6. PROBLEMS AND SUGGESTIONS OF
INDUSTRIAL ESTATES IN RAIPUR DISTRICT

Industrialisation does not automatically lead to rapid economic development. By simply increasing the number of modern industrial units through increasing the share of investment in the industrial sector, the economy fails to register high growth rate if the industries show poor performance and there is large scale industrial sickness. The production system in industry is an organic process. The successful performance of industries linked with various factors.¹

Industrial Estates have been recognized both in developed and developing countries as one of the means to generate employment and tools to improve social and economic conditions of the population.²

The importance of Small-Scale Industries in the development of the national economy is well recognised in view of the fact that the development of Small-Scale Industries envisages mobilisation and utilisation of local resources, man-power, finance and raw materials to at great extent and helps in promoting industrial activity on a decentralised basis. But one of the principal inhibiting factors with which the small industrialist has to contend with is lack of suitable factory space with adequate facilities for water and power. Acquiring land, constructing factory building and procuring other facilities like power and water not only takes a great deal of time and energy but also locks up a substantial portion of the meager capital available with the small entrepreneurs and industrialists. The industrial estate has been envisaged as an effective means by which the small industrialist can save his effort, time and to some extent capital in setting up a factory at a suitable site.³

On the recommendations of the Small-Scale Industries Board set up in November 1954, the Government of India adopted the programme of Industrial Estate as a measure of promotion of Small-Scale Industries and introduced this programme towards the end of the First Plan period i.e.1955. The programme of Industrial Estates aims at overcoming many a handicap encountered by the Small-Scale Industries by providing conditions favourable to working efficiency maintenance of uniform standard in production and economic utilisation of materials and equipments, etc. In fact the 2nd Plan defined the principal objectives of these estates as follows: to enable a number of Small-Scale Units to have the advantage of common services and other facilities such as good site, electricity, water gas, steam compressed air, railway siding, watch and ward, etc. Since, in an industrial estate, a number of manufacturing establishments are located within the same area, it was also expected that an estate would, in effect, become a complex of interdependent and inter-related industries.⁴

The main objective of the programme is to encourage and support the creation, expansion and modernisation of SSI through provision of factory accommodation, common service facilities and assistance and servicing throughout, all stages of establishment and operation and developing sub-contracting relationships within the small scale and large scale industries and specialised manufacturing activities. Subsequently, the programme has also assumed the role of regional development through provision of built-
Thus an Industrial Estate is expected to play an important role in development of small-scale industries at economic costs by assisting the entrepreneurs to obtain suitable location with overhead facilities. In order, therefore, to foster healthy growth of Small Scale Industries, Industrial Estate envisages to provide ready built factory sheds with adequate facilities of water, power etc., at a suitable location.\(^5\)

One of the objectives of industrial estate programme in the Indian context is to encourage new entrepreneurs to establish industries and to provide them continuance assistance to achieve this object. Lack of capital, backwardness of technique, absence of skilled labours, etc have been accepted as the factors affecting industrial development in India. It has been accepted as most effective programme as a solution of above problems of industrialization under industrial estate programme.\(^6\)

Though the Industrial Estates’ programme was started during the First Five Year plan, real progress was made only during the Second and Third Five Year plans. The remarkable development of small scale industries during the Second Five Year plan period created a big demand all over the country for factory accommodation. The usefulness of industrial estates as a tool of rapid development of small-scale industries was, therefore recognized and sums amounting to Rs. 10.9 crores and Rs. 22.5 crores were spent on this programme during the Second and Third Five Year plan respectively. During the Third Five Year plan, the state governments were encouraged to acquire land and provide developed sites for common facilities centres and construction of buildings for small units.

The achievements of industrial estates at National level, State Level and District level as seen in earlier chapters as well as various studies made by various research scholars on similar topics have not given satisfactory results when compared with their targets and objects. The research and surveys made on industrial estates at national level and state level has revealed that the conditions of units established in industrial estates are in similar condition as compared with units established outside estates.\(^7\)

International Perspective Planning Team has a view that the condition of industrial estates in India is pitiable and weak related to employment generation and productivity. The Committee upon survey found that if estates are to be evaluated on the basis of cost then it will be clear that maximum of industrial estates in India are in loss due to lack of suitable planning and decisions in proper directions.\(^8\)
6.1 PROBLEMS OF RAIPUR INDUSTRIAL ESTATES

