

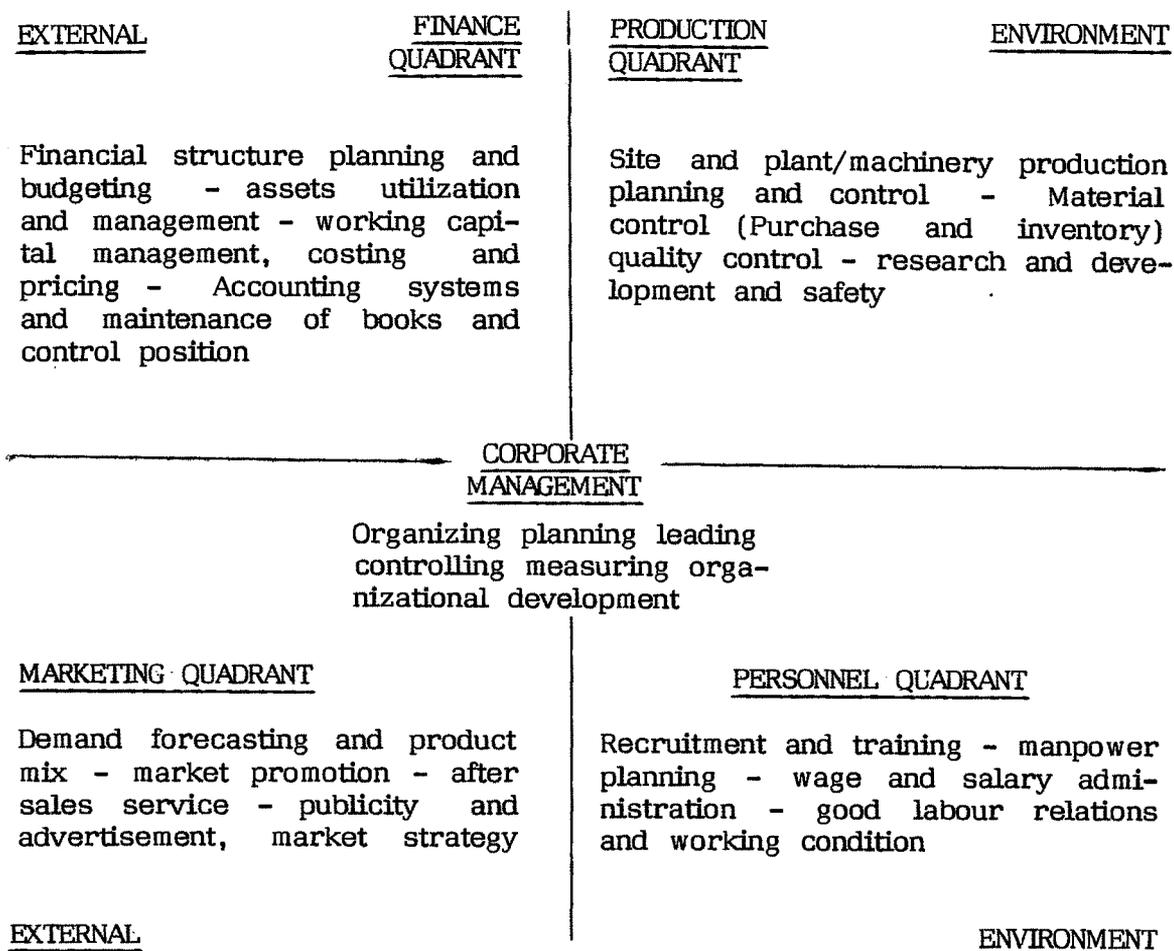
CHAPTER-I

THEORETICAL ASPECTS OF INDUSTRIAL SICKNESS

1.1 Anatomy of an Industrial Unit:

In order to have a better understanding of sickness, it is necessary to have graphic insight into the anatomy of an industrial unit. For that, clear understanding of an industrial unit with detailed analysis of its different structures or systems and their critical elements before analysing industrial sickness is a must.

Structural View of Functioning of an Industrial Unit



Source: Industrial Sickness - Identification & Rehabilitation by S.N. Bidani & P.K. Mitra Vision Book Pvt. Ltd., 1982.

A clinical model of the anatomy of an industrial unit has been developed by the experts in the field. This model shows the dissection of an industrial unit into its various systems and their critical elements. An industrial unit is shown in this model by a square commonly divided into four squares representing the four functional areas, viz., finance, production, marketing and personnel. There is also core square which indicates corporate management, responsible for co-ordinating these four functions. The model helps in conceptual understanding of the various issues concerned with corporate pathology.

1.1.1 Finance Square: :

Finance square represents the functional area, responsible for all financial decisions which are relevant to an industrial unit. There are critical elements within this system, viz., financial structure, financial planning and budgeting, assets utilization, working capital management, costing, pricing, accounting systems and procedures etc.. These critical elements are the various sub-systems and their proper functioning is essential for the overall performance of the financial system.

