

try, Gujarat has given any suggestion for setting up of the salt washeries in Gujarat in order to boost the export of salt to Japan and to other technically-advanced countries.

If so, what is the fate of that proposal or suggestion?

SHRIMATI KRISHNA SAHI: Sir, in order to improve the quality of salt, the Government is encouraging the setting up of refineries. And it has granted registration to 20 entrepreneurs interested in setting up of salt refineries for upgradation and improvement of salt quality for edible industrial use.

[Translation]

At five places in three States i.e. Maharashtra, Gujarat and Uttar Pradesh production of salt has already been started. The Government is giving licences to entrepreneurs of private sector because private entrepreneurs have shown a keen interest in this field. Around fifteen projects are near completion and five have started production. It also depends on private entrepreneurs.

Sick Industries

*442. SHRI GUMAN MAL LODHA: Will the PRIME MINISTER be pleased to state:

(a) whether the number of small and non-small sick industries is continuously increasing in the country;

(b) if so, the number of such industries as on March, 1991, March, 1992 and March, 1993;

(c) the total amount of loan blocked therein;

(d) whether increasing employment opportunities in the country have also been affected by sickness of these industries;

(e) if so, the percentage of employment opportunities declined during each of the last three years as a result thereof; and

(f) the additional measures adopted by the Government to check their sickness?

[English]

THE MINISTR OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES) (SHRI M. ARUNACHALAM): (a) to (f). A Statement is laid on the Table of the House.

STATEMENT

(a) Yes, Sir.

(b) and (c). Reserve Bank of India compiles data regarding sick industrial units assisted by the banks in the country. The number of sick SSI and non SSI units in the portfolio of banks and the bank loan outstanding against them at the end of March, 1992 is as follows:—

(Amount in crores of Rs.)

| Category | No. of units | | Amount outstanding | |
|-------------|--------------|-----------|--------------------|-----------|
| | March '91 | March '92 | March '91 | March '92 |
| 1. SSI sick | 221472 | 245575 | 2792.04 | 3100.67 |

| Category | No. of units | | Amount outstanding | |
|-----------------|--------------|-----------|--------------------|-----------|
| | March '91 | March '92 | March '91 | March '92 |
| 2. Non-SSI sick | 1461 | 1536 | 5105.57 | 5786.55 |
| 3. Non-SSI weak | 876 | 813 | 2870.21 | 2646.08 |
| Total | 223809 | 247924 | 10767.82 | 11533.30 |

The data for the period ending March 1993 is not available as yet.

(d) No, Sir. For instance, total employment in SSI sector has increased from 125.30 lakhs in March 1991 to 129.80 lakhs in March, 1992 and to 134 lakhs in March, 1993.

(e) Does not arise.

(f) The measures adopted to check sickness of industrial units are:-

1. The Reserve Bank of India have issued guidelines to the banks for strengthening the monitoring systems and for arresting industrial sickness at the inceptient stage so that corrective measures are taken in time.

2. The banks have also been directed by the Reserve Bank of India to formulate rehabilitation package for the revival of potentially viable units. The banks and financial institutions evolve rehabilitation packages for the revival of sick units.

3. Reserve Bank of India have also issued guidelines separately to the banks indicating parameters within which banks could grant reliefs and concessions for rehabilitation of potentially viable sick units without reference to RBI both in the large and small scale sectors.

4. On the advice of the Government of India, Reserve Bank of India has set up State Level Inter-Institutional Committees (SLICs) in all States under the Chairmanship of Secretary, Industries Department of the concerned State Governments for better coordination of all agencies and also for working out a rehabilitation package for revival of viable sick small scale units.

In addition Government have adopted the following measures for large and medium industries:-

1. The Government have enacted a comprehensive legislation namely 'The Sick Industrial Companies (Special Provisions) Act, 1985'. A quasi-judicial body designated as 'The Board for Industrial and Financial Reconstruction (BIFR)' has been set up under the Act to deal with the problems of the sick industrial companies in an effective manner, which has become operational with effect from the 15th May, 1987.

2. Revival of sick industrial units is also done by amalgamation/merger of sick units with healthy units. Tax benefits are given under Section 72A of the Income Tax Act, 1961 to the healthy company for revival of the amalgamating sick unit.

3. The National Renewal Fund has been set up to protect the interest of

workers during the period of industrial restructuring, by providing resources for rationalisation of labour, it improves the viability of large and medium units and is an effective measure to check sickness.