Generally, many industrial estates have been studied in many of the economic and industrial surveys in India where uncertain concept, non-availabilities of infrastructure, uneconomic land development and construction, unnecessary delays in allotment, unavailability of common facilities, uncertain and weak entry-policy, non-existence of productivity according to capacity, lack of cooperation, etc have been treated as some of the problems of industrial estates in India. The speed of growth and development in Urula and Siltara industrial estates cannot be treated to be fully satisfactory though Urula industrial estate is a developed whereas Siltara industrial estate is a developing estate. The surveys made, data collected and information available in the present study of both the industrial estates in Raipur district reveals that these estates are behind from their objects and are still facing many problems. The main problems in the development of both the industrial estates are as following:

6.1.1 Establishment – As Chhattisgarh was a part of Madhya Pradesh so establishment of industrial estate dates back to undivided Madhya Pradesh. It has been stated in earlier chapter that Chhattisgarh State Industrial Development Corporation of Chhattisgarh was previously Madhya Pradesh Audhyogik Kendra Vikas Nigam, Raipur in undivided Madhya Pradesh. It was a subsidiary of Madhya Pradesh Industrial Development Corporation, Bhopal. After the incorporating Madhya Pradesh Audhyogik Kendra Vikas Nigam, Raipur as a body was responsible for the development of industrial estates in the regions which are now part of Chhattisgarh state passed a proposal to establish Urula Industrial Estate. In May 1982, a plan related to the Urula industrial estate was prepare which was sent and recommended to Madhya Pradesh Industrial Development Corporation and Department of Industries, Government of Madhya Pradesh for approval after two months. The Madhya Pradesh Industrial Development Corporation and Department of Industries, Government of Madhya Pradesh with some modification and recommendations sent the project to the Central Government for final approval. The above process took nearly two years of time to establish Urula as an industrial estate. Thus, Urula industrial estate got its physical existence in 1983.

Similarly, the project of Siltara as an industrial estate took nearly five years for approval. It was proposed in the year 1984 for which approval was received on 1989 from the National Industrial Development Corporation, Government of India. After receiving approval from the Central Government, a detailed report for the development of Siltara Industrial Estate was prepared and was sent for getting necessary approval from various State and Central Government organization. It took two more years (1991) to complete the necessary formalities and procedure of establishing Siltara industrial estate but the work of Siltara industrial estate could not be started before 1992.

So, from the above, it is clear that establishment of both the industrial estates in Raipur District has to undergo various official and administrative formalities due to which the plan of both the industrial estate unnecessarily delayed. The cost and expenses of plan as budgeted during the period of plan became irrelevant due delay in permission. The provision regarding cost and expenses was again revised and again they have to complete many formalities from beginning to end for the changes and revisions made in the plan due
to change in the time period. The Corporation was not much successful to get necessary funds from the State and Central Government to continue its developmental work in the industrial estates.

6.1.2 Process of land acquisition – In the initial proposal of Urla Industrial Estate it was decided to acquire 1040 acres of land in the village of Urla, Achholi, Birgaon and Sarora but till the end of 1983 only 140 acres of Government land was acquired. Till 1985, only 658.24 acres of land was acquired by the Corporation. In 1984, additional land of 1200 acres was proposed to be acquired from the villages Sarora, Gondwara, Sondongri and Gogaon. 182.66 acres of land was transferred to the Corporation from the second proposal for the development and maintenance work. In the same year, a proposal for acquisition of 46.42 acres of Government land and 225.72 acres of private land Sarora, Gondwara, Sondongri and Gogaon was sent by the Corporation to the State Government. In 1991, Bhanpuri industrial area was merged with Urla industrial estate due to which the total area of Urla Industrial Estate was increased. But the process of acquiring private land in the nearby villages was very slow. The owners were not happy with the compensation provided the corporation against their land. Some of land owners filed suits in the Court against Corporation for their land.

The situation of Siltara Industrial Estate was also same as Urla Industrial Estate. The Corporation proposed 2000 hectares of land from the villages Siltara, Mandhar, Girodh, Sarora, Achholi, Tanda, Sankra, Sondra, Gondwara and Birgaon. Maximum of this land was private and was agricultural. The Corporation had to face many difficulties and problems for acquisition of such land.

On survey, it was found that the compensation given by the Corporation was very less whereas the many industrialists were ready to acquire their land at higher rate than the Government rate. Another reason of facing acquisition problem was that the farmers are engaged in agricultural work only and are not able to do any other types of business. It means that instead of giving farmers fixed amount of compensation, the Corporation should think of providing some alternate arrangements of permanent income for farmers. The Corporation should also make a policy that the at least one member of the affected family should get job in the industrial area according to his ability.

The unnecessary delay in the acquisition of land affected the speed and progress of industrial estates as against the planning of the Corporation. The available land was according to the plans made as land has to be given suitable form according to the use of industries. There was unexpected rise in the cost of planning due to problems of acquisition of land.

