

Speaker, Sir, as other hon. Members have drawn the attention of the hon. Minister, I also want to draw the attention of the hon. Minister to the telegraph system which is deteriorating. My personal experience is that telegrams are delivered after two days. The people use the telegraph system for emergency purposes but its service is in a very bad shape. Will the hon. Minister take any action in this direction, and if, so the time by which this system will be improved?

[English]

SHRI SONTOSH MOHAN DEV: I fully agree with the hon. Member. The telegraph service needs to be looked after very carefully. We have recently introduced a system of SFTS - Store Forward Telegraph System. About 200 stations in the country have been identified. It is being indigenously produced. In the Seventh Five Year Plan we are going to introduce this system whereby the aim is to deliver telegram within twelve hours from the place of destination to the place of arrival. We are gradually monitoring it. I think with the introduction of this system, this will improve.

Sick Industrial Units

*129. SHRI SHARAD DIGHE:
SHRI JAGDISH AWASTHI:

Will the Minister of INDUSTRY be pleased to state:

(a) whether any indepth study about sickness in industrial units has been undertaken;

(b) if so, the outcome of such study; and

(c) the rehabilitation measures being taken in this regard?

THE MINISTER STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) to (c). A Statement is given below.

STATEMENT

(a) and (b). The Reserve Bank of India conducted a cause-wise analysis of sickness in respect of 378 large units which had been classified sick as on 31.12.1979. The study revealed that industrial sickness is the cumulative result of a variety of factors, both internal and external to the unit, such as mismanagement, diversion of funds, faulty planning at the initial stage, technological obsolescence, market recession, shortage of power and raw materials, industrial relations, etc. Government have asked the Reserve Bank of India to carry out a fresh study regarding causes of industrial sickness. The fresh study is expected to cover 2000 large and medium sick units.

(c) To meet the problem of industrial sickness in the country, the Government have taken various steps. The Reserve Bank of India have issued guidelines to the banks for strengthening of the monitoring system and for arresting industrial sickness at an incipient stage so that corrective measures are taken in time. The banks have also been directed by the Reserve Bank of India to formulate rehabilitation packages for the revival of potentially viable units on merits of each case. In addition, Government have enacted a comprehensive legislation, namely "The Sick Industrial Companies (Special Provisions) Act, 1985" which provides for setting up of a quasi-judicial body designated as the Board for Industrial and Financial Reconstruction (BIFR) to deal with the problems of sick industrial companies in an effective manner. An important feature of this Act is that it provides for time limits for completion of action of various stages by the BIFR as well as other agencies who are concerned with revival and rehabilitation of sick industrial companies. The BIFR has become operational with effect from 15th May, 1987.

Government have also liberalised recently the Margin Money Scheme with a view to supplement the efforts of the State Governments in reducing the incidence of sickness in small scale units. Moreover, RBI have also issued guidelines separately to the banks for dealing with the problems of small scale units.

SHRI SHARAD DIGHE: Sir, as far as the reply is concerned, it is very casual and I have asked about the indepth study of the

sickness in industry. The hon. Minister has given the cause-wise analysis of sick units as on 31st December 1979 whereas the news widely reported in the newspapers, particularly on the 14th July of Financial Express stated that the Union/Industry Ministry has got the data upto December 1985 and the total number of large sick units in the country is estimated at 637 against which the total outstanding amount is Rs. 2980.24 crores. The total number of small sick units is about 1,17,783 and the amount blocked by them is Rs. 1070.67 crores. There are about 1,186 medium scale sick units having an outstanding amount of Rs. 220.07 crores. So, these figures are available and may I ask the Minister whether these figures are available with the Industry Ministry and whether they are true?

THE MINISTER OF INDUSTRY (SHRI J. VENGALA RAO): Sir, the details regarding the number of sick units and the amounts outstanding against them upto June 1986 are as follows. The number of large scale units in sick is 689 and the amount outstanding against them is Rs. 8238.54 crores. The number of medium industries is 1,230 and the outstanding amount is Rs. 340.37 crores. There are 1,28,687 small scale units and the amount outstanding against them is Rs. 1184.2 crores. The total number of large-scale units is 2585 and the total amount outstanding against them as on date is Rs. 4665.23 crores.

