CHAPTER THREE

LITERATURE REVIEW

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LITERATURE REVIEW

In the present chapter, a review of the existing literature concerning the causes and remedies of industrial sickness in Bangladesh as well as abroad (especially in India), giving emphasis on textile sector, have presented. The total review of the literature has been divided into two parts. First part comprises the review of industrial sickness studies alongwith some studies which have covered the different aspects of BTMC and second part covers the review of studies conducted abroad. The purpose of these literature survey is to review the relevant research done on the subject and to find-out the research gap.

3.1 Studies Conducted in Bangladesh

Shahid [1982] mentioned, in his paper, due to lack of proper supervision, follow-up, reporting and monitoring by the bank, as well as the entrepreneur, an enterprise may lead towards sickness. The author identified four main indicators such as production, cash management, sales and profit which may help in ascertaining whether an enterprise is in good health or has fallen sick. The article is good only for conceptual development on the area without any numerical support.

Hossain [1985] found that, most of the selected mills of BTMC could not fulfil their financial obligations and operating at losses. He observed that, the percentage of cash to working capital is very low, investment in inventories is high and that negative profitability adversely affecting the liquidity position of the selected units. The author suggested some remedial measures to overcome the adverse situation. He discussed only the problems in management of working capital but did not touch the other important problem areas of textile industries in Bangladesh.

Saha [1986] in a study entitled "Lending Programme of BSRS : An Evaluation" found that most of the projects financed by BSRS have become sick. BSRS executives opined that for the rapid sickness several factors are responsible viz. managerial incompetence, shortage of working capital, shortage of raw materials, marketing inefficiency, weakness in project appraisal, defective industrial policy and operational problems etc.
Ishaque [1988], in his article, covered all the 41 enterprises under the control of BTMC and indicated that mis-management is the main cause for the problem of working capital. He mentioned that operation of sick mills, pricing policy, inventory of raw materials, liquidity crisis, surplus manpower & tax burden are also liable for the problem of working capital and recommended some remedial measures to overcome the situation. The paper is limited to the discussion of only one problem, i.e. the problem of working capital management; the other problems with the enterprises under BTMC are not discussed.

Sen [1989], in his study based paper, mentioned the breakup of the sick units registered with BSB and BSRS upto 30th June, 1985 with their debt burdens. He identified some internal causes of sickness viz. faulty project planning, defective management, inadequate plant maintenance, lack of technical knowledge, decreasing trend in sales, lack of BMRE and the problems of financial and labour etc. External problems are: natural calamities, non-availability of raw materials, price rise of electricity, gas etc., high production cost, heavy debt burden, dearth of spare-parts, wrong specification of plant, lack of necessary cooperation from financing agencies etc. He has suggested some remedial measures like a policy of self correction (through change in product mix, BMRE of machineries etc.), changes in government policy, extensive rehabilitation programme, financial assistance, introduction of modern technology, amalgamation of sick units with healthy ones, systematic training programme, providing some infrastructural facilities etc. The author has suggested the remedial measures according to sector-wise not sick project-wise. He neither interviewed any entrepreneur nor any DFI executive. The study conducted on the basis of secondary data. He did not touch the sick units which are not listed with BSB and BSRS and cover any large scale industry.

Begum [1990] specified, in her article, four criteria to identify an industrial project as sick. She mentioned some causes of sickness in a particular industry in terms of those criterias and grouped them into four viz. (i) causes for net loss (ii) causes for crippling debt-servicing burden (iii) causes for gradually falling share price and (iv) causes for under-utilization for industrial capacity. She also prescribed some remedial measures for revival and rehabilitation of sick industries to create the pace of new industrial investment in Bangladesh. The author has
not selected any specific industry either sector or unit wise and it is, in her study, not clear that in what basis or process she specified four criteria to identify an industry as sick.

Islam [1990] identified some problems, in his article, relating to marketing of textile products in Bangladesh and offered some suggestions to solve it. The author emphatically expressed the opinion that if the problems are solved, the mills under BTMC would be able to market their products effectively and in turn be able to contribute to the welfare of the people of Bangladesh. The study is limited to only marketing of textile products among various functional areas of textile mills under BTMC.

