INTRODUCTION
Industrial Sickness is a global phenomenon though its incidence in the developed countries of the world may be low as compared to the less developed nations where industrialization, as a result of low capital base and low level of technological and managerial know-how, has not been an exhilarating experience. India, in particular, has suffered from this malady and during the last decade, industrial sickness has assumed unmanageable dimensions and there is no sign of abatement.
Industrial sickness is the key event of modern industrial age; and incidence of sickness has been growing in such large proportions that in the wake of industrial development, a large number of new units (covering all types of units in small, medium and large sectors) have been added in this category. The rapid growth and magnitude to industrial sickness is pugging issue not only for present time but also for all time to come; especially for India during the next century. It has become a matter of grave concern for all; concerned directly or indirectly as not only, crores of rupees blocked up in several of sick units but also affected the national growth.
This phenomenon of industrial sickness also effects in terms of unemployment, none availability of goods and services and the prices soaring up. The shareholders lose their hard-earned savings, creditors lose their cash and future prospects of business become completely dark.
The growing industrial sickness in the country is causing great concern to the government and financial institutions because it is sucking the blood of the industry gradually and sapping economic vitality and thereby baffling all the useful programme of economic development. In fact industrial sickness pervades all around and is posing a very serious problem to different sectors of the economy.
SICKNESS IS AN ORGANIC PROCESS
Sickness is an organic process in the life of industrial units, and so the phenomenon of sickness does not develop in a single day or “Industrial units does not burst overnight as many people think”. The process may take several years, but the seeds of sickness can be visualized at a very early stage in the life cycle of an industrial unit. It passes generally through various stages before it becomes sick, and later on liquidated. The complete process of sickness depicts the various stages of an industrial unit from normal to sick. "If sickness continues for a long period it may become chronic." At the initial stage, if no treatment is launched, it may go beyond the control to an advanced
stage, and as a result, there will be annihilation/death of an organism in case of human 
sickness or closure of a unit in case of industrial sickness.
It is generally, found that a healthy unit may become sick temporarily and may recover 
its healthy stage or may become permanently sick. The factors that cause sickness 
could be:-

1. Internal or
2. External or
3. Mixture of the both.

The external factors usually affect all the units of the same industrial group 
simultaneously and may be beyond the control of the management, while the internal 
factors may affect a particular unit only and mostly are within control of management.

In most of the cases, sickness is bred within the unit itself. The event of sickness may 
have origin followed by several stages i.e., healthy stage to sickness stages.

The sickness process is as illustrated below:-

<table>
<thead>
<tr>
<th>Healthy Unit Criteria</th>
<th>Tending towards Sickness Criteria</th>
<th>Incipient of Sickness</th>
<th>Sick</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash Profit +</td>
<td>1. Cash Profit/Loos -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Net Worth</td>
<td>3. Net Worth</td>
<td>or more negative</td>
<td>All negative</td>
</tr>
</tbody>
</table>

Initially a healthy unit may show good cash profit and may have positive values of net 
working capital and net worth. As it tends towards sickness, at first cash profit may 
become negative although the unit may continue to pay its installments to the term 
lending institution. As sickness grows more and more through other stage, two or 
more financial parameters may become negative. The negative values do signal 
sickness. These initial stages require careful monitoring. For such purpose, a 
forewarning system which signals the probable sickness of industrial concerns before 
any loss is inflicted upon the concerned parties would prove to be of great utility. It
would provide a warning to all the concerned parties to reconsider their situation and take prompt and appropriate action.

It is a well-established fact that earlier the trouble is detected, more easily and economically it may be countered. Early detection of sickness possibly may enable the management to take timely action to avert the crisis of such an occurrence. If there exists a forewarning system which helps in predicting corporate sickness, the attention can be focused on those concerns which are trudging towards sickness. The Chairman of the Industrial Finance Corporation of India (IFCI) mentioned on 33rd Annual General Meeting about the importance of an effective monitoring system, "One is well aware of the sickness in industry. While it is not possible to avoid sickness in the industry entirely, it has come to be clearly recognized that:

1. This process can be considerably controlled with effective monitoring, and timely steps to ensure prevention of sickness, and
2. By rehabilitation of some of the units which have become sick, but which are potentially viable. This can be feasible only when some monitoring system is in force." 