Financial structure involves decisions about the ratio in which debt and equity should be structured to maximise concern's wealth. Financial planning and budgeting look at future financial requirements, establishment of departmental budgets and continuous comparison of the actuals with budgeted results. Optimum utilization

of assets is a critical element for improving productivity. Efficient and effective utilization of investment in current assets is ensured through working capital management. Costing and pricing decisions are important in minimising costs and ensuring anticipated profits. Without an effective accounting system and control procedures, it may be difficult to find out the financial health of a unit on day-to-day basis. All these critical elements or sub-systems of the functional area are important for effective functioning of the system on an overall basis.

1.1.2 Production Square:

This square represents the production function of an industrial unit. Within this system there are various sub-systems as shown in the model, namely, site selection, plant and machinery, production planning and control, product design, purchase and inventory control, maintenance, quality control, research and development etc.. These sub-systems represent various critical elements of this functional area.

The selection of site depends upon a number of factors including availability of infrastructure, availability of inputs, raw material and markets and grant of certain concessions by government etc., choice of appropriate plant and machinery as regards its size, capacity, cost and operating characteristic is another important element. Materials management is responsible for controlling the price, usage, quality and timely procurement of all materials required.

The utilization of machinery, quality control, and finally, research and development efforts enable a unit to innovate and bring about improvement in its products and keep pace with technological changes. The efficient working of all the critical elements is responsible for smooth functioning of the production function.

1.1.3 Marketing Square:

The functional area of marketing has its different critical elements like demand forecasting, product-mix decisions, market segmentation, distribution and promotion strategy etc.. Any industrial unit must know in advance the demand and supply position of products to be manufactured by it. A study of market segment enables a unit to know its consumers better and bring about appropriate modifications in its products to suit their requirements.

1.1.4 Personnel Square:

This square represents the personnel function of the industrial unit. Its critical elements or the sub-systems are recruitment, selection and training, manpower planning, wage and salary administration, labour relations etc.. Good labour relations are important to improve productivity, keep up proper maintenance and reduce wastes.

1.1.5 Corporate Management:

Corporate management is the brain of an industrial unit and pervades through all the four functional areas. Its various critical

elements as shown in the model, are organization, planning, leading, measuring, controlling and development etc..

Organising is a social arrangement involving assignment of various tasks to different people and departments. Planning involves setting up of objectives and goals of the organization as a whole. When organization and planning have been set up leading steps involves integration of welfare of the people with the needs of the organization. Measuring involves evaluation of the progress achieved by industrial unit. Organization development involves bringing about a planned change in the organization to enable it to face the challenges of tomorrow.

After having dissected and discussed the various systems and sub-systems of an industrial unit, we have a fair idea about its functioning. A normal or healthy unit is one where all the systems and sub-systems are working efficiently. These systems and sub-systems should also be able to cope up with the changes in the external environment. In medical terms a unit should be able to fight with the outside viruses or bacteria through inner resistance. As long as a unit is able to do so, it continues in normal health.

Identification of a Sick Unit:

We find that a person is treated as sick if any part of his body (systems or sub-systems) is not functioning normally. Similarly, if any functional area of an industrial unit (as production,

marketing, finance, personnel and corporate management) develops any abnormality, the whole unit may become sick.

There are a variety of definitions of sickness given by different sources, which are based on different norms, namely, generation of surplus, erosion of equity, liquidity and solvency position, the amount and period of irregularities etc.. We neither want to enter into the controversy of the most appropriate definition, nor do we want to suggest any definition of our own. Here, we shall give the definition/criterion adopted by term lending institutions as well as Reserve Bank of India.

1.2 Definition of Sick Unit:

There are a number of definitions of sick unit:

- (i) First attempt at defining a sick unit was made by the State Bank of India in 1972. Accordingly, a sick unit was defined as:

"A unit which is chronically irregular and required a study to evolve a nursing programme and close follow-up".

This definition is based on the conduct of cash credit account. This definition becomes incomplete, if the cash credit account does not reflect the major business transactions of the firm. Hence further attempt was made to redefine the sick unit.

- (ii) The State Bank of India study team on small-scale industrial advances (1975) defined a sick unit as "A unit which fails to generate internal surplus on a continuing basis and depends for its survival on frequent infusion of external funds."

This definition is largely considered because it considers adequacy of internal generation of funds based on the operational performance. But this definition needs explanation as how long the unit has failed to generate internal surplus. This definition does not clarify the debt/equity ratio of sick units. Therefore, we shall examine other definitions.