6.1.3 Land Development and Construction Work – There is unnecessary delay in the land development and construction work due to faulty and defective implementation of plan of industrial estates. Still the attitude of responsible officers towards the development of land and construction work has not improved. This attitude has adversely affected the proper development of industrial estates. Many entrepreneurs and manufacturers became indifferent due to non-developmental behavior and they shifted themselves to establish their industries at some other places.
It is almost more than two decades have passed but the conditions related to land development and construction work has not changed much. These works are still undertaken with same enthusiasm of delaying like the construction work of Officers Residential Area, Markets for consumers, hospitals, offices, etc are either incomplete or have not been started during this period. Due to such indifferent approaches of Officers of the Corporation, small entrepreneurs and private business have established their businesses in Raipur-Bilaspur road, Birgaon, Bhanpuri, Sarora, etc at places wherever they got in disorderly manner. Many private businessmen constructed their own stores and warehouses. Now, it is very difficult for the Corporation to remove these smaller businessmen. The above conditions are prevailing in all the industrial estates of Raipur district.

The development of land is not according to the requirements of business units neither future requirements have been taken care. Land has been simply developed without providing many necessaries facilities like outlet of wastages and impure water, absence of proper drainage, etc. which has and is affecting environment by creating many types of pollution in the nearby areas of industrial estates. The cost incurred by the Corporation in construction of industrial sheds or buildings was too much. Many industrialists expressed their views that if they would have constructed the shed or building then the cost would have been lower than the construction cost of Corporation. The increase in cost of construction activities was also due to unnecessary delay by the Corporation.

6.1.4 Progress of Infrastructure Development – The development of infrastructure in the industrial estates is such that if any person goes to that area then he will curse the Corporation for the hell created by the Corporation. The Corporation has only provided some facilities of water and electricity at the initial stage but now the Corporation is doing nothing for the proper infrastructure development in the industrial estates. Urla Industrial Estate seems to be such an industrial estate where there is a crowd of such industrial units which are either producing different products or such units which are related to their production activities with the absence of cooperation, coordination and economic dependency. So, it is difficult to get cooperation from such units for the growth and expansion of industrial estates.

No doubt that Urla Industrial Estate got good industrial environment due to nearness to Bhilai and Raipur. But the Corporation was not able to complete its development work of infrastructure in the given time period. The drains and roads which were constructed at the initial stage were such that they seemed to be temporary work. The roads constructed were uneven and haphazard without taking care of levels of nearby areas. Ditches are still not constructed properly and are raw. There is not proper relation of roads and drainage system. No attention was given upon the technical and social aspect while developing infrastructures in the industrial estates.

As far as electricity is concerned, electricity Board has established only one heavy and one sub-station in Urla where as in Siltara industrial estate there is only one medium station which nowhere seems to be sufficient for the industrial estates. Neither Electricity Board nor the Corporation has given attention to increase the capacity of power in the estates. The supply of power in the industrial is not continuous as required and needed by
the units. Even the offices of the Electricity Board lack sufficient number of officers and workers.

The industrial estates completely lack proper hospital facilities. There is one small hospital and one mini Public Health Centre at Urla Industrial Estate and Siltara Industrial Estate has one mini Public Health Centre. The accidental cases are still referred to the Medical College Hospital, Raipur. The hospital lacks proper and efficient doctors, nurses, medicines and equipments. The patients are referred to either Medical College Hospital or to such hospitals where the staff of industrial have a setting.

The condition of other infrastructure facilities is same as above facilities. There is lacking and absence of security and safety measures, entertainment facilities, education, police stations, etc. It seems that the work of Corporation was limited only up to setting up and allotment of shed or plots for the industries. The total expenditure incurred by the Corporation in the industrial estates up to 31st March, 2006 is Rs. 56,14,84,541 (source: Audited report of CSIDC as on 31st March, 2006) but upon verifying the infrastructure facilities in the industrial estates, it was found that on paper expenditure has been incurred. This shows that the Corporation is interested in making expenditure but not in proper and planned manner.

6.1.5 Sources and Forms of Finance and Investment – Maximum small scale units had to arrange finance from their own sources for establishing their units in the industrial estates. The long-term loan received from co-operative societies, commercial banks or from any other source is sufficient to meet only minimum requirements of the industrial units. The working capital is nearly 70% and fixed capital is 30%. So, it is clear that the Corporation was not serious about the long term requirements of the industrial units. It fulfilled its liabilities only at the time of initial stage of development of industrial units. The Corporation was indifferent for extending its help to the industrial units to solve their problem of financial requirements.