Companies do not go burst "overnight" as many people think. The process of sickness can take years and thus the seeds of sickness may be discernible very early in the story of a company's rise and decline. The forewarning system would help in reducing, if not completely eliminating, the irreparable loss to the interested parties caused by corporate collapse. The importance of such a forewarning system can be described in the word of Lev more clearly: "An early warning signal or probable failure will enable both management and investors to take preventive measures; operating policy changes, reorganization of financial structure, and even voluntary liquidation will usually shorten the length of time losses are incurred and thereby improve both private and social resource allocation."

STAGES OF SICKNESS
The process of sickness can be discussed in following different Stage of Sickness:

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1Chairman's speech on 33rd Annual General Meeting of IFCI, Bombay.
Stage I (Normal/Healthy)

According to Bidani & Mitra,3 "A unit is called normal when all its functional areas like production, marking, finance and personnel are functioning efficiently”. Initially, a healthy unit may show good cash profit and positive value of net working capital and net worth as well. To sum up, a normal or healthy unit may have the followings features:

1. All functional areas viz, production, marketing, finance and personnel are normal and efficient.
2. Generating good cash profit.
3. Positive value of net working capital or current ratio more than one.
5. Satisfactory debt equity ratio.

Stage II (Tending Towards Sickness)

As the industrial unit tends towards the stage of sickness, initial aberration in any functional area begins, or may face external constraints. Due to this reason, the cash profit begins to decline in comparison to last year’s, and may firms estimate cash loss, too, in the current year. Although, the unit may have positive values of net working capital and net worth and may not have listed as defaulter in the records of banks and financial institution. This stage conveys first warning signal which should be taken cautiously, and preventive measures with close monitoring and follow up actions should be launched promptly by the management and the other associated agencies, this stage may have the following features:-

1. Decline in profit during last year.
2. Losses estimated in the current year.

Stage III (Incipient Sickness)

As sickness grows gradually it enters into incipient stage of sickness for a very short period. Incipient stage of sickness comes when an industrial unit incurs cash loss but imbalance in financial structure may or may not appear. In other words, two or more financial indicators may become negative and its value may show warning signal of sickness. At this stage, major financing and other agencies along with the management should collectively review the overall performance, and with joint concentration take suitable remedial measures to prevent the unit from becoming sick. This stage may have following features:

Industrial Sickness: Causes & Remedies

1. Cash losses incurred in last year are expected in current year also.
2. Deterioration anticipated in current year although current ratio was more than 1 during last year.
3. Deterioration anticipated in debt equity ratio during current year.

Stage IV (Final Stage)

When the suitable remedial measures are either not taken or are inadequate at the incipient stage of sickness and adverse factors continuously effect the production, finance, marketing and personal areas, the unit, finally, become sick. At this stage all the financial indicators, such as cash profit/loss, net working capital, net worth depict negative results. The industrial unit may work below 20% utilization of its installed capacity or below its B.E.P. level. As per Diagnostic Survey Report of Development Commissioner (Small Scale Industries)\(^4\), "A unit is categorized actually sick on the basis of the following criteria:-

1. Erosion of net worth by 50% and more.
2. Units being closed for a total period of 6 months and more during the past year.
3. Default in payment of loan installment.

Such a unit will require a comprehensive rehabilitation programme for revival and intensive care for a certain period of time in case it is potentially viable. It is generally observed that the remedial measures are taken too late. Consequently, it becomes as expensive affair to bring the sick unit back to a healthy state. If the sickness is not arrested timely, incidence of sickness leads to incidence of closure ultimately.

CAUSES OF SICKNESS

Undoubtedly, the nature and causes of sickness differs from industry to industry, area to area, size to size – small, medium and large units, and because of a host of other factors.

Sickness of an industry, generally, starts with the gradual erosion of its liquidity due to cash losses on continuing basis, and thereby deterioration in debt, equity and current ratios. The root cause is poor management and the resultant cause in finance. The worsening liquidity position and deteriorating standards of maintenance accelerate the wear and tear of the existing assets, leading the unit to a state of operational thrombosis. The unit is then considered sick. If this process is allowed to continue, it may take the unit to ultimate death, i.e., insolvency and liquidation. A successful entrepreneur has to keep his eye open on the entire gamut of the unit operation so that a tiny rash may not grow into a tumor. So long as sickness is sporadic, it does not cause

\(^4\)Diagnostic Survey Regarding Sickness Small Scale Industries, DC (SSI), New Delhi, pp-11.
Industrial Sickness: Causes & Remedies

any social concern. However, its widespread incidence of an epidemic nature becomes a threat to the national economic health.