- (iii) At a recent seminar on sick industries, organized by the Reserve Bank of India a sick unit was defined as "A sick unit is that which has incurred a cash loss for last one year and in the judgement of the Bank, is likely to continue incurring cash losses for the current year as well as 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 a worsening trend in debt:equity ratio, i.e., total outside liabilities to the net worth"

Normally cash losses are calculated as under:

Example:

Net Sales	...	200 (Rs. in lakhs)
Less Cost of Sales	...	-220 (Cost of Sales including depreciation at 10%)
Less Before tax	...	- 20
Less Taxes	...	-
Net Loss (After Tax)	...	- 20
Add: Bank Depreciation	...	10
Cash Loss or Cash Flow from operations (Deficit)	...	- 10

Source: COMMERCE Weekly April 1988.

Here the sales revenues are inadequate to meet the cost of sales and, therefore, the end result of operation shows a negative figure.

This definition clarifies that the sick units require a comprehensive rehabilitation programme and intensive care over a period and should be distinguished from those units which merely indicates incipient sickness calling for close watch and preventive remedial measures on the part of the bank.

1.3 The Act:

The Government of India enacted the sick Industrial companies; (special provisions) Act, 1985, on the recommendation of the "Committee to examine legal and other difficulties faced by bank and financial institutions, in rehabilitation of sick industrial undertakings and suggest

remedial measures, including changes in law (Tiwari Committee). It defines an industrial company (being a company registered for not less than seven years) as sick when it has at the end of any financial year accumulated losses equal to, or exceeding its entire net worth and also has suffered cash losses in such financial year and the financial year immediately preceding such financial year.

However, in view of the need to initiate remedial measures much before the net worth is fully eroded, banks have been advised to take necessary remedial steps in accordance with the R.B.I.'s guidelines in respect of industrial units at the stage of 50 per cent erosion of their net worth. Such a unit will be termed as 'weak' unit to distinguish it from 'sick industrial companies' as defined in the Act. An industrial undertaking will be classified as 'weak' if at the end of any accounting year it has - (i) Accumulated losses equal to or exceeding 50 per cent of its peak net worth in immediate preceding five accounting years, (ii) A current ratio of less than 1:1, and (iii) Suffered a cash loss in the immediately preceding accounting years.

The above classification into 'sick' and 'weak' units will, however, not apply to small-scale units (SSI units) in respect of which a separate definition is framed under the guidelines issued by Reserve Bank of India. Accordingly, a SSI unit should be considered 'Sick' if it has (a) incurred cash loss in the previous accounting year and is likely to continue to incur cash loss in the current



accounting year and has an erosion on account of 50 per cent or more of its net worth and or (b) Continuously defaulted in meeting four consecutive quarterly instalments of interest or two half yearly instalments of principals on term loans and there are persistent irregularities in the operation of its credit limits with the bank. Both the conditions (a) and (b) are satisfied in the case of the tiny and decentralized sector units.

Though the analysis is mainly in terms of large-scale units, it is still valid and relevant for small-scale units under study since the functions would be common for both the types of units. The only difference is that in the case of large units, their functions are performed by a qualified staff with managerial training and in the case of small units these functions are performed by an entrepreneur himself.

1.4 Problem of Industrial Sickness:

Industrial sickness is emerging as one of the most complex economic problems facing the country in recent years. In our country there are as many as 1,59,938 units which are sick out of which 1,58,226 are in the small-scale sector. Increasing incidence of such sickness has been causing great concern to employees, managers, shareholders, creditors, government and banks and financial institutions. Apart from aggravating the serious problem of unemployment, it impedes the use of available installed capacity, locks up scarce investible financial resources, affects investment in the economy

and thereby the process of industrial development.

According to the information available, upto June 1986 there were 689 large, 1,230 medium and 1,28,787 small-scale sick units with outstanding bank credit of Rs. 3,239 crores, Rs. 242 crores and 1,184 crores respectively. What is more alarming is that this growing phenomenon is assuming greater dimensions with the passage of time. The increasing number of sick units in the country bears testimony to the fact that the industrial sickness is not a thing of the past or a mere passing phase but a continuing phenomenon.

The bulk of the outstanding bank credit to the sick industrial units upto June 1986 was accounted for by 1,28,687 small industrial sick units and the credit outstanding against them was of the magnitude of Rs. 1,184.22 crores.

1.5 Causes of Sickness:

Industrial sickness is caused by a variety of factors which can be broadly divided into two main categories, viz., internal and external. Internal factors arise on account of malfunctioning of areas which are generally controllable under an effective and efficient corporate management. External factors are those which are caused by changes in the social, political and national and international economic environment etc. over which a unit has no control. The appended diagram classifies various factors which cause

industrial sickness.