Hossain & Chowdhury [1991] found that there is deficiency of cash and both the size & percentages of cash to current assets are abnormally low in all the selected mills of BTMC except one. They identified the reasons for the unhappy situation and these are: non-implementation of the techniques to regularize cash flows, absence of adequate policy in determining the optimum cash balance and non-introduction of the techniques to maximize the availability of cash. They have suggested to prepare an effective cash planning and control and apply the different procedural techniques for obtaining the required volume of cash, reducing the volume of inventories & receivables (according to the prescribed norms of the BTMC) etc. In concluding remark the authors expected to have a broad based 'internal control system' for an effective control over cash but did not cover other important problem areas of financial management of BTMC mills.

Karim [1991], in his survey paper, provided empirical support through ten sick projects financed by BSB and BSRS under the caption 'A' to 'J'. In all the ten cases, he mentioned, bad planning, faulty planning/design and weak management are the main causes of sickness and suggested some rehabilitation measures for those sick projects separately. Although the cases were very interesting and thought provoking but the paper was silent about the method of selecting the sample-cases and no medium or large scale sick projects have been considered in the study.

Nabi [1991] highlighted some causes of sickness and recommended twenty
nine remedial measures to rehabilitate the sick projects on the basis of respondent's opinions. Finally, he suggested for a thorough study on the sick projects of Bangladesh. The author selected the medium and large scale sick projects which were in private sector and only financed by BSB and BSRS.

_Quayyum [1991]_ mentioned, in his article, some causes of business failure in Bangladesh like lack of experience, wrong identification of the project, lack of proper feasibility study, problems in project appraisal, lack of technical know-how, problems of capital, unfavourable impact of currency devaluation on industries, managerial inefficiency, imbalance between policy formulation and implementation, lack of business ethics, absence of appropriate guidance and counselling, power failure, bureaucratic rigidities, poor infrastructure and so on. The author has suggested some remedial measures to solve the problems but no practical example has given.

_Rahman [1991]_ mentioned some causes of sickness of industrial units in Bangladesh and prescribed some remedial measures to overcome the situation. The major causes of sickness identified by him, are: failures in timely prediction, managerial failures, inadequate industrial infrastructural facilities, adverse socio-political environment, deficiency of working capital, frequent changes in govt. policies, corporate structure, increasing trend of costs, under-utilization of production capacity etc. He emphasized on proper project appraisal and improvement of industrial environment. He recommended to establish an independent board manned by highly technical and professional staffs for identifying of actual sick units, initiating of the process of rehabilitation, designing the nursing programme, negotiating with concerned parties and monitoring the nursing programme to rehabilitate the sick industrial units. The significant limitation of the paper is that it did not cover any specific industrial sector either in nature or in size.

_Task Force [1991]_ in its report mentioned that almost 50 per cent of the industries in Bangladesh, both in the public and private sector, are sick. The report contained a large number of causes for sickness like technological backwardness, low demand of the local products, over-crowding of investors in the same sub-sector, inappropriate credit policy, inefficient protection policy etc. The report emphasized on proper evaluation and identification of the problem to
prepare an effective industrial policy and recommended to set up a board/committee manned by competent official and legally qualified persons and prepare an incentive package for rehabilitation of viable sick industries. The Task Force also emphasized on close down the sick industries which are economically non-viable.

Ather [1992] analyzed the under-utilization of capacity of 8 public cotton spinning mills in Bangladesh and pointed out that among the causes, just four, viz. power failure and load-shedding (30.28%), absenteeism (21.46%), shortage of spare parts (14.24%) and maintenance (10.93%) together accounted for 76.91 per cent of idle capacity. The author recommended some remedial measures for the avoidance of under-utilization of capacity or maximizing the use of existing capacity installed but did not touch the factors which are liable for idle capacity.