_G Broadly speaking, the cause of sickness may be classified as under:_

As per nature of sick unit, it can be categorized under three groups viz., Born Sick, Become Sick and Made Sick.

1. **Born Sick**
   
   Sickness is not always a post-implementation feature. Some industrial projects are born sick from the very inception owing to ill-conceived projects, bad planning and poor appraisal, wrong choice of location and product selection, inadequate market surveys, false fixed investment decisions and one customer – one product, type situation etc. Mostly the units established by the government under social welfare scheme come in this category.

2. **Become Sick**
   
   Some industrial projects may become sick due to internal causes. In such circumstances, sickness starts at last stage of project implementation as a result of poor management and deliberate diversion of funds. The factors like wrong recruitment and faulty management policies are responsible for this.

3. **Made Sick**
   
   In this category, sickness is thrust upon them due to external causes beyond the control of the management, mostly attributed to environmental factors such as sudden changes in government policies, technological changes, macro – political, social and economic problems. It is a product of malafide inheritor or weak management policy of entrepreneur.

The causes responsible for the sickness in any unit can be termed as:

- **Internal, i.e., Avoidable** (Mostly, under control)
- **External, i.e., Unavoidable** (Mostly, not under control)
CAUSES OF SICKNESS
ROLE OF MICRO, SMALL & MEDIUM ENTERPRISES IN INDIA

Small Enterprises play a very significant role in terms of balanced and sustainable growth of the economy by way of employment generation, development of entrepreneurial skills and contribution to export earnings. These units produce a wide range of items employing traditional to state-of-the-art technology. This vibrant segment of the Indian economy, has been contributing over 39% of the manufacturing sector output, 33% of the national exports and providing employment to nearly 312 lakh people through about 128 lakh units, located in both the rural and urban areas across the country.

The table below shows the number of sick small enterprises in India and the amount outstanding against them in the books of scheduled commercial banks as at the end of March since the year 1999 is given below:-

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Accounts</th>
<th>Amount Outstanding</th>
<th>Amount outstanding per account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>306221</td>
<td>4313.48</td>
<td>0.014</td>
</tr>
<tr>
<td>2000</td>
<td>304235</td>
<td>4608.43</td>
<td>0.015</td>
</tr>
<tr>
<td>2001</td>
<td>249630</td>
<td>4505.54</td>
<td>0.018</td>
</tr>
<tr>
<td>2002</td>
<td>177336</td>
<td>4818.92</td>
<td>0.027</td>
</tr>
<tr>
<td>2003</td>
<td>167980</td>
<td>5706.35</td>
<td>0.034</td>
</tr>
<tr>
<td>2004</td>
<td>143366</td>
<td>5772.64</td>
<td>0.040</td>
</tr>
<tr>
<td>2005</td>
<td>138041</td>
<td>5380.13</td>
<td>0.039</td>
</tr>
<tr>
<td>2006</td>
<td>126824</td>
<td>4981.13</td>
<td>0.044</td>
</tr>
<tr>
<td>2007</td>
<td>114132</td>
<td>5266.65</td>
<td>0.046</td>
</tr>
</tbody>
</table>

The data compiled by Reserve Bank of India on sickness in small and medium enterprises as on 31-03-2006 and 31-03-2007 is given below:

Bank-Wise Viability Position of Sick Small Enterprises (‘ in Crore)

<table>
<thead>
<tr>
<th></th>
<th>As At The End of March - 2006</th>
<th>As At The End of March - 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Sick Units</td>
<td>Potentially Viable</td>
</tr>
<tr>
<td></td>
<td>Units</td>
<td>O/S</td>
</tr>
<tr>
<td>Public Sector</td>
<td>12453</td>
<td>493.2</td>
</tr>
<tr>
<td>Private Sector</td>
<td>2291</td>
<td>376.56</td>
</tr>
<tr>
<td>Foreign</td>
<td>3</td>
<td>11.34</td>
</tr>
<tr>
<td>Total</td>
<td>12682</td>
<td>4981.1</td>
</tr>
</tbody>
</table>
Bank-Wise Viability Position of Sick Medium Enterprises (` in Crore)