Often it is found that there is a lack of appropriate appraisal of the project before it is undertaken. For instance, where the technical feasibility is hampered by inadequate technical 'know-how' locational disadvantages, outdated production process etc., and economic viability are affected by high input costs, too high break-even points, uneconomic size of the project, unduly large investment in fixed assets, over-estimation of demand etc.. Furthermore, difficulties at implementation level arise from cost overruns resulting from delays in getting licences, sanctions etc., inadequate mobilization of finance and rise in the prices of inputs not planned for in advance.

Some of the major defects at production level are inappropriate product-mix and absence of diversified product range, poor quality control, low capacity utilization, resulting in high cost of production etc.. Poor industrial relations, low labour productivity, etc. result in inefficient labour-management relations.

In the sphere of marketing management, the need arises for diversification of the market and gearing up of informations system. Financial management has to check unscientific costing, injudicious handling of finance, siphoning away of funds and overtrading resulting in adverse debt-equity ratio. Efficiency of administration depends upon avoiding overcentralization and introduction of professionalization in management.

On the external causes front, infrastructural bottlenecks

result in non-availability or irregular supply of critical raw materials or other inputs, chronic power shortages, transport bottlenecks etc.. Financial bottlenecks are due to non-availability of adequate finance from the external sources. Market saturation and revolutionary technological advances rendering one's product obsolete would also adversely affect an industry.

As there are various causes of sickness, remedial action for one cause alone would not result in any overall relief to sick units. Besides, it is neither possible nor practical to take preventive or remedial steps separately for each and every weakness identified. Hence, an integrated approach needs to be adopted for remedial measures towards major causes of sickness.

According to the Tiwari Committee's report an analysis of large-scale sick units shows that deficiency in management was a major factor accounting for 52 per cent of the cases. Nearly 23 per cent were due to market recession and external factors and 14 per cent were due to technical factors and faulty planning. Inadequate infrastructure and labour problems accounted for the balance 11 per cent.

1.5.1 Sales Tax:

Of late we have been witnessing a peculiar fiscal phenomenon which not only is hampering the setting up of new industrial units but also causing industrial sickness in the existing units in many

states. With the twin objectives of promoting industrial development and augmenting revenues, quite a few states appear to have resorted to 'rate wars' in sales taxation, especially vis-a-vis their neighbouring/border states. Consequently, it becomes cheaper for a resident of a state where sales-tax rates are relatively high to go to the neighbouring/border state and purchase those goods and bring them into his 'home state'. In many cases, percolation of goods between states with 'low' and 'high' sales-tax rates is effected by mere 'book transfers'. The consumer need not physically transfer them from the neighbouring/border-lying state but can manage to obtain them through book entries.

For example, in Kerala sales-tax rates are relatively high on such consumer durables as automobiles, electrical goods, refrigerators etc. as compared to Tamil Nadu and Karnataka. Similarly, alcoholic beverages are cheaper in Pondicherry as compared to Kerala where sales-tax on them is high. A person from Kerala, however, can get them cheaper from Tamil Nadu, Karnataka and Pondicherry. What Karnataka, Tamil Nadu and Pondicherry gain by way of impetus to industrial development and increase in revenues, Kerala loses. Consequently many units set up in these sectors fall sick for want of sales, and new investment shies away for fear of falling sick (some other examples are Orissa, Andhra Pradesh, Goa, Diu & Daman, Maharashtra etc.). This is what is called as 'Sales Tax Trapeze Syndrome'.

In a circus, however fast the acrobats jump at furious speed from one handle bar to the other, the distance between the handle bars remains the same. Similarly, in the 'fiscal circus' goods may be flowing at a high velocity from one State to the other because of the substantial sales-tax differentials; but the total revenues augmented from sales taxation for the country as a whole remains, by and large, the same. Therefore, a national sales taxation policy based on sound and equitable principles should be evolved, among others, to prevent industrial sickness in many states. The Ninth Finance Commission should thoroughly examine this issue.

The above analysis reveals the necessity of identifying the causes of industrial sickness in advance so as to solve them in time effectively.

1.6 Warning Signals:

Industrial sickness does not develop all of a sudden, except in the case of accidents, natural catastrophies or other causes external to the enterprise. In most cases, it arises from within the unit itself. The process of sickness in industrial units gradually develops at various distinct stages with varying degrees of sensitivity. In the early stages, sickness shows itself in the form of disorders in any of the functional areas such as production, marketing finance, personnel etc.. This is the time when the immediate attention is required and the tendency to ignore these signals results into losses by the units.