Karim [1992], in his unpublished Ph.D thesis, covered 24 industrial units financed by BSB, belonging to six industrial sub-sectors viz. textile food, chemical & pharmaceuticals, paper & paper products, electrical goods and cold storage. He identified a large number of problems and suggested some remedial measures to overcome the situation. He suggested the management to pay proper attention to prepare and maintain up-to-date books of accounts and to calculate accounting ratio analysis in regular basis in order to know the financial status & performance. He also suggested for amending all existing legal provisions affecting industry viz. Companies Act 1913, Income Tax Act 1922 and other fiscal & monetary regulations. Such amendment has suggested to improve the quality of transport & communication facilities, ensure the regular supply of electricity at a reasonable cost, ensure coordination among Bangladesh Bank, DFI, NCB, MOI, MOF etc., adopt a common strategy regarding industrial financing and promotion etc. The study has not covered industrial units financed by BKB, BSRS, NCB, Private Commercial Bank and Islami Bank and also not covered public sector enterprises.

Ministry of Industries [1992] formed a cell in June 1991 to identify the sick units and suggest recommendations. The cell submitted their report in 1992 and identified 1583 units as sick. The cell mentioned 30 causes of sickness and suggested a large number of remedial measures. Though the attempt was the first initiative in govt. level but the main limitation is that the cell identified only those units as sick which applied for and a large number of public as well
as private sick units did not apply for registering as sick unit. Another limitation is, the cell identified sick units on the basis of the information which the entrepreneurs had provided. The cell has not used any established model to identify an unit as sick or not suggested any model to predict the sickness of an unit a few years earlier than the year of occurrence.

**Saha and Dey [1992]**, in their study, found that all the five silk producing units are suffering from sickness due to some problems in production & marketing of silk goods. The authors identified some causes of sickness separately (unit-wise) but combindly suggested some remedial measures to improve the situation. The study is limited to only five private sector silk industries and one district of Bangladesh.

**Ather [1993]** highlighted the stages, effects of sickness etc. and mentioned some causes and their remedial measures to rehabilitate the sick units & prevent from future sickness. He has recommended for close coordination among the Government, DFIs, the commercial banks and the sponsors to remove industrial sickness. He has not provided any empirical support in favour of his findings and covered any particular type of industries.

**Momin [1994]** discussed three predictive financial models of industrial sickness based on financial ratios developed by W.H. Beaver, E.I. Altman and L.C. Gupta. The author mentioned that no attempt has been made or no research work has yet been taken to select the best financial ratios for sickness prediction of industrial units in Bangladesh. He suggested to consider the value added figure in lieu of profit figure as the performance indicator of the business. The author has not suggested any specific model which could suit the context of Bangladesh or not developed any model to predict the industrial sickness of Bangladesh.

**Rashid & Karim [1994]** studied a sample of 8 textile mills which had been operating under BTMC and found that there was a higher degree of idle capacity in all the sample mills varying from 25 per cent to 54 per cent during 1985-86, 1988-89 and 1989-90. They mentioned some causes of idle capacity and statistically proved the impact of such higher degree of idle capacity but they have not suggested the remedial measures to overcome the situation.
Jahangir [1995] provided a short overview on industrial sickness of small scale industries (SSIs) in Bangladesh in general and the present status of SSIs in Kushtia district in particular. The paper highlighted the localization of sick units and identified some causes of sickness. He recommended some remedial measures to solve the problem. The author suggested that after correct diagnosis of the problem, joint efforts of all relevant parties like BSCIC, Commercial Banks, Entrepreneurs and the Government are essential to successfully deal with this grave industrial problem. The main limitation of his study is that it has not covered either any medium or large scale industry or any small scale industry which is not assisted by BSCIC.

Karim [1995] made an attempt to identify the causes and symptoms of industrial sickness on accounting view point. He suggested the management to be alert about symptoms of sickness and also mentioned that the professional accountants have an important role to detect the weakness/symptom of sickness at an early stage so that the management may take appropriate preventive action. The author observed that a good number of industrial units in Bangladesh maintains their accounts on historical basis so that these types of accounting information hardly enables the management to predict and determine the causes of sickness. The article is narrative without any empirical support.

