accumulates and they turn sick. In some cases lack of support from banks causes a failure of small scale units as the banks insist on proven performance either to restore working capital limits or to enhance existing limits.

Management Problems:

The most important internal cause of sickness is management problems. Wrong managerial decisions in the fields of production, marketing, finance, personnel management etc. can spoil the business. Inadequate attention towards the maintenance management leading to frequent breakdown and consequent lower capacity utilization, insufficient sales promotion activities, inefficient management of working capital includes cash, receivables, inventory and improper wage, increment and bad industrial relation make the companies become sick.

Gestation Period:

Often the gestation period becomes for too long than anticipated especially in the case of large scale industrial unit. This might be due to delay in supply of capital expenditure goods to be imported. Such delays cause cost escalations, leading to capital shortages, liquidity problems, hike in production costs, and rise in prices and hence smaller than anticipated demand for the product of the industrial unit. It adversely affects its profits.

Demand Forecasting:

The company production schedule is completely based on demand forecasting. Sudden appearance of competing substitutes in the market, radical and sudden change in the tastes of people as production of a commodity is being taken down may all cause industrial sickness.

Defective Plant & Machinery:

Many entrepreneurs in the small scale sector do not seek professional and technical guidance from competent authorities in choosing correct machinery. If the plant and machinery finally selected and installed by them turns out to be defective, their units are bound to suffer losses and will in all probability, turn sick.

Labour Problems:

In some cases acute labour problem have resulted in strikes, lock outs and even closure of industrial units. These problems may originate from differences with management over the issue of wages, bonus, suspensions and retrenchment, inter-union rivalry etc. if not tackled in time satisfactorily such problems can causes sickness.

VII. EXTERNAL CAUSES

Demand and Credit Restrains

At times, recession in the market causes a steep decline in the demand resulting in unsold stocks and losses to individual units. Products with towering prices for example tractors,

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trucks, busses, cars etc. depends for their sustained demand on easy availability of credit to buyers. If credit restraints are imposed so that the buyers are not able to arrange finance, the demand for these products is bound to suffer. This is likely to leave the manufacturers with unsold stocks inflicting losses on them. If this situation perseveres for quite sometimes, the producing units are prone to turn sick. This problem can emerge in a serious way for auxiliary units. If the demand of the principal buyer of the output of ancillary units falls due to any reason whatsoever, these units are put in unstable position, they are bound to turn sick and may even face closure.

Erratic Supply of Inputs:

Some units depend on scare raw material whose supply is irregular. This results in disturbing the production schedule causing losses to the unit. This often happens in the case of units depending upon the supply of imported inputs. Insufficient availability of transport facilities can also upset the supply schedule of inputs.

Power Cuts:

A large number of industrial units face power cuts from time to time. These power cuts are imposed by the state government as the generation of power is considerably below its actual requirements. Drought situation during some years in a number of states further annoyed the problem and acute power shortage resulted in frequent power cuts.

Government Policy:

Sudden changes in the government policy relating to imports, exports, industrial licensing, and taxation etc. can make viable units sick overnight. For instance, liberal import policy for a particular product can inflict severe damage on the domestic units producing similar products. The very existence of these domestic units is likely to be threatened particularly if the imported product is cheaper and is of a better quality as compared to their products.

VIII. ADVERSE EFFECT OF INDUSTRIAL SICKNESS

Effect on Banks and Financial Institutions:

The companies are taking help from the different banks and financial institution for raising funds for their operations. If companies become sick the funds are blocking and as a result of Non-performing Assets. It gives adverse effect on financial institutions and banks. The banks and financial institutions get losses, which provides financial support to the different companies for set up their plant and machinery and commence business. Blocking funds in sick companies shows adverse effect on future of lending programmes of banks and financial institutions as shortage of resources emerges.

Wastages of Scarce Resources:

India is a developing country and the resources are already in scare. If these limited resources are blocked up in the sick companies, it becomes the non performing asset and the yielding capacity is totally abolished. It is a loss to the economy.

Effect on Employment Opportunities:

The first and foremost effect of industrial sickness is loss of employment in the country. It is most dangerous socio economic problem of the nation. According to estimation, nearly 30 lakhs of workers are likely to be effected by the closure of sick and weak unit in the country. In relative terms, about 6% of total employment in industrial sector is likely to be affected by industrial sickness. Out of total 30 lakh workers likely to be affected by closure of sick units, even more than two-thirds (68%) of total will be rendered jobless in small sector alone. This presents a severe prospect in the employment scenario of the country.

