Chapter - 6

MEASURES TO PREVENT
INDUSTRIAL SICKNESS
MEASURES TO PREVENT INDUSTRIAL SICKNESS

INTRODUCTION

The recentless pressure of growing industrial sickness has presented a challenge. The question is how to safeguard properly and utilise effectively the sunk capital of the public and the private institutions in sick units. It is true that the resources required for nursing sick units have a heavy opportunity cost, but, if no efforts are made the chances of recovering the previous investment would be lost; and closure of a large number of units have a social lost for the economy and a dampening effect on new ventures in Manipur.

For retrieving of industrial sickness in India, a number of curative measures are in practice. Each concerned institution has its own package programme for curation of sickness. Institutions concerned with the curation of industrial sickness include the Government, IRCI, RBI, IDBI, IFCI, ICICI, banks etc. It is hoped that information provided in this chapter on measures to prevent industrial sickness will be of much use to all the concerned institutions and entrepreneurs. Each institution can design its policies of removal of sickness in the light of policies adopted by other institutions. Similarly, sick companies will be able to draw benefits of various schemes. It is in this context, proposed to discuss the role played by various institutions and their popular schemes of retrieving sickness.

Now the question before every partners of the industrial sector is: will it be possible for the promoter, the banks, the financial institutions, the Government and the management to a prevent sickness in industries? If the answer is yes. the problem is solved. If not, there will be another question i.e. why should we promote a sick industry? If we fail to find a proper answer to this question, the

---

incidence of sickness will go on increasing great damage to the material economy. It is time for us to think seriously on this national issue.

Principal reasons for sickness in small scale industries are stated to be unexperienced management, technical incompetence, decline in demand for their products from the medium and large scale units, parity of finance, etc. In fact, inadequate finance is more acute in the case of small units as compared to large units because of the formers' inability to raise resources. Small scale industries have also been facing problems because the bills are not paid in time by the Government departments, public sector undertakings and large and medium industrial units. Further, small units have very low capital base and there is hardly any scope for expansion or diversification. Marketing and lack of quality control are other areas where they have great disadvantage compared to the large scale sector.

It is possible to prevent sickness in any industry, if we ensure :-

(i) that the project is viable

(ii) that simplified procedures and one -windows service are available for obtaining approvals and clearances.

(iii) that there is time limit for all matters connected with the clearance and implementation of new industrial project.

(iv) that there is no delay in importing capital goods and raw materials.

(v) that the project is implemented and commercial operation started as per schedule.

(vi) that the market demand for the product remains the same at the time of commercial production; if there are changes, action to modify the product mix to be taken.

(vii) that the finance and the assistance are available in time

(viii) that the power connection and other utilities are available in time
(ix) that the entrepreneurs is sincere, efficient and accountable to all their actions.

(x) punishment for delay, negligence, mismanagement of diversions of funds is awarded.

(xi) that there is no excess manpower and recruitment is based on efficiency, skill and actual requirement.

(xii) healthy labour practices and cordial labour relations.

(xiii) systems and controls at all levels of operations.

The following assistances and incentives will be helpful to the industries in the small scale sector:-

(a) withholding industry on loan till the project becomes economically viable

(b) full exemption from customs duty on all imports.

(c) tax holiday

(d) incentives for increased output

(e) awards and recognition for full capacity utilisation

(f) assistance for marking of the products.

If all the agencies comes together to enforce the above guidelines, we can easily prevent the incidence of sickness in new industries. When the incidence of sickness is prevented in new industries, that will arrest further growth of sick units. This will help to rehabilitate all the existing sick units under a special scheme within a reasonable time.

The following three major steps are necessary and important in this direction:-

(a) preventing the incidence of sickness in new units

(b) special schemes for quick rehabilitation of the existing sick units.
Small scale sick units should be rehabilitated locally within a reasonable time. The units in the small sector need not be put through a long procedural exercise preventing sickness in rehabilitated units.

(c) Avoiding closure of any sick unit and it is possible to rehabilitate any sick unit by introducing new product and technology.