In a recent attempt, Ali [1997] has mentioned that the selected mill had incurred losses in 16 years out of last 18 years and identified some reasons for not achieving the institutional success. viz. irregular supply of electricity, frequent breakdown of machinery, shortage of working capital and a large quantity of cotton yarn incoming through smuggling etc. The author suggested some remedial measures, such as: to increase the volume of production by using the idle spindles, to confirm the required raw material supply in time, to give the power to take all the decision regarding production to the mill authority, to give an emphasis on the modernization of machineries, to take initiative to sell the produced yarn at a reasonable price, to install a generator, to take initiative to protect the smuggling etc. The mill is facing some financial difficulties but the author has not suggested any immediate ways & means to overcome that difficulties.
Without the above studies many professionals, economists, and researchers observed a large number of problems of the industrial enterprises of Bangladesh, especially of the public sector cotton textile industries. Some of them, in briefly, are the following:

**The Planning Commission [1973]** indicated some deficiencies in the area of financial management of the cotton textile industry of Bangladesh viz. lack of clearly defined financial objectives; absence of production target; weak management information system (MIS); defective purchase and sales policies etc.

**Habibullah [1974]** mentioned that the cotton textile industries of Bangladesh are suffering from low productive efficiency and high cost of production.

**Islam [1977]** pointed-out some of the weaknesses experienced in the financial management of the cotton textile industry of Bangladesh. Some of them are: problems in administrative procedure relating to budget approval; execution and implementation; inappropriate pricing system etc.

**Sobhan & Ahmad [1980]** indicated some loopholes in the working capital management of the public sector industries especially in the cotton textile industry. These are: working capital gap, defective policy relating to the procurement of raw cotton and spare parts etc.

**Hoque [1987]** mentioned that overcapitalization and problem of working capital are permanent drags on the profitability of public sector industries in Bangladesh. He also mentioned that in Bangladesh cash receipts and disbursement policies are unsound in the case of public sector industrial undertakings.

**Saha [1989]**, in a study, mentioned that capacity has remained theoretically under-utilize leading to idle capacity, which adversely affects to the productivity and profitability of the textile industrial sector of Bangladesh. It is not an in depth study. The author has not suggested any specific remedial measures to solve the problem.

### 3.2 Studies Conducted Abroad

A study made by the Indian Institute of Economics, Hyderabad, revealed that tedious procedures of obtaining credit, delay in supplies of raw materials,
transportation bottlenecks, delay in allotment and distribution of raw materials, lack of good quality raw materials, lack of financial management and finance are the important causes of sickness. The study did not recommend any specific solution to overcome the adverse situation [Mazumdar & Nag; 1977].

According to a study [Bidani & Mitra; 1982], conducted by the Economic and Scientific Research Foundation, New Delhi, a large number of industrial projects particularly in large scale sector have become economically unviable due to a sharp increase in capital costs. The study highlighted that there are wide differences in project costs due to various factors like scale of production and technology used. The study also highlighted that cost over-runs being one of the common causes of industrial sickness. The study did not cover any specific industrial sector.

The Report of the Task Force set up by the Union Government of Gujarat in 1972 in connection with the formulation of policies and programmes for the development of the textile industry referred to a number of adverse factors faced by it such as the severe and increasing competition, demand recession, shortage and high costs of raw materials, labour trouble etc. [Piramal; 1982]

The Planning Commission [1982] had sponsored a study on sickness through the Management Development Institute. The report submitted in October 1982 indicated that in most of the cases, the determinant of failure as well as success has been the "Management". The management are responsible for failure due to faulty project formulation, inappropriate timing of decisions and adoption of outdated technology. The paper had come to the conclusion that Government’s own policies were also responsible for sickness in industry. It pin-pointed three main reasons for the sickness of industrial units. They were (a) licensing of capacity in an industry unrelated to demand; (b) price and distribution controls; (c) infrastructure constraints. The paper highlighted some causes but did not suggest the measures to overcome the situation of sickness.