6.1.6 Labour Welfare – Labour sector addresses multi-dimensional socio-economic aspects affecting labour welfare, productivity, living standards of labour force and social security. To raise living standards of the work force and achieve higher productivity, skill upgradation through suitable training is of utmost importance. Manpower development to provide adequate labour force of appropriate skills and quality to different sectors is essential for rapid socioeconomic development. Employment generation in all the productive sectors is one of the basic objectives. The workers’ safety and social security, looking after labour welfare and providing of the necessary support measures for sorting out problems relating to employment of both men and women workers in different sectors has received priority attention.

The Corporation has not taken care of any of the above labour welfare activities in any of the industrial estates. The interest of labours working in the industrial estates has been liability of State Labour Department. This department had its own limitations of limiting working hours of labours, control on labours, etc.

6.1.7 Productivity – The productivity of the industries established in the industrial estates is nearly 45 to 55 per cent i.e. they are not utilizing their capacity properly. The reason of low productivity differs from industry to industry. Agro-based
industries had low productivity due to favourable or unfavourable conditions of agricultural produce. The engineering industries had their own problems of many necessary items were to be imported. Faorest based industries have low productivity due to defective raw materials supply policy of Government. Various consumers’ goods producers had problems of availability of raw materials. But all industries were agreed to some common reasons of low productivity like uncertain power cut, labour uncertainty, labour union, etc.

6.1.8 Others Problems – Other problems of industrial estates were like indifferent behavior of officers of various Government Department regarding industrial estates. No proper assistance for the allotment of plots or sheds to establish industrial units in the industrial estates. The proposal of transferring Urla Industrial Estate to Municipal Corporation from Chhattisgarh State Industrial Development Corporation. In this transfer industrial units have to pay taxes to Municipal Corporation as well as fees to the Chhattisgarh State Industrial Development Corporation, industrial units of industrial estates will have to pay double fees if such transfer takes place. Undesirable and harmful pollution in the nearby environment. Safety and securities of equipments, goods, etc. of the industries established in the industrial estates.
6.2 SUGGESTIONS FOR DEVELOPMENT OF RAIPUR INDUSTRIAL ESTATES

The planning, completion of formalities, registration, etc process undertaken by the Corporation has created certain problems which have been discussed above. Certain suggestions for elimination or reducing the problems are as given below:

- Proper planning of industrial estates should be prepared and it should also ensure its effective implementation.
- Unnecessary delay in the administrative process should be avoided for the timely development of industrial estates.
- The problems of expansion of land area for the industrial estates should be eliminated.
- The Corporation should be quick in its land acquisition process to avoid or reduce increase in the cost.
- The Corporation should speed the process of allotment of plots or sheds to the industries.
- Acquisition of private land specially from farmers should be accompanied with some permanent solution of earnings rather than one time compensation on acquisition of land. The Corporation should ensure farmers that at least one person of their family will get job in the industrial estates according to his or her qualification, experience, skill, etc.
- The development of infrastructure in the industrial estates should be such that it should attract large number of industrialists, entrepreneurs, etc to establish their units.
- There should be proper and regular supply of power to the industrial units for uninterrupted production of their products.
- The Corporation and Electricity Board should increase their generation and distribution capacity in the industrial estates keeping in view future requirements.
- The plots or land allotted to the industries should be developed according to their present and future needs.
- The Corporation should take care of roads which are approaching to the industrial estates as well as road inside the estates so that it will ensure smooth transportation, save time, reduce wastages, etc.
- The drainage system should be such that it should ensure proper draining of various types of wastages coming out from all the industries in the industrial estates.
- The Corporation should keep the cost of sheds, plots, etc comparative less than the private land available near the vicinity of industrial estates to encourage more number of industrialists, entrepreneurs, etc to establish their units with less fixed capital investments.
o The Corporation should develop drainage system to meet the present needs as well as it should ensure that in future also the drainage system to be effective to meet the wastage remitted from the industries.

o The Corporation should try to construct warehouses within the industrial estates to cater the needs of various types of industries.

o The Corporation should construct a centralized shopping market or complex instead to allowing many small shops or offices being opened in the side of the roads in unstructured manner.

o The industrial buildings constructed by the Corporation are such that they are not able to fulfill the present requirements or future extension nor are in condition to reconstruct them.

o The cost incurred by the Corporation in the construction of industrial building should not be too high.

o The industrial buildings should be constructed within its time schedule otherwise the cost will increase manifold which the Corporation recovers from the industrialist who was nowhere responsible for such delay.

o The Corporation should be construct roads in such a manner keeping in view levels of surrounding areas.

o The Corporation should ensure that there should be proper coordination and cooperation among the industries established in the industrial estates.

o The number of officers and workers should be increased in the electricity station so that any type of power and electricity problems can be repaired quickly.