Keeping the present situation in view the strategy has to be adopted in the following areas:-

6.2. ROLE OF BANKS AND FINANCIAL INSTITUTIONS

Given weak capital markets and money markets, the Governments of many third world countries have set up an elaborate structure of banking and financial institutions to provide finance to small scale units for new plants, expansion, diversification and modernisation. In India, for example, apart from a whole lot of nationalised banks, there are three apex institutions that given medium and long term loans to industrial ventures².

Commercial Banks: The steps to be taken to rehabilitate sick units are of far greater value than the establishment of new units. In this context, banks and other institutions must play a significant role. Banks should come forward to nurse sick units in the larger interest of the nation. The funds of the bank, which is already locked up can be realised by them, if sick units are revived. If additional finance is not provided to them they may sick and have to be close down.

The responsibility of commercial banks is, so far as industrial sickness is concerned, greater than that of development banks, Comercial banks have a close and constant association with industrial units and they are in position to detect sickness at a very early stage, if only they equip themselves for the task. The major commercial banks should have on their staff scores of engineers, financial

analysts, who would keep a watch over the functioning of assisted industrial units.

(i) Commercial banks must undertake a detailed analysis of the financial transactions of their clients. They must take the initiative in sending questions and informations to assisted concerns instead of just receiving periodical but mostly outdated return from clients.

(ii) Supervision by commercial banks is essential if the efficiency of the assisted concerns is to be ensured. They must keep in close touch with them, exchanging information and views on units position and prospects.

(iii) Banks must be aware of seasonal patterns if any, of the units’ receipts and payments. They must keep a close watch on the movements in the units, debit and credit balances, its other forwardings and lendings, which are often made to sister concerns, relatives, etc.

(iv) The internal organisation of a bank must be such that one or two staff members are assigned with the specific responsibility of keeping a watch on the affairs of assisted concerns.

(v) There must be a periodic inspection of industrial unit by officers, not merely to verify the stocks of raw materials stores and finished goods but to review production schedules, ensure the maintenance of equipment and general factory efficiency.

(vi) If the man of the unit does not provide satisfactory answers to queries, or if the officer of the branch is unable to grasp the significance of some financial movement, he must seek the help of senior technical and financial personnel at the regional office or at the head office, whichever is appropriate. The service of financial analysts must be available to each branch at short notice.
(vii) Commercial banks must, as a general rule nominate directors on the industrial units, especially those which are likely to detect sickness.

(viii) Commercial banks must pay attention to capital structuring. In this connection, the Tandon Study Group has made useful suggestions. The spirit of these suggestions should be observed by companies and enforced by commercial banks.

(ix) Commercial banks must exercise the utmost caution in financing stocks of raw materials and finished goods which are often affected by sharp price fluctuations. A good banker should observe the rule that, as prices go up, he must also know when to stop tending. Banks must have a good economic and statistical research organisation, so that they may act promptly to vary margins. The key factors is to ensure, on a continuing basis, a good current ratio.

(x) At the initial stage of overdrawing, the banker must discuss with the firms its problems and ensure that remedial measures are initiated.

(xi) Bank should to be extra careful when they have to provide large funds to neglected and priority sectors. Such lending should not be at the cost of financial prudence.  

The Reserve Banks decision to set up a committee to go into the problems faced by commercial banks and term-lending institutions in reviving sick enterprises clearly underscores the incidence of increasing industrial sickness.

Banks are also blame for the emergence of industrial sickness. The initial systems of sickness are known to the bank manager and the fact that revival does not start at that stage speak poorly of bank management. Despite their large financial state, banks do not generally keep a close watch on the performance of the assisted firms. Banks become active only when State Governments give pressure on banks to revive the sick unit. In this context, the banks' present system of monitoring credit utilisation by industry must be

examined and streamlined thoroughly. The nursing of sick units by commercial banks is under the strict control of the Reserve Bank of India. It has been decided that, if these units are to be nursed mainly for social obligations, the sacrifice to be made by bank funding of dues spreading repayments over long periods at lower interest rates or moratorium on repayments even providing more funds must be matched by the others' partial involving in the affairs of sick units — labour, the Government, owners, other creditors, and so on.