<table>
<thead>
<tr>
<th></th>
<th>As At The End of March - 2006</th>
<th>As At The End of March - 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Sick Units</td>
<td>Potentially Viable Units</td>
</tr>
<tr>
<td></td>
<td>Units O/S</td>
<td>Units O/S</td>
</tr>
<tr>
<td>Public Sector</td>
<td>12856</td>
<td>2985.88</td>
</tr>
<tr>
<td>Private Sector</td>
<td>657</td>
<td>305.16</td>
</tr>
<tr>
<td>Foreign</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>13513</td>
<td>3291.04</td>
</tr>
</tbody>
</table>

The above data reveals that:-

- There was a perceptible decline of 10% in the number of sick Small Enterprises Sector units in year 2007 but the amount outstanding against them went up by almost 6% as compared with 2006.
- There were 126824 accounts of SSI in 2006 which increased to 114132 accounts in 2007 with aggregate exposure of ` 4981.13 crores in 2006 to ` 5266.65 crores in 2007.
- In Small Enterprises Sector out of 114132 sick units, only 3.76% units were found viable by the banks and out of the same only 13.72% units were put under nursing. Thus only 0.52% of the sick SSI units were put under nursing.
- Among the sick medium enterprises, out of 17949 sick units, only 10.77% units were found viable by the banks and out of the same only 6.05% units were put under nursing. Thus only 0.65% of the sick units were put under nursing.
- For the SME sector as a whole, out of total 132081 sick units, the total units found viable are only 4.71%, of which 11.33% were put under nursing i.e. only 0.53% of the sick units were put under nursing.
- It is difficult to assess as to how many units were really studied for their viability out of the 95-97% units not found viable.

The contribution of small enterprises to the Indian economy over the last seven years is given hereunder.
Industrial Sickness: Causes & Remedies

PREVENTIVE MEASURES AND ROLE OF CONCERNING AGENCIES

The prevention of sickness cannot be the sole responsibility of any one agency. It is to be checked at various stages by developing close and continuous dialogue with each other through effective communication. The preventive measures can be taken individually or jointly by having discussions and consultations. In preventing the sickness, therefore, the role of the following agencies has been identified with respective distinction

- Term Lending Institutions
- Commercial Banks
- Entrepreneur
- Government

These agencies can effectively stem the sickness if they make use of signals and symptoms that are generated by the industrial unit in its working and by using information and reporting system of important key parameters of the industrial enterprise.

1. Role of Term Lending Institutions

The task of the term lending institutions to avert sickness commences with the identification of the sick unit. Many industrial projects are born sick because either proper appraisal has not been done, or market survey has not been carried out while sanctioning term loan to an entrepreneur. The role of term lending institutions in the prevention of sickness may be discussed as under:

Appraisal of Management

The terms lender can forestall more than fifty percent chances of sickness, if he evaluates properly the management of the project. A competent and vigilant
management can be expected not only to find solutions to the day to day problems of the unit, but also to anticipate the problems to be and take timely steps to avoid them. Management evaluation is a difficult task but with experience, a term lender would develop the sixth sense to differentiate between a desirable and undesirable entrepreneur. The term lender can always obtain reports of the prospective borrowers from bankers and other known sources, particularly regarding his antecedents and business reputation.

**Banning Industries Not Having Scope**

There are certain industries which are on the decline, irrespective of the state of economy. The sound manufacturers with a vision may take measures well in advance, to avert any disaster through diversification or modernization as the situation may require. Others, either oblivious about the likely change or unresponsive to it, with the result that sooner or later the industrial undertakings develop sickness. In such a case, the term lending institutions can render timely help by identifying those industries or industrial products, where sickness seems to be emerging due to decline in demand, or where supply has outstripped demand perceptibly, and to publicize this information, they can help in two ways,

*First*, to forewarn and dissuade potential entrepreneurs from stepping into these industries, or impose ban on industries not having scope by putting them on banned list,

*Second*, avoiding creation of additional capacities. Whenever an entrepreneur markets only one product for a particular customer, the unit runs into problems because customers change their demand in midstream. In such a case, market survey can be conducted by the term lending institutions and prevent the potential entrepreneurs not to establish those unit, or change the line of production in case of established unit.

**Machinery & Equipment**

At times, the project is based on second hand machinery. Such a project can easily become sick if the reconditioning of the second-hand equipment is not satisfactorily done or the technicians to install the equipment are not available at required time. Extra efforts has, therefore, to be exercised by the financing institutions to ensure that the second-hand equipment would have a reasonable long life after reconditioning, and in case of any deficiency in the equipment, ready assistance from the sellers would be available.