o It is must that the Corporation should increase the number of hospitals which must be equipped with all the necessary and modern facilities capable to treat all the types of accidents occurring in the industrial estates.

o The Corporation should take proper safety and securities measures in the industrial estates so that manufacturers and producers can do their manufacturing and producing activities without fear.

o The Corporation should also ensure that the industrial estates must have a police station equipped with all modern equipments, vehicles and sufficient number of staffs.

o The Corporation should teach industrialist various modern methods and means to increase their productivity and output.

o The Corporation should take care of labour welfare of the workers working in the industrial estates. The Corporation should consider working conditions, wages, working hours, safety, security, insurance, etc of the workers in the industrial estates. Similarly, the Corporation should also try to establish cordial relationship between the employers and workers.
o Sheds for the transportation should be constructed for the transport vehicles so that before the goods, raw materials or any machines are unloaded in the respective factory, the vehicles may have proper place of parking.

o The Corporation should try to develop a proper labour market for the units in industrial estates so that the units can hire any type of labour from the local market instead of getting labours from the out of state.

o The behavior of officers and employees of Corporation should change their attitude towards the industrial estates. They should make their behavior positive and should try their best to make the industrial estates of Raipur district a world class industrial estates.

o The Government of Chhattisgarh should thoroughly audit the expenditure and receipts of industrial estates and should also compare with the planning, budgets and target.
6.3 INDUSTRIAL SICKNESS

Industrial sickness is one of the most complex problems of the Indian economy. Inspite of the different measures taken by the Government the problem persists. The rise has remained unabated, even in the years after the passage of the Sick Industrial Companies Act (SICA) and the creation of the Board for Industrial and Financial Reconstruction (BIFR). It had been established as a quasi-judicial body in the Department of Economic Affairs, Ministry of Finance, for revival and rehabilitation of potentially sick undertakings and for closure/liquidation of non-viable and sick industrial companies. The Industrial Finance Division of the ministry dealt with the appointment of the Chairman and the Members of BIFR and Appellate Authority for Industrial and Financial Reconstruction (AAIFR) as well as with all the other matters relating to industrial sickness.

Under SICA, it is mandatory for the Board of Directors of a sick industrial company to make a reference and report to BIFR for formulation of revival and rehabilitation schemes and other remedial measures to be adopted with respect to such a company. BIFR, since its inception in May 1987 till the end of September 2006, has received 6,991 references. The study reveals that sick units have not only lost their net worth, but they have also lost capital raised from sources other than ownership. The extent of accumulated losses of sick units in India is about two times that of the net worth of the sick units.

The Reserve Bank of India identifies sick industrial units on the basis of a mix of criteria including continued cash losses, imbalances in the financial structure, and deterioration in liquidity. "A unit may be considered sick if it has incurred cash losses for one year and, in the judgement of the Bank (RBI), it is likely to continue to incur cash losses for the current year as well as the following year and the unit has an imbalance in its financial structure such as current ratio of less than 1:1 and worsening debt equity ratio" (RBI, 1978).

According to Sick Industrial Company, “Sick industrial unit is defined as a unit or a company (having been in existence for not less than five years) which is found at the end of any financial year to have incurred accumulated losses equal to or exceeding its entire net worth. The net worth is calculated as sum total of paid up capital and free reserves of a company less the provisions and expenses, as may be prescribed.”

As per the new Act, Sick Industrial Company means an Industrial Company which has at the end of any financial year –
(i) Accumulated losses exceeding 50 per cent of average net worth during the last 4 years; or
(ii) Has failed to repay instalment of its debts or creditors in 3 consecutive quarters.

Any of the above two conditions is sufficient to consider a company sick.

The prevalence of sickness in SSI sector is a cause of concern. The definition of sickness in SSI Sector has been undergoing changes. The Reserve Bank of India (RBI) was instrumental in appointing Committees from time to time to look into the issue of the Sickness affecting the Sector. The latest definition of Sickness given by the Working
Group on Rehabilitation of Sick Units set up by the RBI (Kohli Committee) is given below:

“A small scale industrial unit is considered sick when\textsuperscript{11}

(a) if any of the borrowal accounts of the unit remains substandard for more than six months, i.e., principal or interest, in respect of any of its borrowal accounts has remained overdue for a period exceeding one year will remain unchanged even if the present period for classification of an account as substandard is reduced in due course; OR

(b) There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth during the previous accounting year,

and

(c) The unit has been in commercial production for at least two years.”