Small Scale Units:

Both Central and State Government take measures for revival of sick units. These are as under:-

(a) To take care of the managerial problems, Government run training programmes for entrepreneurship development; organise workshops, hold clinics, etc.

(2) To take care of the technological problems, Government has been providing inspection of the units by technical officers, workshop facilities through SISIs, testing facilities and other technical guidance and assistance through Regional Testing Centres, Tool Rooms and Product-cum-Process Development Centres.

(3) To take care of the marketing problem, Central Government provides marketing support through price preference, purchase preference in the Government Purchase programme, marketing support through National Small Industries Corporation. State Governments provide marketing support through State Small Industries Development Corporation.

(4) Provision of infrastructural support is the responsibility of the State Governments who make available developed industrial plots, sheds, etc.

(5) Central Government is also concerned with the provision of finance

through financial institutions to the sick industrial units in their rehabilitation programmes. The steps taken/proposed to be taken to revive the sick units to take care of the financial problems are as under:-

- (i) Issuance of detailed guidelines by RBI to all scheduled commercial banks in regard to rehabilitation of sick units.
- (ii) Financial assistance in the form of long term equity type assistance upto Rs.1,50,000/- to units with a project cost not exceeding Rs.10 lakhs at a nominal service charge of one percent per annum is also available to potentially viable sick SSI units from the National Equity Fund set up in August, 1987.
- (iii) At the instance of the Central Government, the RBI had constituted a Committee under the Chairmanship of Ex-Deputy Governor, Shri P.R. Nayak, which submitted its report in September, 1992. The Committee looked into the problems of credit, sickness and other relevant aspects. The Committee has made several recommendation for the revival of sick units which include a modified definition of sick SSI Units, creation of separate cells by banks, setting up of State Level Tribunals, use of DICs as a forum for redressal of grievances, revitalisation of State level Inter-Institutional Committees, etc. The RBI has already announced its decision on some of its recommendations such as modified definition of sick units and reduced rate of interest to be

charged on the rehabilitation of sick units.

- (iv) RBI has decided that SSI sector would be getting upto 20% of their annual output by way of working capital loan.
- (v) SSI forms part of the priority sector lending programme of the banks.

[*Translation*]

SHRI GUMAN MAL LODHA: Mr. Speaker, Sir, the reply given by the hon. Minister regarding sick industries clearly shows that the number of sick units which was 28,758 in the year 1981 has increased to 2,46,911 in the year 1992. If we compare the data of the year 1992 with those of previous year, we will find that 24 thousand more industries have become sick. In the reply to part (a) of my question, hon. Minister has mentioned several measures to prevent industries from becoming sick as well as several works undertaken to make the sick units viable. The industries are becoming sick despite having taken so many measures. It shows that the measures taken by the Government are inadequate. I would like to know as to what new measures are proposed to be taken by the Government? In the reply to part (b) of my answer, it has been stated that the banks and financial institutions have Rs. 17,383 crores as bad and doubtful debts. I would like to know about the measures adopted by this Government to realise this amount.

[*English*]

SHRI M. ARUNACHALAM: Sir, the first part of the question is whether we are thinking of new measures to reha-

bilitate the sick units. I have stated in the main answer that there is increase in sickness. The Nayak Committee has gone into it and has suggested various measures to revive the sick units. The Reserve Bank has given guidelines to the various commercial banks to revive these sick units.

Coming to the second point, the money blocked in these sick units is Rs. 11,533.30 crore. We have put some of the units under nursing programme. In the small scale sector, we have put 13289 units under nursing programme and there are non-viable units of about 2,23,336 in the small scale sector. We have put the units under nursing programme and the money will be recovered. The other thing is we have suggested to Finance Minister to have an institution like that of BIFR for the small scale sector.

[*Translation*]

SHRI GUMAN MAL LODHA: Sir, I would like to ask whether it is a fact that according to a survey conducted by department of industries, a large number of small scale industries will become sick in the near future due to the present liberalisation or loan seeking policy. According to a survey conducted by Shri R. Balasaran, 5 lakh out of 22 lakh industries will close down because of sickness. As a result thereof lakhs of workers will become unemployed.

My second supplementary relates to the programme formulated by the Government with a view to ensure social security, unemployment benefit or any other alternative employment to those workers who have become or are becoming unemployed. Whether, any such programme has been formulated and if so, what is the number of workers who

have been provided employment this year.

I would like to ask one more question as to whether the Government is going to change the definition of sick industries according to the recommendations given by the Goswami Committee in order to revive the sick industries and whether its recommendation to set up a tribunal for winding up the industries is to be implemented?