The actual warning signals or symptoms of sickness may differ from unit to unit depending upon whether the enterprise is engaged in regular industrial production or is in the course of establishment. Normally the important warning signals related to an enterprise engaged in production can be outlined as under:

- (i) Frequent interruption in the production process for want of materials.
- (ii) Irregularity in bank account; inability to pay dues to creditors or statutory liabilities according to agreed schedule.
- (iii) Declining sales and accumulation of inventories.
- (iv) Under-utilization of capacity production below the break-even point.
- (v) Non-payment of interest on term loan or non-payment of instalments.
- (vi) Accumulation of arrears of salaries, provident fund etc.
- (vii) Continued disturbed industrial relations or standing lock-out etc.
- (viii) Deteriorating trend in select financial ratios such as:
 - 1) current assets/net sales
 - 2) net profit (before tax), total capital employed
 - 3) net worth/total outside liabilities.

As the commercial banks give advance for working capital and as they are the first to feel the impact of sickness which is reflected in the working capital, they are in a better position to receive the warning signals first. Therefore, they should take appropriate measures as soon as these signals are received by them.

1.7 Measures for Revival:

Sickness may be prevented through early detection of the malady and by adoption of timely corrective measures. Prevention is always better than cure. Proper pre-sanction appraisal, and post-sanction follow-up are pre-requisites for the banks to protect their credit portfolio as well as to save the unit from becoming sick. Even though the system of credit management in banks has improved considerably over the years, still large scope for improvement exists. The Tandon Committee has recommended the establishment of information system about the financial requirements of the unit reiterated by the Chore Committee as an appropriate tool for the efficient supervision and follow-up of industrial advances.

Commercial banks can detect the symptoms of sickness through periodical progress reports including financial statements, stock statements and returns under periodical information system, plant visits, personal discussion, reports from nominee director etc.. Guidelines have been issued by the Reserve Bank of India so that banks can analyse and interpret the information received from the assisted units and test-check their health. Similarly, the

establishment of the management informations system within the industrial will help its management detect the symptoms of the sickness and forewarn it to adopt remedial measures.

1.7.1

R.B.I.'s Role:

Being the central banking authority of the country, the Reserve Bank of India in pursuance of its responsibility, has been coordinating the efforts of commercial banks and financial institutions in identification and rehabilitation of the sick units. Several important changes have been made in the policy relating to sick units. For instance, emphasis is laid on the selection of only such units for revival as are viable on strictly commercial considerations. Besides, it was felt that there should be some uniformity in the matter of concessions extended to sick units within a broad framework. Guidelines were, therefore, issued in November 1985 to ensure a coordinated approach between the banks and term lending institutions in assessing the viability of a unit once it is identified as sick. A suitable rehabilitation package is also designed for such a unit, incorporating concession and relief within the broad framework of detailed parameters evolved for the purpose. There is a shift in policy emphasis from ad hoc nursing of sick units to making available assistance under the well-integrated packages which aim at removing the causes of sickness. These packages also lay stress on the various reliefs and concessions to be given not only by banks and term lending institutions but also promoters, government and labour.

Yet another development has been the change in emphasis on prevention of sickness rather than resorting to remedial measures after a unit has fallen sick. Out of the 1,919 medium and large sick units identified by banks, 734 units were considered as viable as on June end 1986 and 578 units were put under nursing programme by the banks. Out of the 1,28,687 sick small units, 13,028 units were considered by banks as potentially viable and 1,03,708 units as non-viable and 2,656 units were brought by the banks under the nursing programme as at the end of June 1986 (Statement-III).

1.7.2 Board for Industrial and Financial Reconstruction:

Further, the Government of India established the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985 for determining the preventive, ameliorative, remedial and other measures which need to be taken in respect of sick industrial companies and for the expeditious enforcement of the measures so determined. The Board has wide ranging powers with regard to sick industrial companies including inter alia their revival, change or takeover of management, reconstruction (including restructuring of share capital by reduction of interest or rights of the shareholders) amalgamation with another company and sale or lease of a part or whole of the industrial undertaking as also their winding up.

The implementation of the various provisions of the Act

and the directions issued in regard thereto by the BIFR will need the direct involvement and supervision of sufficiently senior executives of the banks. Therefore, banks were asked to suitably gear up their organization and administrative arrangements and to vest such executives with the necessary powers so that the process of finalization of the schemes is not held up for want of timely decisions or effective follow-up and the time-frame as stipulated under the Act may be adhered to. Emphasis has been laid on the concept of viability while formulating the packages of rehabilitation.

As a long-term measure it is essential that the following additional measures are taken to arrest the phenomena of sickness. There should be careful scrutiny of the project at the proper stages, i.e., operational viability of the project should be thoroughly examined in the wake of changed circumstances, continuous review of the economic viability of the project should be an ongoing exercise till the completion of the project. Further, in the light of the altered circumstances there may be cost overruns and delays which call for re-examination of the working capital structure of the unit to assess whether the unit is starved of funds.

Arrangements should also be made for the procurement of the critical raw materials well in advance and in sufficient quantities so that chances of interruption in the process of production may be precluded.