Adverse Effect on Prospective Investors and Entrepreneurs:

Closure or liquidation of large sick units creates a psychology of despair amongst investors. The share price of that unit will tumble down and the prevalence of gloomy market conditions can adversely affect the entire stock market. Not only this, failure of a unit acts as discouragement to other entrepreneurs who were planning to launch production in the same lines. Such industrial climate is not advantageous for industrial development.

Wastages of Scarce Resources:

In an under-developed economy like ours, the resources are already scarce. If these scarce resources are locked up in sick units, it becomes the wastage of scarce resources which otherwise invested would have yielded substantial returns to the economy.

Loss of Revenue to the Government:

The central, state and local government raises substantial revenue from industrial units by way of various levies. Therefore sickness in industrial units results in loss of revenue to the government.

Emergence of Industrial Unrest:

The closure of sick units causes not only unemployment, but leads to industrial unrest also. Whenever the workers are retrenched and rendered out of jobs, the trade unions oppose it and resort to industrial strikes. Such disturbances threaten the peace and harmony of the industrial environment. This results in setback to industrial production.

Adverse impact on related units:

Industrial units generally linked up with a number of other industrial units through backward and forward linkage. Therefore sickness in one unit is likely to affect adversely a number of other units. For example iron and steel industry is linked up with a number of other industries via backward and forward linkages. Accordingly sickness in a large unit manufacturing iron and steel is likely to have adverse consequences on a number of other units.

Preventive Measures:

“Prevention is better than Cure”. This proverb is suitable in case of Sick companies. The company must be very careful when it shows any kind of symptoms regarding sickness. The preventive measures are as follows:

- Strict monitoring of sick companies is required in every stage of its functions.
- Adoptions of Modern equipment’s, technology, production-process and infrastructure development are around the existing unit. Adequate supervision input cost and adopting economy of scale and keen observation of new market trends required.
- Introducing of proper work culture and ethics with professionalism and making accountable to concern authority in the organization is required based on circumstances
- Find innovative methods and changing patterns of existing methods before others do
- Try to be more practical about market demand of your product rather than depending upon research totally
- Try to maintain own distribution center and price competitiveness with on time delivery of the products.

- Be a master in innovation in terms of product and process. Product innovation means introducing new products or launching of new products. Process innovation means finding better and more efficient ways of producing the existing products.
- Focus much on incorporate innovative ideas to expand business rather than focusing on adoption of new technology into business
- Handling of employees problems in apt way is another important element here. Rationalization of wage structure, salary administration and recruitment of highly trained personnel is required.
- Appropriate financial management system is required to fill the gap of working capital and prohibit its unconstitutional application
- Optimum mobilization of resources with proper financial planning and dividend distribution policy required.
- R & D activities are essential part of any organization but the expenditure should be under control.
- Adequate system is required for proper check, balance and timely diversification.
- For promoting the companies and its products the management should adopt marketing techniques and marketing strategies with the help of audio, video and print media etc.

IX. REVIVAL AND REHABILITATION MEASURES

In terms of the Sick Industrial companies Act 1985, the Government of India set up the Board for Industrial and Financial Reconstruction (BIFR) in January 1987 for determining remedial and other measures which are required to be taken in respect of sick industrial companies and for expeditious enforcement of the measures determined. The companies whose net worth has been eroded completely and those which have new worth eroded by 50% or more were required to make a reference to the BIFR under section 15-23 of the act respectively. While references received under Section 15 were required to ne enquired into, there were no such requirements in respect of references received under section 23. Public sector enterprises were brought within the purview of BIFR through an amendment of the sick Industrial Companies Act in 1991.

This Board could, if it deemed necessary, require by order, an operating agency to enquire into and make a report with respect to such matters as may be specified in the order. The Board or as the case may make a report with respect to such matters as may be specified in the order. The Board or as the case may be the operating agency, was to complete its enquiry as expeditiously as possible and endeavour was to be made to complete the enquiry within 60 days from the commencement of the enquiry. In case where sickness was confirmed BIFR required to determine the course of action to be followed with regard to the company.

a) Allowing the company time on its own

b) Having a scheme prepared through the operating agency in respect of the company (Revival means improvement in the company condition. The revival measures include restructuring of capital, change in management, sale of surplus assets, sales/ lease of the unit, mergers and amalgamation with another healthy unit. Such other preventive, ameliorative and remedial measures as may be appropriate)

c) Deciding on the winding up of the company.

X. CONCLUSION

Industrial sick is easy to understand but difficult to control it. Many countries are facing problem with the industrial sickness. If gives a lot of pressure to the Governments to overcome it. Recognition of sickness symptoms gives way to solve the problem of the nations. Banks, business people, government and other financial institution must be careful to deal with the concept of industrial sickness.

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