

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:250
ANSWERED ON:22.07.2004
SICK INDUSTRIAL UNITS
Chandel Shri Suresh;Owaisi Shri Asaduddin

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether industrial sickness in public sector undertakings is increasing every year;
- (b) if so, the details thereof alongwith the reasons;
- (c) the names and number of Central public sector units found sick and running into losses as on date in the country alongwith the units referred to BIFR during the last three years and till date;
- (d) whether some public sector undertakings have not been declared sick despite incurring losses for the last three years;
- (e) if so, the details thereof including the reasons and losses incurred by such units till date;
- (f) whether the Government propose to take a policy decision in reviving these sick units for welfare of employees; and
- (g) If so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
(SHRI SONTOSH MOHAN DEV)

(a) to (g) : A statement is laid on the Table of the House.

Statement in reply to Lok Sabha Starred Question No. 250 for reply on 22.7.2004 regarding sick industrial units by S/Shri Asaduddin Owaisi and Suresh Chandel.

As per Public Enterprises Survey which is laid in the Parliament every year, 67 sick industrial Central Public Sector Enterprises(CPSEs) were registered with Board for Industrial and Financial Reconstruction(BIFR) for formulating revival/rehabilitation scheme as on 31.3.2000. The number of BIFR referred sick CPSEs increased to 68 as on 31.3.2003, and 70 as on 30.4.2004.

Reasons for sickness in CPSEs are enterprise specific and include old/obsolete plant and machinery, outdated technology, low capacity utilization, resource crunch, high interest burden, inadequate credit from the financial institutions, severe competition, poor marketing strategy, surplus manpower, etc.

As per Public Enterprises Survey 2002-03, 86 CPSEs had recorded negative networth as on 31.3.2003, till which period the information is available. Out of these 86 enterprises 78 had incurred losses during 2002-03 and 8 earned profit.

During the last three years(2000-01 to 2003-04) the following 9 sick industrial CPSEs were referred to BIFR:

- (1) Bharat Wagon and Engineering Co. Limited(2001) (D/o Heavy Industry)
- (2) Bharat Coking Coal Limited(2001) (Ministry of Coal)
- (3) Central Coalfields Limited(2002) (Ministry of Coal)
- (4) Biecco Lawrie Limited(1992 and 2002) (Ministry of Petroleum)
- (5) Hindustan Cables Limited(2002) (D/o Heavy Industry)
- (6) Andrew Yule and Co. Limited(2003) (D/o Heavy Industry)
- (7) Maharashtra Elektros melt Limited(2002/2003) (Ministry of Steel)

(8) Hindustan Insecticides Limited(2004) (Department of Chemicals and Petrochemicals)

(9) NTC(TN and P) Limited(2004) (Ministry of Textiles)

Incurring loss is not the only criterion for deciding the sickness of an enterprise. As defined in Sick Industrial Companies (Special Provisions) Act, 1985(SICA), sick industrial company means a company being registered for not less than five years and whose accumulated losses have either equated or exceeded its networth. Out of 80 CPSEs which had been incurring losses continuously for the last three years(2000-01 to 2002-03), only 45 were registered with BIFR as per provisions of SICA and remaining 35 enterprises were not covered under the provisions of SICA. The enterprise-wise details of losses of these 35 loss making CPSEs are appended.

The Government is committed to a strong and effective public sector. The policy is to modernize and restructure sick public sector companies and revive potentially viable sick companies. Chronically loss making companies are to be sold off or closed after all workers have got their legitimate dues and compensation.

Enterprise specific steps are taken to revive/rehabilitate sick and loss making CPSEs by the concerned administrative Ministries/Departments and the management of the enterprises from time to time. These steps include financial and business restructuring, upgradation of technology, infusion of fresh funds, rationalisation of manpower, purchase preference, improved marketing strategies, cost control measures etc.