

Industrial Sickness

7.63 According to information compiled by RBI from scheduled commercial banks, as on 31st March 1999, there were 309,013 sick/weak units consisting of 306,221 units in the SSI sector and 2,792 units in the non-SSI sector. Among these 2,792 units, the private sector, public sector and joint/ co-operative sector accounted for 2,363 units, 263 units, and 154/12 units, respectively. The number of total sick SSI units has increased from 221,536 units to 306,221 units and the number of sick/weak units in the non-SSI sector has increased from 2,476 to 2,792. There is an overall increase of 38 per cent in total number of sick/weak units. The total bank credit blocked in the sick units has increased from Rs. 15,682 crore (as on March 31, 1998) to Rs. 19,464 crore (as on March 31, 1999). The small-scale sector has Rs. 4,313 crore (22.2 per cent) blocked in its units while the non-SSI sector has Rs. 15,150 crore (77.8 per cent). Bank credit blocked in the non-SSI sector in private, public and joint/co-operative units was Rs. 11,493 crore, Rs. 2,939 crore, and Rs 703 crore/ Rs. 15 crore, respectively

7.64 BIFR set up to tackle the problem of industrial sickness since inception in May 1987 till the end of December 2000 has received 4,575 references including 251 Central and State Public Sector Undertakings (CPSUs and SPSUs), under the Sick Industrial Companies (Special Provision) Act, 1985. Out of the references received, 3,296 were registered under Section 15 of SICA. While 688 references were dismissed as non-maintainable under the Act, 557 rehabilitation schemes, including 24 by AAIFR (Appellate Authority of Industrial and Financial Reconstruction)/Supreme Court were sanctioned and 824 companies were recommended to be wound up. 249 companies have been declared "No longer sick" and have been discharged from the purview of SICA, on their net worth turning positive, after the implementation of the schemes.

7.65 Of the 251 references of public sector undertakings, 175 (74 CPSUs and 101 SPSUs) registered upto December 2000, rehabilitation

schemes were sanctioned for only 20 CPSUs and 25 SPSUs. It was recommended that 13 CPSUs and 22 SPSUs be wound up, 3 CPSUs and 5 SPSUs were declared no longer sick. The gross disposal of cases by BIFR which declined from 188 in 1997 to 141 in 1998 had gone up to 179 in 1999 and further to 385 up to 30th September, 2000 due to an increase in the number of Benches to 3 from July 1999. The status of cases referred to BIFR as at the end of December 2000 is given in Table 7.15.

TABLE 7.15
Status of references received by BIFR
(Board for Industrial and Financial
Reconstruction)
(As on December 31, 2000)

	Total (a)	Pvt. Sect. (b)	Public sector		
			Cent. (c)	State (d)	(c+d)
1. References received	4575	4324	90	161	251
2. Registration declined	1231	1157	15	59	74
3. Under scrutiny	48	46	1	1	2
A.4 References registered	3296	3121	74	101	175
Disposals					
5. Dismissed as non-maintainable	688	657	5	26	31
6. Rehabilitation Schemes approved /sanctioned*					
(i) by BIFR	533	488	20	25	45
(ii) by AAIFR/SC	24	24	0	0	0
7. Declared "no longer sick" out of (6) above.	249	241	3	5	8
8. Winding up recommended to the concerned H.C.	824	789	13	22	35
9. Net Worth became positive during enquiry.	35	32	2	1	3
B. Total (5+6+8+9)	2104	1990	40	74	114
Pending					
10. Draft schemes circulated	67	60	6	1	7
11. Winding up Notice issued	102	88	7	7	14
12. Under Inquiry	863	838	13	12	25
13. Schemes Failed and Reopened.	66	56	7	3	10
14. Pending cases remanded by AAIFR	39	37	0	2	2
15. Stay ordered by Courts	55	52	1	2	3
C. (A - B)	1192	1131	34	27	61
*91 Merger cases (87 pvt + 3 Cent. PSUs + 1 state PSU)					