**Satisfactory Implementation.**

Time element is all important in the implementation of a project and the term lender has to ensure that all avoidable delays at the appraisal stage and during the disbursement of the sanctioned assistance are eschewed scrupulously. Prompts action during these stages would not only result in the implementation of the project without overruns and on schedule, but would also establish proper rapport between the term lender and the entrepreneur, it is so essential for the term lender while monitoring the project later. It must be emphasized that promptness is not to be achieved at the cost of proper appraisal of the project, or by making disbursements without observing the
usual precautions. In fact, a good appraisal is the other important step that a term lender has to take to forestall sickness in the unit.

2. Role of Commercial Banks

A commercial bank is of vital importance to an industrial unit as it provides to the unit liquid resources needed to keep the unit going. Their everyday dealing with sick units enables them to be closer to the operation of the unit and read their pulse. Thus, commercial banks can detect early warning signal of sickness and, thus take, like suitable and timely action to prevent the incidence of sickness. The main elements of the sickness prevention system at the bank level are as following:

*Careful Proper Appraisal*

A careful proper appraisal of the project ensures not only its success but the banker’s interest is also safeguarded. With the shift from security oriented lending to purpose – oriented lending, the study of the viability has become more vital while financing a project. It is, sometimes, found that the credit appraisal capabilities of branch managers have been absolutely inadequate because of rapid expanding branches of commercial banks. Mostly they apply a conservative and traditional approach while assessing the requirement of working capital finance. As a result, units are under financed and are, therefore, forced to operate at sub optimum level. Moreover, the technical and marketing feasibility of the project are taken for granted without doing analytical study at their own level. Banks should refuse to finance those projects which are not viable, and assessment of working capital requirement should be done with the co-operation of term lending institutions. There should be continuous training programme for branch managers to upgrade their appraisal capability. The efforts should be made to appraise the project on merits alone and in a very objective manner, without accepting any external influence.

*Timely disbursement.*

Banks have to ensure that working capital finance should be available in time as far as possible to avoid overruns in project cost. Though, it is observed that sometimes the delay may occur due to the entrepreneur who fails to fulfill all the formalities such as submitting all the required documents and replying to the queries of the branch manager in time, yet it has been noticed that the fault lies with the banker who has to obtain the permission of and appraisal from different authorities, and lays stress more on acceptance of security as the second charge from term lending institutions on fixed assets, or personal guarantee against personal assets. Any delay in disbursement may invite several other difficulties except increase in project cost, such as the entry of new competitors, the non-availability of scarce raw materials, delay in supply of final product in time.

*Feedback from Commercial Banks*

It may go a long way in detection/prevention of incipient sickness if the term lender and the commercial banker realize that they are the two wheels on which the project cart has to proceed to success and that success can be achieved only if both of them
function in unison. If one of them tries to strengthen its position at the cost of the other, or keeps away any information about adverse developments in the unit, eventually both will suffer as also the unit itself. There is a dire need for co-operation between the two lenders from the very inception of the project, and it has to be continued throughout the life of the project.

Warning Signals
If the drawings in the account exceed the permissible drawing power continuously over a period, the banker can safely conclude that the customer is short of funds. If the account runs consistently in excess of the sanctioned limit, the customer might be indulging in over-trading. If the bills drawn by the seller on his buyers are returned unpaid, it may be pointer to the unacceptability of the end-products of the unit in the market. It can as well be said that a good look at the ledger account of a customer (bank's) by an experienced banker can throw a flood of light on the state of the business of the customer—at least, reveal enough for the banker to knit his eye-brows.

Market Intelligence
The apprehensions raised by the scrutiny of the ledger account can be counter – checked by the banker with market intelligence, which he has perforce to build in his system of working. Only when and if the market reports corroborate the banker's earlier apprehensions raised by the ledger account, the banker need commence action to arrest impending sickness. An innocuous visit to the unit by the banker might help in crystallizing the picture further.

Stemming Sickness
Discussions with the entrepreneur could be the first step in the desired direction provided the intention is to help the entrepreneur to come out the difficulties. Any undue pressure at this stage to recover even a part of the banker's dues and/or to strengthen the security is bound to complicate the existing unsatisfactory situation and also prompt the customer to keep bank the information regarding adverse developments. Normally, provision of additional finance/credit, reduction in the prescribed margin and some latitude in repayment of the over dues would help in remedying incipient sickness.