Kuchhel [1984] investigated into the success and failure of 46 industrial units drawn from a vast group of 12 industries comprising of tractors, automobiles, tyres, detergents, synthetic yarns, mini steel, steel tubes, scooter, automobile
gears, fibre-glass, steel trips and tools, sheet glass and hotels. All these units were provided financial assistance by the national level financial institutions. He mentioned that 25 units (54 per cent) were successful and the remaining 21 units (46 per cent) were sick. The study revealed that only 6 units (13 per cent) could implement their projects in the scheduled time and cost. Of the remaining 40 units, as many as 26 units (57 per cent) faced both time and cost over-runs in varying degree averaging 57.3 per cent cost over-runs and 27 months time over-runs. About two-third (17 units) of these 26 units were sick and the remaining one-third (9 units) were successful. The author has not been indicated for what reasons and for whom the implementation delayed.

In order to identify the main causes of industrial sickness, the Reserve Bank of India (RBI) called for information from the banks on the causes of sickness of 378 large and medium sick industrial units which include mainly sick textile mills under the management of the National Textile Corporation/State Textile Corporation, sick sugar mills managed by the State Sugar Corporation and other sick units whose managements had been taken over by the Government under the Industries (Development & Regulation) Act at the end of December 1979. The cause-wise analysis revealed that mis-management accounted for 52 per cent of the units studied, other factors accounted for sickness were faulty planning and other technical drawbacks (14%), market recession (23%), other reasons such as power-cuts, shortage of raw materials (9%) and the much talked about labour trouble accounted for the sickness of only 2 per cent. The analysis by the RBI also revealed that the industrial workers who are least responsible for the phenomenon of sickness are its worst victims [Roonga; 1984].

The Reserve Bank of India (RBI), Bombay, appointed a committee to examine the legal and other difficulties faced by banks and financial institutions in rehabilitations of sick industrial undertakings and suggest remedial measures, including the changes required in various laws relating to Taxation Companies Act, Industries (Development & Regulation) Act etc. on June 14, 1981 headed by Shri T. Tiwari. The report highlighted that among the internal factors an overwhelming cause of business failure are management deficiency, mis-management and management dissensions whereas marketing and technical cause of
external category are the main reasons for sickness of industrial units. The report suggested some strategies to combat sickness; these are: (a) take-over or change of management; (b) reconstruction; (c) transfer of lease; (d) sale as running concern; (e) take-over by purchase of shares by a healthy unit; (f) liquidation; (g) merger/amalgamation; and (h) rehabilitation. The report also suggested that the reliefs and concessions should be given by the Government, sacrifices to be made by the management, labour, shareholders and creditors etc. [Tiwari Committee Report; 1984].

Srivastava & Yadav [1986] conducted a study on causes of sickness on the basis of collected data from 223 industrial projects which were in default during June 1970 to December 1980. Their studies confirmed that mis-management is the single most important factor responsible for sickness in industries. The study revealed on cause-wise distribution of new projects in default that lack of good management contributed 22.19 per cent to the sickness in projects followed by poor implementation (21.70%), marketing problems (15.81%), non-availability of raw materials (13.45%), shortfall of working capital (7.20%), labour trouble (5.74%), technical/operational problems (5.55%) and other problems (8.36%). In terms of internal and external causes, majority of the projects (62.38%) are found in default due to internal causes like problems of poor management, poor implementation, shortage of working capital and labour problems. In fact, the problems identified by the authors are directly and indirectly related to mis-management in the respective operational areas of the projects. The authors identified a large number of causes but did not suggest clearly, either sector-wise or unit-wise, the remedial measures to solve the problems.

Das [1987] presented a brief statistical profile to illustrate the magnitude of sickness of public enterprises. He found that the number of loss making units are increasing gradually. He categorized the public sector sickness into three parts, viz. (i) Born sick (ii) Sickness thrust and (iii) Turned sick. He suggested some recommendations of curing the units of sickness problems and hoped that if the macro and micro-level recommendations are adopted, the public sector would no longer remain a hospital bed for sick industries. The paper is narrative in nature without any case study.
Dave [1987] in her published Ph. D. thesis on the topic “Industrial Sickness and Some Key Areas of Management (A Study of Textile Industry: Gujarat), selected 9 mills out of 114 textile mills in Gujarat and classified the mills into three groups. 3 mills from each group, on the basis of purposive sampling method, were selected and covered a period of six years i.e. from 1977 to 1982 for the study. She examined the strengths and weaknesses of management practices against the norms laid down by various authorities of management science. The most significant contribution of her study is to examine the linkage between quality of management practices and the problem of industrial sickness. Quality of management in sick units and would be sick units has found to be lower than that of in healthy units i.e. there is a close and important relationship between the quality of management and health of industrial units. The study was mainly confined to the management viewpoint. She did not consider the factors which are beyond the control of the management.