[English]

SHRI M. ARUNACHALAM: As far as employment is concerned, employment opportunities are increasing after the new Economic Policy. In the year 1992-93 we have given employment of about 134.06 lakhs of persons in the small scale sector as against a target of 128.90 lakhs. We are expecting to provide employment opportunities to about 138.35 lakhs of persons in the small scale sector in the year 1993-94. Therefore, there is no question of unemployment increasing in this sector.

SHRI GUMAN MAL LODHA: Is it in the 22 lakh units or in the sick industries? I am asking about the sick industries.

SHRI M. ARUNACHALAM: There is no question of increase in unemployment. I may also mention here that the impact of the liberalisation policy of the Government on the small scale sector has been gone into by non official agencies. They have stated that our entrepreneurs have become more quality conscious and they have started looking towards technological upgradation and they are investing in human resources and research and development in whatsoever small why it could be. All these

indicate that the small scale sector in India has come of age is gearing to face competition with full vigour.

SHRI SAIFUDDIN CHOUDHURY: Sir, that the number of sick industries is increasing in the country is a proof of the fact that the Government is neither serious to prevent sickness nor interested in reviving the sick industries. The Government has brought out a monograph some time ago which gave a list of 52 such industries in the public sector which became sick. In that it was mentioned that it would be costlier to close down some of the industries than to revive them. One such example is the Rashtriya Pariyojana Nirman Nigam, which is formerly known as the NPCC about which a question was raised only yesterday. The cost of the closure of this unit is about Rs. 164 crore whereas its revival would have cost only Rs. 102 crore. But even such industries are not revived. Why? Will the Government consider the suggestion that was put forth to them some time ago that they may take the workers into confidence and call the management to sort out the problem and take immediate measures on such cases where the closure cost is more than the revival cost? Are you going to take any serious measures in this regard?

SHRI M. ARUNACHALAM: As far as sickness is concerned, even in countries like China the bankruptcy rate is 30 percent. (Interruptions)

SHRI SAIFUDDIN CHOUDHURY: What is the revival rate there? Do you know that?

SHRI M. ARUNACHALAM: 30 percent is the Bankruptcy rate in China. And in the United States, it is 25 percent.

SHRI SAIFUDDIN CHOUDHURY: But there, they will immediately go to some other sector. I am asking about India.... (Interruptions)

SHRI M. ARUNACHALAM: As far as public sector is concerned, my colleague would be able to answer the question. Otherwise, I will collect the information and pass it on to the hon. Member.

SHRI E. AHAMED: Mr. Speaker Sir, we are not very much impressed by the statistics that the Minister has given to the House. All the time, Ministers are giving only statistics! The real fact is that there is absolutely no coordination among the Departments of the Government of the Banks for the revival of the sick industries. Even when a potentially sick industry approaches the Government for assistance, by the time it is made available, it will be more costly..

MR. SPEAKER: Mr. Ahamed, please come to the point. We have already spent more than 25 minutes on one and a half questions.

SHRI E. AHAMED: One of the major problems, according to the reply of the hon. Minister, is that the provision of marketing support through price preference is not available. The State Governments provide marketing support through State Small Scale Industries Development Corporation. As a matter of fact, in many of the States, the Small Scale Industries Development Corporation itself had become sick. They are not able to assist the industries to revive themselves from sickness.

I would like to know from the hon. Minister as to what exactly the Govern-

ment is doing in order to give some timely assistance for reviving the sick industries besides giving all these assistance, contained in lengthy Statements.

MR. M. ARUNACHALAM: Sir, as I said earlier, the Government which appointed Naik Committee had gone into the reasons for sickness. It had recommended many measures. It had identified 85 districts where the small scale industries are concentrated. The RBI had directed the commercial banks to open banks exclusively for giving credit to the small scale sector.

SHRI B.G. JAWALI: Mr. Speaker, Sir, the Minister's reply itself indicates that the industries are going sick. Not only that. The number of sick industries is increasing day by day resulting in blockage of thousands of crores of rupees. Like the other public sector units where the BIFP had given some amount for reviving them, I want to know whether there is any proposal with the Government to find out the specific reasons as to why it had been continuously increasing.

SHRI M. ARUNACHALAM: A diagnostic study had been conducted by my Department. It had stated that there are many reasons viz. financial, marketing, raw materials, labour problems and disputes among the partners.

Unemployment

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*443. SHRI HARADHAN ROY:
SHRI KASHIRAM RANA:

Will the Minister of PLANNING AND PROGRAMME IMPLEMENTATION be pleased to state: