

UPSC

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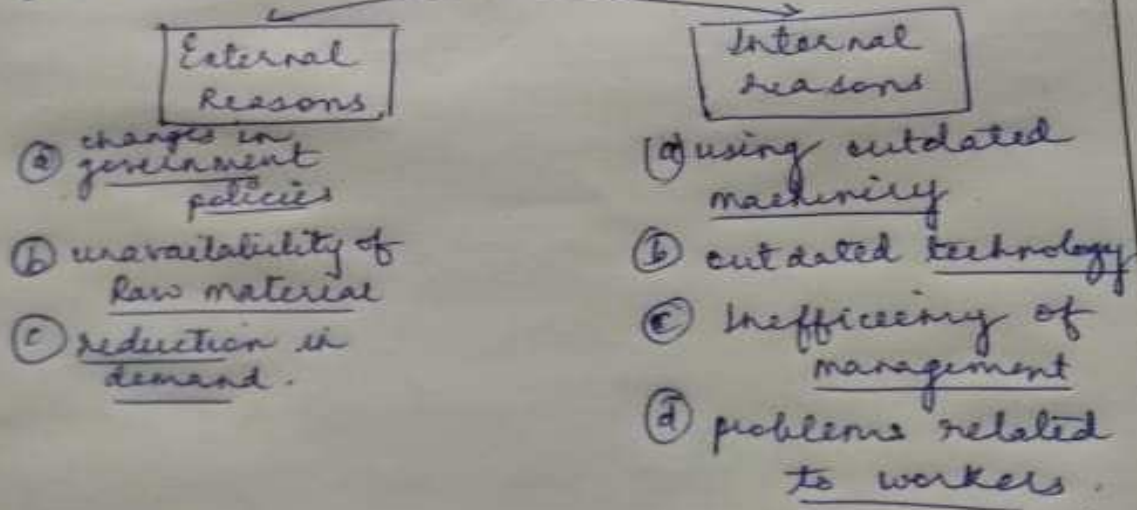
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What is industrial sickness? What are the mechanism in India to solve industrial sickness?

250 words

According to Sick Industrial Companies Act 2002, sick industrial sickness ~~refers~~ refers to the situation when an industrial company makes losses equal to or more than its income.

There could be various reasons for industrial sickness



Industrial sickness may result in different ways:

1. less employment
2. reduction in GDP
3. reduction in incomes, increase in income disparities
4. closure of industries
5. losses to banking sector

Mechanism to deal with industrial sickness includes:

1. NCLT: National Company law tribunal. works as an apex organisation to deal with industrial sickness. It's an quasi judicial body. cases ~~upto~~ above 1 lakh.
2. Insolvency and Bankruptcy code 2016 was introduced, later amended in 2018, to deal with the industries who are insolvent and bankrupt, are on the vege of closure. Under this Insolvency and Bankruptcy board was also established to deal with the situation.
3. Debt recovery tribunals were also established in 1993 to deal with the matters which are above 20 lakh rupees. Banks and other financial institutes can approach.
4. Public sector asset Rehabilitation Agency (PARA) its establishment to recover debts of public sector bank was also proposed by chief economic advisor Arvind subramanian.
5. CCI 2002: Competition Commission of India was established to make market malpractices free and to keep a check on practices which may have adverse effect on the market.

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Way Forward:

Industrial sickness may even result to winding up of industry, it has negative impact on banking sector and on economic growth as well. The suggestion of PARA can be implemented and a some sort of body for private sector can also be introduced. Acts like SARFAESI 2002 have empowered the Banks to recovery debts which was a positive step taken by government.

Excell!