Khandwalla [1988] made an attempt to know the perceptions of officials of financial institutions and identified 40 causes of industrial sickness. The relative importance of all the causes based on average score was assessed by classifying them into three categories (i) major causes, (ii) moderate causes, and (iii) minor causes. On the basis of this classification, 10 out of 13 major causes were management related including corrupt management, inadequacies in financial management, poor general management and poor initial choices of technology and investment. 15 moderate causes were relating to external factors. 12 causes were seen related to interference by politicians, financial institutions in the management of the unit and poor law and order situation prevalent in the unit.

Sandesara [1988], in his paper, delineated sickness from the angle of stages in which it may be rooted. He mentioned that in the planning and construction stage, the unit may be found at an uneconomic condition because of adopting an inefficient method of production or planning to produce an absolute product. In the second stage of sickness the unit may have made some mistakes in recruitment and training of the workers, underestimates for various inputs such as power, funds etc., which mistakes are very difficult to correct. In his opinion, the third and final stage of sickness may arise even when the unit is in full swing
The unit may be caused sick when the demand for the product may have changed, new and advanced methods of production may have devised and mean while new producers/competitors may also have emerged. As a result of all these changes, the unit may not have been in a position to cope with the changed and changing situations and thus, may not have been earning expected profits from the new opportunities in the market. The paper did not cover the remedial measures to prevent the sickness at different stages.

Sahu [1990] found, in his article the increasing rate of industrial sickness causes widespread losses in production, income and employment to the concerned units and to the nation. He also found the problems of sickness generally stem from bad management, high rate of capital gearing and several other financial and non-financial factors. He has suggested some steps which may follow by the management, financing institutions and the government in turning a sick unit into an economically viable one. He has also suggested that rigorous management control systems should be implemented at various levels of operations. This article is helpful for conceptual framework but it does not show the ways and means to solve the problem.

A study conducted in Canada and USA on industrial sickness in small industries revealed that incompetent management, which was the single most important cause for failure, accounted for 50 per cent followed by lack of managerial experience (20%), imbalance managerial experience (15%), lack of experience in the area of business (5%) and miscellaneous causes were 10 per cent [Aima; 1994]. The study is not clear about methodological design and did not suggest any remedial measures to stop the failure of small industries.

Sharma and Rani [1994] mentioned that in India nearly 29,000 units are adding to the sick list every year, i.e. 90 units falling sick every working day. They observed that SSI units comprised nearly 99 per cent of the total sick units in the country. They emphasized on correct diagnosis of the problem, withdraw some rehabilitation benefits and allow to die the economically non-viable sick units. They have suggested the government to ensure and adopt an effective training on entrepreneurship who are entering in industrial world and to solve the marketing problem by creating specialized marketing network but did not cover any large
scale industrial sector particularly textile sector.

Chudasma [1996] made an attempt to study the industrial sickness of selected textile enterprises. He used Altman’s Z-score model to find-out the industrial health of the selected companies. He found that 11 companies having less than 1.8 score i.e. these are sick companies. The remaining companies fall in the score between 1.8 to 3 which indicate that these 9 companies are approaching sickness if appropriate measures are not taken immediately. He mentioned that Z-score gives an important information to the management about the liquidity, productivity, capacity to absorb economic and financial shocks, debt service capacity and efficiency in assets utilization. One limitation is that, Z-score is assets based model and is more quantitative and does not take qualitative aspects into consideration like management strength, product quality, changing market etc. The paper did not find-out the causes of sickness of selected enterprises.

