

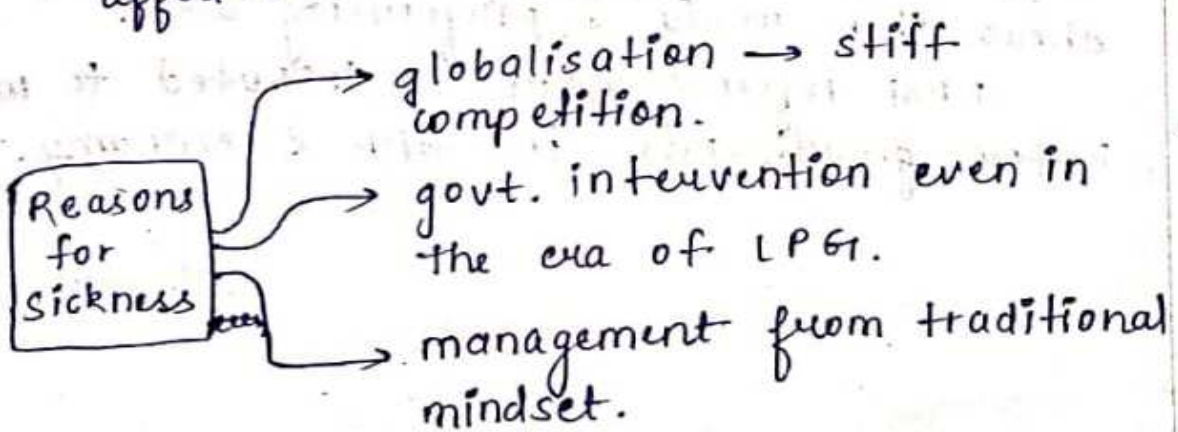
Q.1 What is industrial sickness? what are the mechanisms in India to solve industrial sickness? (250 words).

Ans.1 **INDUSTRIAL SICKNESS.**

It can be defined as a stage where an industry starts accumulating losses greater than its entire net worth.

Parameters as per SICA, 2002 :-

- Accumulated losses \geq 50% of entire net worth for 4 consecutive years.
- Failed to repay its debt for 3 quarters



MECHANISMS TAKEN TO SOLVE INDUSTRIAL SICKNESS

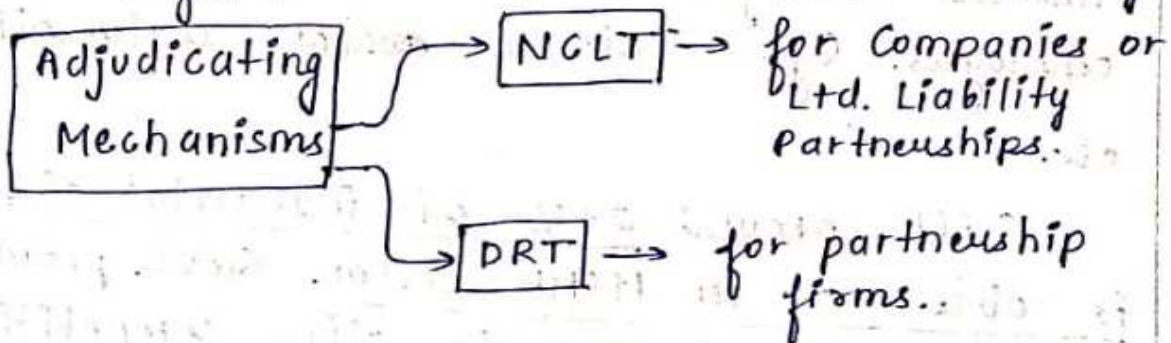
① I & B Code, 2018 :-

It elaborates the insolvency process of any sick industry, NPA of banks etc. I BBI (Insolvency & Bankruptcy Board of India) which looks after :-

→ IPs (Insolvency Professionals).

→ IPAs (Agencies).

→ regulates the procedure of insolvency.



② Disinvestments :-

Selling of govt. shares to private sector is called Disinvestment. It enhances management operations of industry.

③ V.R.S. Scheme :-

Voluntary Retirement Scheme for those persons who have worked with organisation for many years & willing to take retirement early. This helps in indulging new employees in industries which enhances the industry's productivity.

④ G.C.I. :-

Sometimes unhealthy competition can also

contribute

to industrial sickness, therefore Competition Commission of India was formed to look over any unfair mergers & acquisitions.

⑤ FDI :-

By ~~allowing~~ allowing FDI in various sectors where earlier govt. had monopoly, it has enhanced managerial skills of industrial employees. Eg:- Telecom ~~sector~~, automobile etc.

Still, around 28% of industrial sickness is observed in MSME sector. Govt. provides them credit but due to stiff competition, they aren't working upto their potential.

Credit Rationing should be enhanced so that it can help check wastage of useful resource & tighten them to follow good practices.

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