3. The Role of the Entrepreneur
In a way, it should be the sole responsibility of the entrepreneur, who commences, implements and manages the project, to avert sickness in the unit set up by him. This can normally be done if the entrepreneur does his homework properly while drawing up the project, if he pays adequate attention to the deficiencies pointed out by the appraising officers of the financial institutions, if he selects the suppliers of machinery and process carefully, if he appoints the financial and other staff in time, if he affects economy to keep the project cost within the original estimates and implements the same according to the time schedule. The main elements of the sickness prevention system at the entrepreneur level are as follows:
Management Board

The industry should have a board with competent persons from all disciplines needed to run the unit successfully, appoint a dynamic chief executive to implement the policies formulated by the board and ensure a proper second line of defense by appointing professional go-getters. And above all, at the first sign of any adverse development in the unit, he should take his banker and term lender into confidence. Fortunately, the old thinking of the bankers to "put on the heat" when the borrowers are in difficulties, is being gradually replaced by a desire to understand the problems of the entrepreneur when he faces crisis and to find solutions so that the unit function smoothly.

Partners in Enterprise

The term lenders consider themselves as partners in the enterprises (as shown below) being managed by the entrepreneur and are fully conscious that the recovery of their lent funds depend on the capability of the unit to generate surpluses.

![Diagram]

<table>
<thead>
<tr>
<th>Solvency of Individual</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security of Collateral</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>Profitability &amp; Viability of Project</td>
<td>Awareness</td>
</tr>
<tr>
<td>Entrepreneurial Capabilities</td>
<td>Sickness Warning</td>
</tr>
</tbody>
</table>
In the circumstances, the entrepreneur can freely confine his problems to the lenders and make use of their expert advice in averting sickness before it is too late.

4. The Role of the Government
The Government can help in controlling sickness by not making sudden and frequent changes in the industrial policies. It has to be appreciated that setting up of an industrial unit is an investment decision, which has to take into account further returns.

Sudden changes in industrial policy
When several changes are made successively in the industrial policy by the government, it not only may discourage new investment but also upsets further plans causing sickness in the established units. Withdrawal of subsidies can also result in sickness. It would be only in the fitness of things if the term lenders, who are expected to know the pulse of each industry financed by them, are taken into confidence by the government, before effecting any major modifications in the industrial policy. The financial institutions and the representatives of industry can also be prompted to come together occasionally with or without government participation with a view to discussing the problems of the industry in general or of any particular industry and evolving solutions including recommendations to the government to modify its existing policies.

Resistance to change
The law as it stands today does not empower the term lenders to make changes in the management of an assisted unit even when they are convinced that incipient sickness in the unit is entirely due to the incompetence and/or dishonesty of the existing management and it is apparent to them that without a change in management, the unit would soon become chronically sick. Strangely enough, when the management is efficient and honest, any changes suggested in the management by the lenders are readily accepted but a management which is not above board usually resists management changes.

Power to change
It would be a greater help if the apex term lenders are vested by the government with powers to make management changes in units assisted by the public financial institution when it is proved to its satisfaction that sickness in a unit has set in and the same can be attributed entirely/mainly to deficient management. In particular, term lenders may be authorized to appoint in units suffering from incipient sickness whole time financial, technical and marketing directors. Such directors, of course, would have to be empowered to report to the financial institutions and also given immunity from penalties for acts done in good faith. Term lenders can be required to prepare a panel of experienced persons, who could take up such challenging assignments, while retired officers from the public and private sector with adequate background could be one source for building up such a panel.
In order to get rid of the disease of industrial sickness and restore the health of the affected units, there is an imperative need that the government and the related agencies should come forward to meet the challenge. They should adopt strategic and pragmatic approach. As far as possible, stern legal and economic measures should be adopted to check further spread of sickness and assist the unit in their rehabilitation bid. Modernization and rationalization should be commonly used. These units should be pressurized and persuaded to utilize sophisticated machinery and innovative technology. Besides, banks the financial institutions, should also come forward to rescue these units through their liberal loan policies. These institutions should keep a watch over the ways of the utilization of awarded loan facilities. Banks should also assess the progress of such units, which are facing crisis, from time to time. It is presumed that if such a state of affair is not checked and timely action is not taken the increasing incidence of industrial sickness will further aggravate the situation and hamper the growth of industrial sector.

BIBLIOGRAPHY