

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4650

ANSWERED ON:23.04.2010

SICK INDUSTRIES REFERRED TO BIFR

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Will the Minister of FINANCE be pleased to state:

- (a) the details of sick industries referred to the Board of Industrial and Financial Reconstruction (BIFR) during the last three years and the present status thereof;
- (b) the reasons of sickness of such industrial units and the losses incurred as a result of their sickness;
- (c) whether the Government proposes to introduce similar mechanism for farmers affected by floods, drought etc; and
- (d) if so, the details thereof and if not, the reasons therefor alongwith action proposed to be taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The details of sick industries referred to the Board of Industrial and Financial Reconstruction (BIFR) during the last three years and the present status thereof together with details of accumulated losses & the end of financial year on the basis of which sick industrial companies were registered in BIFR is at Annex - I. The following reasons were attributed for sickness in industrial companies at the time of registration with BIFR:-

- (i) Change of Govt. policy.
- (ii) Managerial problems.
- (iii) Production and technical problems.
- (iv) Financial problems
- (v) Lack of adequate infrastructure.
- (vi) Delay in sanction and disbursement of Loan by financial institutions or banks,
- (vii) High interest cost.

(c) & (d): Reserve Bank of India (RBI) has issued comprehensive guidelines on relief measures to be extended by banks in area affected by natural calamities, including floods droughts etc., so that the required relief is provided by the banks without any loss of time to not only existing borrowers but also other eligible borrowers. The relief measures include, inter alia, the following:

- (i) conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans,
- (ii) Conversion / rescheduling of loans and the interest accrued thereon for periods ranging from 3 to 10 years depending upon the frequency of crop failures / intensity of damage to crops;
- (iii) Fresh crop loans for affected farmers;
- (iv) Treatment of converted / rescheduled agri-loans as `current dues`;
- (v) Non-compounding of interest in respect of loans converted / rescheduled etc;
- (vi) Relaxed security and margin norms;
- (vii) Provision of consumption loans to agriculturists whose crops have been damaged; and
- (viii) Moratorium period of at least one year, while restructuring.

All these provisions have been consolidated in the master circular on relief measures by banks in areas affected by natural calamities, issued to scheduled commercial banks by RBI dated July 1, 2009 and are available at www.rbi.org.in.