The RBI issued a set of guidelines in February 1987 which laid down, inter alia, is the definition of incipient sickness, sick SSI units, viability of sick units, reliefs and concessions for rehabilitation of potentially viable units. These guidelines were modified in June, 1989. Financial institutions, in their nursing programmes, will have to be versatile. Apart from this, there are many important areas which need further examination. These are :-

(i) Cooperation between term-lending institutions and commercial banks as commercial banks which provide, by and large, working capital finance, are more aware of many things, than term-lending institutions because of their daily contracts with the borrowers. Term institutions are slightly aloof from the actual scene of operation. However, assistance from both is essential for rescue operations;

(ii) Coordination between various government agencies, both regulatory and promotional and all financial institution, including banks and

(iii) Cooperation of various suppliers, unsecured creditors and other share holders who are interested in the rehabilitation of the unit and particularly of the employees.

(iv) Cooperation and understanding of the project promoters.

Banks may consider the question of establishing consultancy cells to extend assistance to small entrepreneurs.

**Development Banks**: The term lending institutions have to carry out appraisal of important key areas in the project plan. Many projects are "born
sick' because appraisal has not been carried out satisfactorily. The task of the
term lender to advert sickness commences with the appraisal of the project. In
this chapter, researcher discussed the role played by the term lending institutions,
viz. Industrial Development Bank of India (IDBI), Industrial Credit and
Investment Corporation of India (ICICI), Industrial Finance Corporation of India
(IFCI) and other institutions. These institutions not only participate in
modernization of plants of sick units but also have their own revival measures.
Common feature of the all financial institutions. development banks are
discussed here :-

(i) **Appraisal of management**: The term lender can forestall more than
50 per cent changes of sickness if he evaluates properly. 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 which may come in
future and timely steps to avoid them.

Management evaluations is a different 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 on the
prospective borrower from bankers and other known sources, particularly
regarding his antecedents and business reputation.

(ii) **Market survey**: Market potential for a new product is often uncertain
and if a project is supported by the term lender without ascertaining that the end
products would have a reasonable market, he may soon have a sick unit on his
hands. Whenever an entrepreneurs markets only one product for a specific
customer, the unit may face problems because customers are known to change
their demand midstream.

(iii) **Machinery and equipment**: Many firms use second-hand machinery.
Such a project can be easily become sick if reconditioning of the second-hand
equipment is not satisfactorily done and the technicians to instal the equipment
are not available in proper time. extra care has, therefore, to be exercised by
the financing institutions to ensure that the second hand equipment would have a reasonably long life after reconditioning, and in case of any deficiency in the equipment, ready assistance from the sellers would be available. There are cases when an entrepreneur decides to patronise a new process. Not only the term lender should insist that a new process should be proved on sufficiently large pilot plant, but performance guarantee should also be insisted upon from the party providing the process.

(iv) Satisfactory implementation: - Time element is all important in the implementation of a project and the term lender has to ensure that all available delays at the appraisal stage and during the disbursement of the sanctioned assistance are eschewed scrupulously. Prompt action during these stages would not only result in the implementation of the project without overruns and on schedule, but would also establish rapport between the term lender and the entrepreneur 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. Normally, the appraisal is handled by the financial and technical officers of the term lending institutions, who have the necessary background and the experience for the job. Nevertheless, there would be cases where outside experts would have to be consulted. In a few cases, it may also become necessary to visit foreign countries to observe the working of similar plants or understand an unknown process known. When the above consultations visits are dictated by the exigencies of the situation, there should be no hesitancy in the lending institutions because of the substantial expenditure involved, which may not be recoverable from the entrepreneur, and may invite criterion from one or the other quarter.

Industrial sickness can be prevented by the financial institutions if proper attentions are given in the following points :-
(a) careful project appraisal
(b) continuous monitoring of the units especially during the project implementation stage.
(c) a professional, speedy, and co-ordinated institutional response to the problems of units.
(d) required system at the units, and
(e) incentives for remaining healthy and desincentives for actions contributing to sickness. These points are shown in table 6.1.
### TABLE 6.1