One of the most important areas where banks often fail

is follow-up action. Once finance is made available for a particular project, close monitoring and follow-up measures are indispensable. The basic reasons for the sickness of small-scale industries are managerial deficiency, weak financial structure, poor quality, marketing problems and inability to cope effectively with fast changes. While the commercial banks and other financial institutions can meet their financial requirements, the large-scale sector can actually foster an efficient and competitive small sector by providing training, guidance and counselling, marketing support and venture capital. The speed with which banks can go to the rescue of industrial units which show signs of sickness also determines industrial health. Bank officers should be trained enough to respond immediately to the warning signals and to take appropriate actions for arresting them.

1.7.3 All Rolled Into One (ARIO) Role of the Bankers:

In this connection a question to be answered with all sincerity is whether it is justifiable or even rational to expect bankers, functioning at various levels from a branch to head office to deal competently with complex problems of the industry which demand the skills and expertise of a financial wizard, a seasoned technocrat, an experienced engineer, a skilfull 'negotiator' etc. etc.? Can a Banker be all these rolled into one? After all, industrial financing is not the only function a banker is entrusted with. He is expected to play a similar "All Rolled Into One" (ARIO) role in other spheres also such as agriculture, weaker sections of self-employed, etc.etc. Consequently the banker in spite of his best intentions finds himself helpless

in many cases, and events overtake his efforts.

A solution to this problem seems to lie in devolution of the burden imposed on the banker. The multiplicity of responsibilities can be developed through 'factoring' the functions. In London money market, the existence of acceptance houses not only gives impetus to the growth and development of the bill market but also makes discounting a 'safe' activity of the banks; on the same analogy, specialised agencies, comprising chartered and cost accountants, industrial engineers, financial analysts, banking experts, should be set up which would certify the feasibility of the project, prepare cash flow statements, undertake follow-up measures, regularly monitor the financial and other developments, etc.. This would enable the bankers to take quick decisions and accelerate the credit delivery process. Once the banker is assured of safety and liquidity of the funds he lends, it would not be difficult for him also to turn into a champion of social banking.

The specialised agencies suggested above may operate under a licencing system with the approval of either the Government of India or Reserve Bank of India.

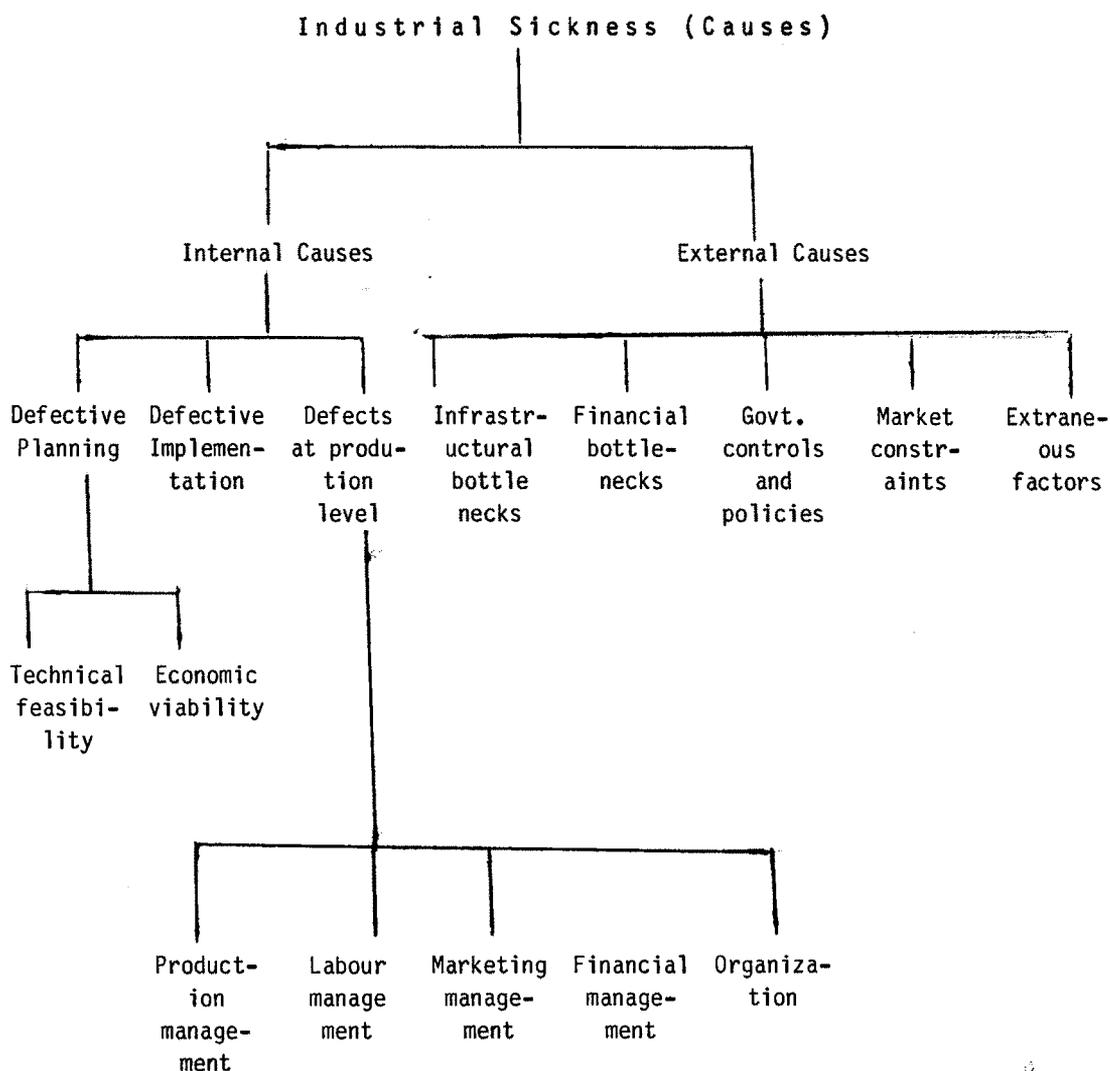
It should be remembered that there are three major partners to industry whose main responsibility is to maintain sound industrial health. First, the industrialist, second, the labour and last, Government, Reserve Bank of India, commercial banks and other public sector financial houses. It has become almost axiomatic with the industrialists