This is a growing problem of industrial sector of the country due to bad and inefficient management and planning. The Sixth Plan observed that “the pattern of industrial development has not been sufficiently guided by cost consideration. In a regime of protection from international competition, industries have tended to get established at sub-optimal capacities, leading to a high cost of industrial structure. Adequate attention has also not been given to improvement in technology and quality of products. Some of these factors have led to the emergence of sickness in certain industries particularly when market conditions tend to generate a measure or competition with the economy.”\textsuperscript{12}

Industrial units proven to be unable to financially sustain themselves are generally called "sick units" in India. A merely financially-troubled company DOES NOT automatically becomes a sick unit: it has to be designated as such by the federal government. The Board for Industrial and Financial Reconstruction (BIFR) is assigned with the responsibility of hearing cases that apply for being declared sick and deciding whether or not the unit deserves to be termed "sick." The BIFR is also the authority that must approve takeover of a sick unit. The ultimate recourse in tackling a sick unit is its liquidation by liquidators based in different parts of the country, but revival possibilities are many to avert liquidation.
Position of Sick SSI units and Sick/Weak Non-SSI Units

<table>
<thead>
<tr>
<th>Year</th>
<th>Sick SSI</th>
<th>Sick Non-SSI</th>
<th>Weak Non-SSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>304235</td>
<td>2742</td>
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</tr>
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</tr>
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<td>2002</td>
<td>177336</td>
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<tr>
<td>2008</td>
<td>85187</td>
<td>2762</td>
<td>1692</td>
</tr>
</tbody>
</table>

Source: RBI Annual Report, 2008-09

Stages of Industrial Sickness

Healthy Unit (All the four functional areas performing)

Neglect and Inaction → Tending towards sickness (Initial Aberration Occurs) → Timely Corrective & Preventive measures taken

Further Delay → Incipient Sickness (Performance continues to deteriorate further) → Timely and Right measures taken

Progressive Deterioration and Non-visibility → Sickness (Functional Areas become inefficient) → Timely and Comprehensive Rehabilitation programme initiated

Death (Closure)
As far as industrial estates of Raipur district are concerned Urla Industrial Estate has not space available for the industries. It has been fully occupied with different types of industries whereas Siltara Industrial Estate has been divided in two phases out of which in phase-I some work have been undertaken, land has been allotted to industries but many industries have not started their process and phase-II is under progress. Urla Industrial Estate has completed nearly 26 years of its establishment and has 610 industrial units out of which 60 are large and medium and rest 550 are small scale units. In the span of nearly 25 years of Urla Industrial Estate, 11 large and medium and 83 small scale industries has been declared as sick industrial units.

The State government has declared 5 units as sick after the establishment of industrial estates but on the basis of information and data collected; it was found that total 15 large and medium scale units have been shut down in which 11 were in Urla, 1 in Siltara and 3 in Sirgitti and in case of small scale industries, nearly 83 industrial units are in the status of sick, which is not a good sign. Till 1995, there were 223 units out of which 44 units were treated as sick units. After 1995 till 2009, total 51 units were declared sick out of 474 units in both the industrial estates. The above situation is not a good sign for the future of Raipur district and also for Chhattisgarh state. If proper measures will not be taken to reduce industrial sickness by the Corporation, State Government and Central Government then the situation in the future may become more dangerous.

6.3.1 Reasons of Industrial Sickness – The industrial sickness begin when there is continuous reduction in liquidity of an industrial unit. While the causes of sickness may vary from industry to industry and unit to unit in any particular industry, some of the general causes of sickness in the SSI sector are given as under and it is observed that a unit falling sick may be attributed to a combination of the following factors rather than any specific one. The basic reasons for industrial units to be sick are:

(A) Internal Reasons – The internal causes related to the sickness of the industrial units includes lack of experience of promoters in the line of activity, improper financial structure, poor utilization and under utilisation of assets, delayed and inadequate availability of financial assistance, inefficient working capital management, deficiency in management and organisation of the units, defective forecasting of funds, lack of proper costing and pricing, improper utilization of funds, absence of financing, planning and budgeting, faulty project report for the establishing of units, mechanical defects and breakdown, selection of wrong location, etc.

(B) External Reasons – The external causes are those which are beyond the control of its management and seen to be relatively important then the internal causes. These factors are also known as exogenous factors. Thus, the causes responsible for the industry to be sick are delay in land acquisition and building construction, improper credit facilities, inadequacy of raw material and inputs, lack of demand for product or shift of demand to the products of rival firms, delay in obtaining finance from the financial institutions, delayed payments of receivables from other units, obsolescence of technology, inadequate infrastructure, Government policy, Unfavourable investment climate, marketing problems, labour-related issues, manpower development related problems, environmental pollution and other problems, export related problems,
shortage of inputs, problem of power and transportation, dilatoriness on the part of the
government in sanctioning licenses and permits, etc.