**AN INSTITUTIONAL SYSTEM FOR PREVENTING SICKNESS**

<table>
<thead>
<tr>
<th>Continuous monitoring of unit</th>
<th>Careful project appraisal</th>
<th>Professional institutional response to units problems</th>
<th>Required system at client units</th>
<th>Incentives to units to remain healthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic financial report</td>
<td>- Independent verification of sales, profits etc., projections of the client.</td>
<td>- training of desk officers and deputed advisors in professional industrial and financial management.</td>
<td>- approval of financial institutions for appointing (or removing internal and statutory auditors, etc.) professional management training for promoters.</td>
<td>- interest relief if no sickness.</td>
</tr>
<tr>
<td>Desk officer for client unit</td>
<td>- Careful scrutiny of technology and plant size choices, location, government related contingencies and quality of management.</td>
<td>- discretionary authority to monitoring desk officer to commit the institutions (up to some limits) to immediate contingency reliefs.</td>
<td>- better co-ordination and faster response by financial institutions through a smaller consortium.</td>
<td>- penal interest for avoidable project cost escalation, careless or false sales and profit projections.</td>
</tr>
<tr>
<td>Institutional nominee on the board</td>
<td>- use of external consultants for appraising large or &quot;risky&quot; projects.</td>
<td>- lead agency concept.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Periodic inspections</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional adviser</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputed to unit, especially</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to monitor project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation in &quot;risky&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-institutional</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reviews of unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market intelligence and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry cells.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


### 6.3. ROLE OF THE GOVERNMENT

In the third world, the Government is often a dominant stakeholder even in privately owned enterprises. The various tax reliefs and subsidies, it provides, its ownership or control of the institutions that finance organisations, its enterprises related policies stemming from its overriding concern with industrial development, etc. make it a major stakeholder even in mirror enterprises. Its actions often affect the health of whole industries like magic. New industries arise through appropriate policies, tax incentives, subsidies, infrastructural facilities, etc. and the magic they disappear also, or get sick. The policies and financial and infrastructural support provided – or withheld – by the Government is an important determinant of health and sickness. Frequent changes in Government policies need to be avoided to reduce industrial sickness.\(^4\)
The Government can play a crucial role by ensuring adequate supply of power, transport and raw materials and taking care that, its policies formulated to achieve certain social objectives do not harm the industrial units. The possibilities of creating a fund for the purpose need to be exposed.

Quite often, rehabilitation necessitates certain steps on the part of Government, Government should, wherever necessary, take quick decision to declare a unit as “Relief undertaking” to prevent creditors from moving the court for winding up, pending rehabilitation. In appropriate cases, Government has to agree to grant time for payment of arrears of stationary dues by the sick units in a pleased manner. Prompt action by Government on all matters where action on their part is necessary, helps in rehabilitation.

Considering the seriousness of the problem of industrial sickness and its effect on the national economy, the Government has given greater attention to this problem. The Sixth Plan document had recorded that “the phenomenon of industrial sickness not only tends to aggravate the problem of unemployment but also renders infructuous capital investment and generally creates an adverse climate for the industrial growth. In advanced countries, where there are adequate social security benefits, this is accepted as a normal feature of industrial scene. However, sickness has much more serious economic consequences in the country where unemployment is a major problem and resources are scarce”.

The new industrial policy has also announced various measures which are helpful to reduce the incidence of sickness in industries. These measures are —

(i) Shift of decision – making on investment from bureaucratic to the entrepreneur

(ii) new approach to the public sector,

---

(iii) liberalised foreign investment
(iv) relaxed rules for induction of advanced technology.
(v) delicensing of industries
(vi) separate policy for small scale sector.

Recently the government has passed sick industrial companies legislation in 1985 with an objective of **early detection of sickness** in an industrial unit and to evolve a package of measures to remove uncertainty about the working of the sick units. Under this act, the Government has made it mandatory on managements of medium and large scale units to inform a board set up under the act, called the **Board for Industrial and Financial Reconstruction (BIFR)** of impending or actual sickness.

The RBI has set up, on the advice of the Government of India, **State Level Inter-Institutional Committee (SLIIC)** in all states under the chairmanship of secretary, industries department of the concerned state Governments and the local officer-in-charge of the RBI’s Rural Planning and Credit Department as convenor to provide a useful forum for exchange of information and discussions on problems faced by small and medium scale industrial unit.