KUMARI MAMATA BANERJEE: Sir, you please allow a full discussion on this subject. Thousands and thousands of workers are on the road. Mr. Speaker, Sir, kindly allow a full discussion on this subject. (*Interruptions*)

SHRI SHARAD DIGHE: My second supplementary is this. Even the approach of the Government in respect of sick units is also very casual. We had passed the Sick Industrial Companies (Special) Provisions Act on 9th September 1985 and the assent was obtained on 8th January 1986, whereas in the answer it is stated that the Board

that is proposed in the said Act has been established as late as on 15th May 1987. I want to know why so much time was taken for establishment of the Board to deal with the sick units, to examine the schemes and make proposals or take action against those defaulting Directors. Why action was not taken against them? Why was the Board not established till May 1987?

SHRI J. VENGALA RAO: The Board was appointed and it came into operation on 15th May, 1987. Now, according to the latest figures, 67 cases are already referred to the BIFR, 87 cases are under examination and the remaining are under the consideration of the Reserve Bank of India.

[*Translation*]

SHRI JAGDISH AWASTHI: Mr. Speaker, Sir, as the hon. Minister is aware there are about 97 districts in the country which have been declared as no-industry districts. Some districts of Uttar Pradesh which fall under this category used to get some facilities earlier but now perhaps, these facilities are not provided any more. I want to know from the hon. Minister whether facilities will be restored for setting up industries in the no-industry areas? What is the Government's policy in regard to providing facilities to the no-industry areas?

[*English*]

SHRI J. VENGALA RAO: Sir, this is about sick units. That is about setting up of industries in the backward districts. I want a separate question for that. (*Interruptions*).

SHRI C. MADHAV REDDI: Sir, one of the reasons identified for industrial sickness is the lack of effective monitoring system with the term lending institutions, i.e. commercial banks and public financial institutions. I understand that certain guidelines have been issued to the banks by the Reserve Bank of India. I would like to know, what are these guidelines and whether the guidelines are effectively being followed by these banks? If so,

whether any efforts have been made by these banks to rehabilitate some of the sick units?

SHRI J. VENGALA RAO: Mr. Madhav Reddi has got some experience in industries. In the reply itself, it is mentioned that the Government have asked the Reserve Bank of India to carry out a fresh study regarding the causes of industrial sickness. The fresh study is expected to cover 2,000 large and medium sick units. For revival, how to rehabilitate these sick units also, BIFR is working on the scheme.

SHRI Y.S. MAHAJAN: The report of the Reserve Bank, 1979 says that there are many factors which are responsible for sickness. They are lack of good management, faulty planning, technological obsolescence, lack of market research etc. All these can be part of bad management. I want to know whether the Government has inquired into this fact as to how many sick units have become sick because of bad management. The management usually provides 1/10th of the capital and borrows 9/10th of the capital from the banks. How many sick units are in this condition because major part of capital is borrowed from the banks?

SHRI M. ARUNACHALAM: The causes of sickness have been analysed by RBI in 1979. According to the RBI report, 197 units out of 378 units studied by R.B.I. i.e. 52% of the sick units have gone sick due to internal causes like mismanagement, management deficiency including diversion of funds, in-fighting, lack of market strategy. 14% of the total sick units have gone sick due to faulty initial planning and other technical drawbacks. 23% of the total units have gone sick due to market recession. 2% of the total sick units have gone sick due to labour trouble. 9% of the total sick units have gone sick due to other reasons like power cuts, shortage of raw materials etc.

Introduction of Paperless Trunk Exchanges in Andhra Pradesh

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*131. DR. T. KALPANA DEVI:
SHRI C. SAMBU:

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether there is any proposal to introduce paperless trunk exchanges in Andhra Pradesh during 1987;

(b) if so, the details of the proposal, their locations and the amount earmarked for the purpose; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI SONTOSH MOHAN DEV): (a) Yes Sir, but not in 1987. Details are given in the Statement given below.

(b) Details are given in the Statement laid on the table of the House.

(c) Question does not arise in view of reply at (b) above.

STATEMENT

Indigenous computerised equipment at an approximate cost of Rs 68 44 lakhs is proposed to be installed at Vijayawada during 1988. Equipment for the above is to be supplied by M/s Keltron. An imported Computerised Trunk Exchange for Hyderabad is proposed and is likely to be commissioned by February, 1989. NIT (Notice for inviting Tenders) for supply and installation of equipment has been issued and offers will be opened on 15.9.1987. The cost of the imported equipment is not known at present.

DR T. KALPANA DEVI: Sir, we are going in for modern advanced technology like computerised trunk exchanges. But, Sir, till today we are not in a position to provide telecommunication facilities to all the rural areas in our country. Where the telephone facilities are already provided, they are also not functioning effectively.