On survey with industrialists, it was found that maximum of the all types of
industrial units approached to bank and other financial institutions to meet the requirement
of funds for their establishment and operational work. The industrial units have taken loan
of heavy amount from the banks and other financial institutions that too at higher rate of
interest and their instalment including interest become such an amount which was difficult
for them to make repayment regularly. Many of the units are facing problems of depositing
instalments timely. This failure in non-payment of instalment increases their credits day-
by-day which after sometimes become heavy amount. At the same time, they cannot take
loan from other banks or financial institutions as they are deprived from taking loans due
to failure of instalment of one bank or financial institution. They can invest their own
capital up to some limitations. Such financial crises creates many problems for the unit
such as lack of fund, hampering of production activities, labour payment, etc.

Another reason for industrial sickness of industries in Raipur district is that of lack
of proper policies of the State Government regarding industries and industrial estates. The
Government agencies are not able to attract entrepreneurs to establish their units in Raipur
district though it has all the necessary elements which are must for a place to ideal for
industrial estate. The staff of Corporation and Ministry of Industries, Government of
Chhattisgarh are having indifferent attitude towards industrial estates thus it affects the
existing units to run for their survival.

The taxation policy of Government is such that upon accumulation it become huge
amount which is a heavy burden for the industrial units to pay like various taxes which
industrial unit has to pay are excise duty, vat tax, sales tax, etc. also affect profit of units
which due units may turn to losses. Such different types of taxes are also affecting factors
for the industrial sickness.

Other reasons for the units moving towards sickness are inexperience of promoters
and their faulty management, heavy establishment cost of the units, problems of regular
supply of raw materials, labour unrest, etc are some of the major reasons which are
compelling the factories to slowly move towards sickness.

The following table shows the specific reasons due to which units are becoming
sick in the industrial estate of Raipur district:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>No. of Industrial Units</th>
<th>%age</th>
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<td>Absence of Market and Favourable Environment</td>
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(Source: Personal Survey, District Trade and Industries Centre and CSIDC)
6.3.2 Remedies of Industrial Sickness – Due to increase in the intensity of industrial sickness in the industrial estates of Raipur district specially more cases in Urla Industrial Estate, the National Industrial Development Corporation, Chhattisgarh State Industrial Development Corporation, Department of Industries, State Government and other related financial institutions should take the following measures to maintain healthy and industrial environment in the industrial estates:

1. A committee of experts should be constituted who will have a continuous and regular evaluation and checking of industries. If the committee finds any symptoms’ of industrial sickness in any industry then the committee will take effective measures of diagnosis at the initial stage of sickness. The Committee will make periodical review of the working and performance of whole unit so that weak points leading to the sickness can be identified. The committee will also provide effective guidance and solution to the entrepreneur so that he can overcome the problem of sickness at the initial stage of the sickness. The committee may take necessary help and assistance from other related bodies for the effective solution of the sickness problem.

2. The entrepreneur should take new projects only after proper planning and get it checked from experts. The major areas where he should focus are location of the project, availability of raw materials, availability of finance, and availability of labour and technical staff. The above are the base for any industrial unit so these factors should be thoroughly checked by the entrepreneur before finalizing establishment of his unit.

3. The banks and financial institutions can assist the entrepreneur of sick unit by postponing the instalment of loan or some other such measures for time being so that the entrepreneur can have time as well as some working capital to effectively control the damage of sickness arising due to finance problem. Even the interest on loan taken by the entrepreneur should be converted into soft loan for time being so that the burden non-availability of fund will reduced for some time, which will be a temporary support for the entrepreneur.

4. A proper market analysis or survey should be done by an expert who should include demand forecasting, consumer taste and preferences, availability of distributors or wholesalers, study of opportunities and threats in the environment.

5. Heavy expenditure incurred on establishing of unit by the entrepreneur by taking debt and at the same time it is not necessary that the product produced will have heavy demand in the market so, it creates double impact upon new established units i.e. on one side repayment of loan with immediate effect and no or less demand of the product. This affect the working capital of the units due to which he may not be able to procure raw materials, delay in labour payment, etc. All of the above factors may turn the unit into sick. So, if debt of establishment is converted into instalments of small amount, interest rate is reduced for initial some years, debt is turned into long period, etc. The period of repayment of debt should be decided with the consultation of entrepreneur, demand of the product, creditability, etc. The above measure will reduce the sickness of unit.
6. The Government of Chhattisgarh has decided to adopt a simplified system for identification of sick industrial units, systematic information will be collected about industries moving towards sickness and appropriate measures will be taken to make them viable. The State is seriously concerned about the sick medium / large and small-scale industries and especially a high mortality of the tiny units. The State would address this problem by first conducting a survey covering all industries to identify the sick units. Based on the survey the State would try to understand the major factors leading to the industrial sickness and try to reformulate the industrial policies responsible for the above phenomenon. Early warning systems for incipient sickness through effective monitoring of units by State level financial institutions would also be developed.