The Ministry of Industry (Deptt. of Industrial Development) introduced the margin money scheme for revival of sick small scale unit in January, 1982, with a view to supplement the efforts of the state government in reducing the incidence of sickness amongst small scale units and ensuring better utilisation of installed capacity.

Government of India in December, 1991, set up a committee commonly known as **Nayak Committee** to examine the adequacy of institutional credit to small scale industries sector. The Committee examined the issue of sickness in detail and recommended several measures to deal with sickness.

Based on the recommendations of different committees, the Government of India has introduced various schemes for the development and rehabilitation of industrial sector. Some of the important schemes are as follows:-
Many state Governments have enacted the Relief Undertaking Act (RUA) which empowers the state Government to declare a sick units as relief undertaking, whereupon all the dues payable by the said unit become frozen and the creditors cannot recover the dues. The act covers the state owned industrial undertakings and all these undertaking to which any loan or grant has been given by the state Government or a company or corporation owned and controlled by the Government. The cases for this purpose are generally sponsored by the financial institutions and commercial banks.

**Soft loan** scheme was introduced in November 1976 to provide concessional assistance for modernisation and rehabilitation of units in five selected areas viz, cement, cotton, textiles, jute, sugar and specified engineering industries. In January, 1984, the scheme was revised to cover all the industries. This scheme is being operated by the Industrial Development Bank of India (IDBI) in collaboration with Industrial Finance Corporation of India (IFCI) and Industrial Credit and Investment Corporation of India (ICICI).

In June 1981 the Government of India announced a new policy for the rehabilitation of sick units which stated that if the RBI, the financial institutions and the respective State Governments fail to prevent sickness in the units employing over one thousand persons or having investment of Rs. 9 crore or more in fixed assets, then such units would be nationalised if (i) the line of production is critical to the economy, (ii) the unit has been functioning as a parent unit with large ancillary linkages and (iii) its closure would cause substantial dislocation and unemployment and the workers may not get alternate jobs. Although this policy did not cover the sick small scale units under its purview, one of the objectives was also to prevent sickness in the SSI Sector.

Liberal margin money scheme was introduced in June 1987 for supplementing the efforts of the State Governments to prevent increasing sickness in the SSI sector. Under this scheme the State Governments provide a matching contribution on a 50:50 basis in rehabilitation assistance to the SSI units.

On 2nd April, 1990 the **Industries Development Bank of India (IDBI)** was set up with the main thrust on a new initiative for simplification of existing
schemes, procedures and introduction of new schemes of financing for the healthy growth of the SSI sector.

The new industrial policy announced in August 1991 for small, tiny and village entrepreneurs emphasized the removal of bottlenecks in the financing of SSI units. Financial assistance which was hitherto available under the Single Window System (SWS) through SFCs and SSIDCs was also channelised through the commercial banks. The scheme became operational in 1992. The new industrial policy also initiated steps to solve the problems of credit bottlenecks. It was decided to enact a suitable legislation to ensure prompt payment of bills of the SSI units and the SIDBI was entrusted with the responsibility of solving the cases of delayed payments. In September, 1992 an ordinance was promulgated which made the payment of industry obligatory on delayed payments to the small scale and ancillary units.

The industrial economy of the state has also been the victim of lack of proper industrial planning. Trueness of the things is that the state does not have any realistic industrial policy of its own, which is wholistic in nature. Whatever, policy statements have been made in the form of circulars, incentive, packages etc. from time to time, have failed to visualise the socio-economic and geopolitical imperatives and resource endowments with which the state is endowed. The policy measures were far more oriented towards protection than production, general than specific and political than popular thus, rather than acting as a facilitator, have resulted in measures of incentives, subsidies, administrative malpractices and above all failed to capitalise on resource endowments and historical legacies where the state enjoys some comparative advantage. The state is in dire need of long term industrial planning based on some bold economy, essential features of which are a modern management cadre, latest technological back-up, ambitious entrepreneurs class.