to disown their responsibility and blame labour and government for the ills of the industry and demand concessions, subsidies etc., for remedying industrial sickness. They give the impression that finance is the magic wand which can, with one stroke, cure industrial sickness. In the ultimate analysis, if industry has to survive and progress, it should try to move forward on its own strength. External agencies, at the most, can provide the necessary inputs for the maintenance of the industry's health. It is surprising that no chamber of commerce or association of industry has come forward with a 'blueprint' committing itself to solve this problem within a time framework. These bodies, however, overwork themselves in preparing and submitting memoranda to government asking for a variety of fiscal and monetary concessions.

Last but not the least is the 'Sales Tax Trapeze' syndrome which is causing industrial sickness in many states. It is high time that the sales taxation system is overhauled and rationalised on commonly accepted economic principles whereby some states do not gain in revenues at the cost of other states and industrial growth is not achieved in the former through industrial sickness in the latter. A national policy on the sales taxation should be evolved by the Ninth Finance Commission.

The above discussion underlines the need for a concerted and coordinated approach by all concerned, viz., government, financial institutions, banks, shareholders, management, labour and other creditors. The primary responsibility however, devolves on the

industry to evolve its strategy and measures to deal with those causes which have their origin in management inadequacies, industrial disputes etc.. Hard decisions have to be taken in respect of those units which cannot be revived either through modernization or amalgamation and merger, even if they result in closures of units and writing off the losses.



Source: COMMERCE Weekly April 1988

Statement-I: Statewise Classification of Sick Industrial Units @
and Outstanding Bank Credit

(Rs. Crores)

State/Union	End-June '84		End-June '85		End-June '86	
	No. of Units	Amount of Outstanding Bank Credit	No. of Units	Amount of Outstanding Bank Credit	No. of Units	Amount of Outstanding Bank Credit
1	2	3	4	5	6	7
1 Andhra Pradesh	24	45.26 (2.1)	31	88.84 (3.4)	39	114.28 (3.5)
2 Assam	3	6.04 (0.3)	3	6.29 (0.2)	6	15.37 (0.5)
3 Bihar	13	37.88 (1.8)	16	41.73 (1.6)	16	48.87 (1.5)
4 Chandigarh	-	-	1	2.35 (0.1)	2	3.34 (0.1)
5 Delhi	2	3.11 (0.2)	4	8.59 (0.3)	5	10.30 (0.3)
6 Goa	5	12.65 (0.6)	5	14.28 (0.5)	4	11.09 (0.3)
7 Gujarat	51	192.81 (9.1)	54	263.58 (9.9)	66	332.20 (10.3)
8 Haryana	12	29.15 (1.4)	16	42.05 (1.6)	15	42.58 (1.3)
9 Karnataka	28	196.24 (9.3)	31	151.66 (5.7)	36	183.79 (5.7)
10 Kerala	16	82.79 (3.9)	17	125.51 (4.7)	18	130.25 (4.0)
11 Madhya Pradesh	20	57.75 (2.7)	22	73.99 (2.8)	26	96.27 (3.0)
12 Maharashtra	100	491.34 (23.3)	131	724.47 (27.3)	151	898.54 (27.7)
13 Orissa	4	24.37 (1.2)	6	28.88 (1.1)	9	37.84 (1.2)

contd.

Statement-I contd.