7. Industry category wise rehabilitation schemes, with the provision of financial and non-financial exemptions/concessions, will be prepared for closed and sick small scale industries. For closed / sick medium and large industries, special rehabilitation package will be prepared as per the need. As revival of the sick industries would not be possible without the active and full co-operation of the banks and financial institutions, the State would ensure that the industrial revival scheme would be implemented with the full participation and involvement of the banks and financial institutions.

8. The Government of Chhattisgarh and Corporation should framework policy according to the guidelines made on October 1981 to monitor the sickness of industries. The policy should include SWOT analysis to the sick unit. The Government should provide concessions to the large scale industries to take over such sick units for revival. The government should not intervene in the financial matter for such revival of sick unit rather it must give liberalization to the large scale industry. The government should try to take corrective action as laid down by the RBI.

9. In the wake of sickness in the country”s industrial climate prevailing in the eighties, the Government of India set up in 1981, a Committee of Experts under the Chairmanship of Shri T.Tiwari to examine the matter and recommend suitable remedies therefore. Based on the recommendations of the Committee, the Government of India enacted a special legislation namely, the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) commonly known as the SICA.

The main objective of SICA is to determine sickness and expedite the revival of potentially viable units or closure of unviable units (unit here in refers to a Sick Industrial Company). It was expected that by revival, idle investments in sick units will become productive and by closure, the locked up investments in unviable units would get released for productive use elsewhere.

The Sick Industrial Companies (Special Provisions) Act, 1985 (hereinafter called the Act) was enacted with a view to securing the timely detection of sick and potential sick companies owning industrial undertakings, the speedy determination by a body of experts of the preventive, ameliorative, remedial and other measure which need to be taken with respect to such companies and the expeditious enforcement of the measures so determined and for matters connected therewith or incidental thereto.

The Board of experts named the Board for Industrial and Financial Reconstruction (BIFR) was set up in January, 1987 and functional with effect from 15th May 1987. The Appellate Authority for Industrial and Financial Reconstruction (AAIRFR) was constituted
in April 1987. Government companies were brought under the purview of SICA in 1991 when extensive changes were made in the Act including, inter-alia, changes in the criteria for determining industrial sickness.

SICA applies to companies both in public and private sectors owning industrial undertakings. The SICA had been enacted in the public interest to deal with problems of industrial sickness with regard to the crucial sectors where public money is locked up. It contain special provisions for timely detection of sick and potentially sick industrial companies, speedy determination and enforcement of preventive remedial and other measures with respect to such companies. The measures are to be taken by a body of experts which are mainly legal, financial restructuring and managerial.

1. The measures of Central and State Government for the reconstruction and rehabilitation of sick industrial units like financial restructuring, new technologies, innovation, demand creation and market expansion, financial arrangements, etc seems to be effective for the sick units. But practically the above measures are difficult to apply like banks and financial institutions do not easily agree to provide additional loans or debts to the entrepreneurs or easily get ready for relaxation in instalments and heavy interest, etc due to bad goodwill of the entrepreneur. In such cases, the Corporation should come forward to provide assistance to such entrepreneur so that he can overcome his problem of sickness.

2. The Regional Development Corporations and other Government agencies should make efforts to create and increase demand as well as expand the market of the products of the SSI. The reason behind this is that SSI units sell their products in the local or regional markets as well as they have to face competition with the large scale units. Such large scale industries also make heavy advertisement for their products at national and international level. Therefore the Government should think to establish a marketing cell or department who will look into the matter of marketing of products of sick units.

The sick units in the industrial estates of Raipur have not been provided with the above measures otherwise the number would not have gone to high. They were not properly guided for the reconstruction, restructuring and rehabilitation of their units becoming sick. It is necessary that the corporation, other concerned government departments, banks and financial institutions to cooperate with each other to control such situation of units becoming sick. They should constitute a committee to guide, teach and control various problems of sick unit. If the Corporation will not be serious regarding controlling of sick units then the situation will become worse in future.

For the growth of a healthy person it is enough if ordinary care is taken, while a sick person who is in convalescent stage needs critical attention. He is prone to getting sick again if proper care is not taken to monitor his health and to administer medicine at the required intervals. A sick unit that is under a nursing programme is similar to a sick person who is in convalescent stage and needs continuous monitoring. A simple and practical monitoring mechanism shall be devised.
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