With best unexploited potential for industrial development and a huge reservoir of man power, the pace of industrialisation can considerably be stepped up. The possibilities of industrial development are reasonably good enough as the state is well endowed with some natural resources. On the basis of the existing resources whose commercial exploitation has been assessed so far,
the industries mentioned in “Industrial Policy of Manipur - 1996” will hold good prospect for establishment and further development in the state, however, needs to be managed on the modern lines of business. The industries based on natural resources where the state enjoys some definite comparative advantage can be started, some what at a large scale and the industries which use gross raw materials not available in the state should be aimed at meeting the local demand only.

6.4. THE ROLE OF THE ENTREPRENEUR

In a way, it should be the sole responsibility of the entrepreneur who conceives implements and manages the project, to avert sickness in the unit set up by him. This can normally be done if the entrepreneurs does his home work 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.

There are different stages to bring out by the management in the process of wining around the sick units; there are management change stage, evaluation stage, emergency stage, stabilisation stage and the return of normal growth state.6

In the first stage there is needed a change in the top management when the analysis and interpretation of various causes and symptoms reveal that the sickness is due to their wrong direction to the business activities and subsequent failure to recognise the problem and take necessary preventive steps. This type of a change, though very often followed in many industrial units in large and medium sector, may not be applicable to many small units, particularly when the unit is a proprietary concern or the top management has strong ownership

---

position. For these cases, change in management means a change in heart, a new thrust or an ability to take tough decision to have their business. Change of management is also sometimes required in middle and operating levels of management when it is revealed that the caused of sickness creep through their continuous irregularity and negligence to follow up the policies following from the top management. But, before taking step to change the management we are to examine whether the ill health of the business is due to inefficiency and fraud of the managers or due to some environmental factors, the controllability of which fall beyond their scope. So, the continuous sickness could have been avoided by appropriate managerial facts, then only responsible managers should be changed otherwise replacement of old and experienced managers would further aggravate the situation. Nevertheless, the existing managers and newly appointed managers with an encourage spirit should employ their skills and facts on a war path to fight against the evils affecting their business.

The next stage is the evaluation stage where the management has to find out the possible viability of the firm and prepare a reorganisation plan. While evaluating, the new manager should try to understand the situation in the quickest possible time from its current poor performance to a least one step ahead towards revival. The various role played by the management in this stage are as follows :-

(a) Determination of the area where he has to concentrate his efforts to get the greatest average and to develop plan accordingly.

(b) Drawing focus of the plan towards generating cash inflow because most of the sick units at this stage have negative cash flow. Hence the management has to recognise its cash management possible way to prevent cash outflow.

---


Ibid., P. 49.
(c) Review of credit policy in consonance to requirement of cash and working capital in this take up situation. Availing a longer credit period, granting shorter credit period determining amounts payable are some of the steps in this process.

(d) Reduction of excess manpower and stock of common materials particularly which are easily and timely procurable at the local market.

(e) Segregation of business into segments, productwise or operationwise and judge their contribution to the firms profitability in order to drop the segments of profitability and negative cash generation.

(f) Evaluation of all the segments by means of SWOT (Strength Weakness, Opportunity and Threat) analyses with a view to capitalise strength and opportunities and minimise weakness and threats.

(g) Conversion of loosing segments into cash by disposing them as going concern. This will strengthen the cash position of the existing segments.

(h) Communication of these plans to all concerned.

The next stage in attaining an acceptable return on investment is the stage of stabilization. During this stage the emphasises shifts to a three pronged strategy\(^\text{10}\), they are :-

(i) concentration on profitability in addition to cash flow,

(ii) run existing operation better and

(iii) reposturing the firm to provide a sound platform for medium term growth.

---

There stages, when things are little better, introduction of a control system is required. One of the important reasons of Industrial sickness in our country was due to lack of such system in the past.

6.5. THE ROLE OF PROFESSIONALS

It is the responsibility of the accountant to check the signalling of the sickness through continuous study by adopting different models for forecasting of sickness. For revial of sick unit, it should be joint efforts of accountants, engineers, marketing personnel etc. But in a state like Manipur small entrepreneur cannot bear the lost of such professionals. So, to overcome this problem, the Manipur Government should make a provision to establish consultancy cell in banks, financial institutions and other Departments consisting of professionals in different fields of industrial operations. This will help in smooth functioning and at the same time help in prevention and revival of the sick unit by closely monitoring the implementation of rehabilitation package.

*****