1	2	3	4	5	6	7
14 Pondicherry	3	10.08 (0.5)	3	10.55 (0.4)	3	11.62 (0.4)
15 Punjab	3	5.17 (0.2)	3	5.37 (0.2)	5	10.83 (0.3)
16 Rajasthan	12	51.13 (2.4)	12	38.17 (1.4)	10	31.80 (1.0)
17 Tamil Nadu	46	150.88 (7.1)	48	109.83 (7.2)	55	203.69 (6.3)
18 Uttar Pradesh	57	240.30 (11.4)	63	287.18 (10.8)	72	315.80 (9.7)
19 West Bengal	114	475.48 (22.5)	131	551.07 (20.8)	150	738.22 (22.8)
20 Tripura	-	-	-	-	1	(0.1)
<u>Total</u>	<u>513</u>	<u>1,112.44</u> <u>(100.0)</u>	<u>597</u>	<u>2,655.39</u> <u>(100.0)</u>	<u>689</u>	<u>3,238.64</u> <u>(100.0)</u>

Note: Figures in brackets are percentages to total.

@ Those individually enjoying aggregate bank credit limit of Rs. 1 crore or more from banking system.

Source: COMMERCE Weekly April 1988.

**Statement-II: Units Financed by Banks for the Period
Ended June 1985 and June 1986.**

Sector	Viable Units		Non-viable Units		Viability Not Decided		Total Sick Units		Units Put Under Nursing Programme	
	June '85 2	June '86 3	June '85 4	June '86 5	June '85 6	June '86 7	June '85 8	June '86 9	June '85 10	June '86 11
A) Small Scale Industrial Units	6,505 (236.84)	13,028 (270.74)	79,378 (623.08)	1,03,708 (793.65)	12,007 (94.73)	11,951 (119.83)	97,890 (954.65)	1,28,687 (1,184.22)	2,079 (66.85)	2,655 (187.48)
B) Other Units (Medium Scale & Large Units)	741 (1,651.11)	734 (1,911.44)	812 (815.82)	975 (1,258.52)	225 (383.59)	210 (311.05)	1,778 (2,850.52)	1,919 (3,481.01)	581 (1,370.34)	578 (1,526.36)
C) All Units (A+B)	7,246 (1,887.95)	13,762 (2,181.18)	80,190 (1,438.90)	1,04,683 (2,052.17)	12,232 (478.32)	12,161 (430.88)	99,668 (3,805.17)	1,30,606 (4,665.23)	2,660 (1,437.19)	3,234 (1,713.84)

Note: Figures in brackets denote amounts outstanding in Rupees in crores

Source: COMMERCE Weekly April, 1988.

Statement-III: Distribution of Sick Industrial Units

(Amount in crores of rupees)

As at the end of	Small-Scale Sick Units		Medium-Scale Sick Units		Large-Scale Sick Units		Total	
	No.	Amount outstanding	No.	Amount outstanding	No.	Amount outstanding		
1	2	3	4	5	6	7	8	9
June 1980	22,325	292.75	1,026	219.17	389	1,232.70	23,740	1,744.62
June 1981	22,360 (+0.2)	321.52 (+9.8)	960 (-6.4)	137.16 (-37.4)	422 (+8.5)	1,453.29 (+17.9)	23,742 (-)	1,911.97 (+9.6)
June 1982	26,973 (+20.6)	393.67 (+22.4)	1,020 (+6.2)	176.14 (+28.4)	435 (+3.1)	1,728.95 (+19.0)	28,428 (19.7)	2,298.76 (+20.2)
June 1983	64,388 (+138.7)	626.52 (+59.1)	1,211 (+18.7)	253.05 (+43.7)	463 (+6.4)	1,913.10 (+10.6)	66,062 (+132.4)	2,792.67 (+21.5)
June 1984	81,647 (+26.8)	788.30 (+25.8)	1,437 (+18.7)	373.17 (+47.5)	513 (+10.8)	2,112.44 (+10.4)	83,597 (+26.5)	3,273.91 (+17.2)
June 1985	97,890 (+19.9)	954.65 (+21.1)	1,181 (-17.8)	195.13 (-47.7)	597 (+16.4)	2,655.39 (+25.7)	99,668 (+19.2)	3,805.17 (+16.2)
June 1986	1,28,687 (+31.5)	1,184.22 (+24.0)	1,230 (+4.1)	242.37 (+24.2)	689 (+15.4)	3,238.64 (+22.0)	1,30,606 (+31.0)	4,665.23 (+22.6)
Average annual Growth Rate	39.6	27.0	3.9	9.8	10.1	17.6	38.1	17.9

Those individually enjoying aggregate bank credit of Rs. 1 crore & above from the banking system.

Note: Figures in brackets represent percentage over previous year. Source: COMMERCE, Weekly April 1988