Jahangir [1997] made an attempt to highlight some common causes, signals and symptoms of sickness in small scale industries in India. He emphasized on prevention than cure and also identified some preventive measures viz. proper & unbiased appraisal of project, proper & adequate supervision, follow-up, reporting & monitoring etc. The author has emphasized on correct diagnosis before taking the decision of rehabilitation of any sick unit and to give proper attention to monitor the nursing programme in order to cure the sickness of an industry for its revival / restoration / rehabilitation. He has also suggested to take appropriate steps to ensure the implementation of rehabilitation programme according to schedule. The article is narrative on the basis of some literature on the area without any empirical investigation.

Without the above studies, some researchers identified some causes and suggested remedial measures of sickness in textile industries. A brief review of some studies are discussed below.

Balasubramanian, K [1985] mentioned that in 1983-84, the textile units had to face severe power cuts, high raw material cost, market recession and rising wages. He has suggested to set up a separate full-fledged organization charged with the specific responsibility of studying general as well as individual
cases of sickness in industries which would help prediction of the malady in time and suggest solutions long before the illness reaches a serious stage. He did not cover, in his paper, any particular size (large, medium or small) of textile industry.

Buch [1988] mentioned that mis-management is one of the important factors for sickness of textile mills in the initial stages but in the present context it is no longer valid. According to him, among other factors, the lending policies followed by banks and other financial institutions and lack of modernization contributes to sickness and closure of mills. The article is fully personal opinion based without any numerical supportings.

Srinivasan [1989] mentioned that since the 1960s the cotton textile industry faced competition from unbated smuggling of man made fibers, filaments & fabrics; unwise expansion of textile industry is also contributed to sickness. He has suggested some strategies for reviving of sick textile industries such as: old dilapidated and obsolete units should be closed down and uneconomic operations should be discontinued; surplus unusable production capacity should be contracted and cancelled; strict quality control should be adopted and implemented in the industry on a voluntary basis; tax reduction and rationalization measures should be adopted; old and obsolete units should be allowed to die and replaced with new modern functional units to serve as models for future expansion in the industry. He made an attempt to solve the problem of industrial sickness on the basis of personal opinion and existing literature on the area of industrial sickness without giving any empirical support.

Kathar [1990] identified some reasons for the weak financial position of TEXCOM are: (i) inadequacy of share capital (ii) paucity of working capital (iii) unfavourably capital structure (iv) heavy interest burden (v) social objectives (vi) high cost of production (vii) low sales and lower selling prices (viii) under-utilization of the installed capacity (ix) rigidity in the operational flexibility etc. The author suggested some remedial measures viz. change in product mix, change in capital structure, utilization of full capacity, conversion of borrowing into equity share capital and reorganization of the project. He did not apply any statistical technique to evaluate the economic performance and classify the causes into internal/ controllable and external/uncontrollable group.
3.3 Research Gap

On the basis of foregoing literature review it can easily be concluded that a large number of studies have conducted in India on industrial sickness although the most of these studies highlighted on the magnitude of sick industries, the number of sick units with the debt burden, increasing trend of sick units in state-wise/region-wise, causes, symptoms and remedial measures of sickness etc. A good number of studies has focussed on sickness in small scale industrial sector but a little attempt has been made to study the large as well as medium scale sick industries. Nalini V Deve, in her in-depth study, has covered the sickness of textile industries in Gujarat, but she emphasized mainly to examine the linkage between the quality of management practices and the problem of industrial sickness.

In Bangladesh, some professionals researchers and scholars in the field have written several articles on causes, symptoms, rehabilitation and remedial measures of sick industries which are mostly narrative in nature; but a few have dealt the topic of industrial sickness in a systematic and integrated manner. A few articles have discussed and analyzed some specific problem areas of textile industries but no in-depth study has done on the vital issue of industrial sickness and the causes thereof giving emphasis on textile sector which is badly called for.

The present study is undertaken to make an in-depth analysis of the causes of sickness and to suggest remedial measures for improving performance of the public sector cotton textile mills presently operating under Bangladesh Textile mills Corporation (BTMC). Furthermore, an attempt is made to examine the financial health with the help of ratio analysis and by using some well-established financial models for predicting the chances of survival or failure of the mills under BTMC. It is therefore hoped that the present study on the problems of public sector textile industry, Bangladesh, will make a modest contribution to the present knowledge on the issue of industrial sickness in Bangladesh.
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