

Industrial Sickness

7.71 According to information compiled by RBI from scheduled commercial banks, as on March 31, 2001, there were 2,52,947 sick/ weak units consisting of 2,49,630 units in the SSI sector and 3,317 units in the non-SSI sector. Among the 3,317 units, the private sector, public sector and joint/ co-operative sector accounted for 2,942 units, 255 units, and 106/14 units, respectively. The total number of sick SSI units has decreased from 3,04,235 units to 2,49,630 units but the number of sick/ weak units in the non-SSI sector has increased from 3,164 to 3,317. The total bank credit blocked in sick units has increased from Rs 23,656 crore (as on March 31, 2000) to Rs 25,775 crore (as on March 31, 2001). The small scale sector has Rs 4,506 crore (17.5 per cent) blocked in its units while the non-SSI sector has Rs. 21,270 crore (82.5 per cent). Bank credit blocked in the non-SSI sector in private, public and joint/ co-operative units was Rs 17,705 crore, Rs 2,986 crore, and Rs 537 crore / Rs. 42 crore, respectively.

7.72 Since its inception in May 1987 till the end of December, 2001, BIFR has received 5,192 references under the Sick Industrial Companies (Special Provisions) Act, 1985, (SICA). These references include 262 references from Central and State Public Sector Undertakings (CPSUs and

SPSUs). Out of the references received, 3,759 were registered under Section 15 of SICA. While 804 references were dismissed as non-maintainable under the Act, 550 rehabilitation schemes, including 22 by AAIFR (Appellate Authority of Industrial and Financial Reconstruction)/ Supreme Court, were sanctioned and 953 companies were recommended to be wound up. 296 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.

7.73 Among the 262 references for public sector undertakings 178 (76 CPSUs and 102 SPSUs) were registered up to December, 2001. Rehabilitation schemes were sanctioned for 16 CPSUs and 22 SPSUs. It was recommended that 20 CPSUs and 27 SPSUs be wound up. 4 CPSUs and 7 SPSUs were declared no longer sick. The gross disposal of cases by BIFR declined from 188 in 1997 to 141 in 1998, however, subsequently, it rose to 179 in 1999 to 385 in 2000. In the current year, however, the gross disposal of cases was 293 up to December 31, 2001. The status of cases referred to BIFR as at the end of December, 2001 is given in the Table 7.16.

TABLE 7.16
Status of references received by BIFR (Board for Industrial and Financial Reconstruction)

(As on December 31, 2001)

| | Total (a) | Pvt. (b) | Central (c) | State (d) | Total (c+d) |
|--|----------------------|---------------------|------------------------|----------------------|------------------------|
| 1. References received | 5,192 | 4,930 | 95 | 167 | 262 |
| 2. Registration declined | 1,305 | 1,226 | 17 | 62 | 79 |
| 3. Under scrutiny | 129 | 124 | 2 | 3 | 5 |
| A.4 References registered | 3,759 | 3,581 | 76 | 102 | 178 |
| Disposals | | | | | |
| 5. Dismissed as non-maintainable | 804 | 771 | 5 | 28 | 33 |
| 6. Rehabilitation Schemes approved /sanctioned* | | | | | |
| (i) by BIFR | 528 | 490 | 16 | 22 | 38 |
| (ii) by AAIFR/SC | 22 | 22 | 0 | 0 | 0 |
| 7. Declared "no longer sick" out of (6) above. | 296 | 285 | 4 | 7 | 11 |
| 8. Winding up recommended to the concerned H.C. | 953 | 906 | 20 | 27 | 47 |
| 9. Dropped because Net Worth became positive during enquiry. | 40 | 37 | 2 | 1 | 3 |
| B. Total (5+6+8+9) | 2,347 | 2,226 | 43 | 78 | 121 |
| Pending | | | | | |
| 10. Draft schemes circulated | 91 | 76 | 13 | 2 | 15 |
| 11. Winding up Notice issued | 118 | 105 | 6 | 7 | 13 |
| 12. Under Inquiry | 1,049 | 1,032 | 9 | 8 | 17 |
| 13. Schemes Failed and Reopened. | 67 | 59 | 5 | 3 | 8 |
| 14. Pending cases remanded by AAIFR | 36 | 34 | 0 | 2 | 2 |
| 15. Stay ordered by Courts | 51 | 49 | 0 | 2 | 2 |
| C = (A - B) | 1,412 | 1,355 | 33 | 24 | 57 |

Notes :

*91 Merger cases (87 private sector +3 Central PSUs +1 State PSU)