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## “INDUSTRIAL SICKNESS IN INDIA- A REVIEW ON LITERATURE REVIEW”

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### ABSTRACT

Industrial sickness is serious problems which affects all types of business units like small, medium and large scale companies in both public and private sectors. Simple we can say that Industrial Sickness means when the company is unhealthy and its financial position is distress on a continuous base. Failure of a company is a socio-economic problem of the nation. To face this failure it is necessary for the organization to know prevention and revival strategies. Both prevention and cure of industrial sickness would depend on the ability to identify the sickness of the company. It must be as early as possible. Flawed or tardy identification would decrease the effectiveness of the remedial actions. It may not be effective in terms of restoring the financial viability of sick units as well as protecting units which would become sick. This study reviews the various articles on industrial sickness and its impact on various business organizations. This review is a synthesis of industrial sickness literature from 2000-2016 providing explanation the causes of sickness and its impact on industrial sector as well as remedial measure to prevent sickness. It will help to the corporate people to understand the concept of industrial sickness in the industry.

**Key Words:** *Industrial Sickness, Revival, Rehabilitation, Prevention, Corporate Companies.*

**Introduction**

Closing of various companies is common in all sectors because of industrial sickness. Changing face of business environment and growing competition day by day lead to failure of the companies. These kinds of companies will give economics disturbance to the nations. A company may be small or medium or large become sick when its profits are getting negative and its current liabilities are more than current assets and its financial position become bad. In India industrial sickness is more compare to earlier days. This problem becomes very sensitive. This sickness is having various stages based on its position. They are initial/ Normal stage, Tending towards sickness stage, incipient sickness stage and final stage. It is general explained based on its profits, current ratio and debt equity ratio. These sick companies are categorized into three types. They are born sick, become sick, and made sick. Various definitions explained the concept of industrial sickness. They are as follows

**Definition of Industrial Sickness:**

In layperson term, any industry, which is not economically viable, may be called as sick industry. The definition of a 'sick industrial unit or company changed in different times and there are various definitions given by different institutions and agencies some of them are;

**The definition of sickness was revised with effect from November 01, 2012. The revision is as under:**

S.NO	Existing Guidelines	New Guidelines
1	A MSE unit is considered sick when: 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 1 year. The requirement of overdue period exceeding one year will remain unchanged even if the present period for classification of an account as sub-standard is reduced in due course; OR b) There is erosion in the net worth due to accumulated cash losses to the extent of 50 per cent of its net worth during the previous accounting year; and AND c) The unit has been in commercial production for at least 2 years.	A MSE is considered 'sick' when - a) any of the borrowal account of the enterprise remains NPA for three months or more OR b) There is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth.  The stipulation that the unit should have been in commercial production for at least two years has been removed.

Sick Industrial Company means an industrial company which has

- i) The Accumulated losses in any financial year equal to 50 per cent or more of its average net worth during four years immediately preceding such financial year or
- ii) Failed to repay its debts within any three consecutive quarters on demand made in writing for its repayment by a creditor or creditors of such company.

--- According to Companies (Second Amendment) Act, 2002

A sick unit as one “which fails to generate an internal surplus on a continuous basis and depends for its survival upon frequent infusion of funds.” --- State Bank of India

### **Objectives of the Study:**

- To provide a comprehensive review of various empirical and descriptive studies on industrial sickness its consequences and various revival measures.
- To identify various internal and external causes of sickness the effect the company to become sick

### **Methodology and Approach to the Literature:**

The main aim of this review is twin affected. First, to know the reasons of sickness and its consequences through empirical research and secondly to explain various preventive measures as well as revival programs on sickness. The methodology adopted for this study is explicated in the following.

#### **1.1 Scope of the Study:**

It presents a review of the various articles on Industrial Sickness published in various academic journals from 2000 to 2016. These articles were collected through electronic search of various online databases like Scopus, SSRN, Academia and Google Scholar etc. to ensure the inclusion of high quality studies.

#### **1.2 Collection of Articles:**

This review paper focuses only on the studies that explain various factors of industrial sickness which influence the corporate sector as well as economic growth of the country. Research articles were identified through a systematic search procedure that included searching of key words in the title, abstract and various keywords of the articles.

**1.3 Approaches towards the Analysis:**

The present article is a literature review done by using within study literature analysis which considered important to carry on literature reviews only. Full text articles were extracted from the online search engines for this purpose. It includes analysis and review of the title, conceptual background, literature review, methodology, findings and conclusions and future research directions.

**1.4 List of Selected Articles for the Study:**

S.No	Title of the Paper	Author	Year	Findings / Conclusion
1.	“Industrial Sickness in Dum Dum: A Case Study of Jessop and Company”,	Monalisha Chakraborty	2016	Conducted a study to find the specific causes behind sickness of Jessop and Company, Dum Dum, (Kolkata) and their remedial measures. Data for the study were collected through primary surveys by preparing questionnaires and secondary data were collected from Annual reports and newspapers. The data were analyzed through descriptive statistics and exhibited in charts and graphs showing percentages and other numerical results. The results shows that lack of proper management, unskilled labourers, weak promotional activities, regular theft of materials and misuse of financial resources are the specific causes

2.	“A sustainable study on sickness of small scale industrial enterprises”	Sree Krishna And Hare Prasad	2015	They explained industrial sickness in their study. They observed that the symptoms of sickness are like irregular or unsatisfactory turnover in the account, slow and unsatisfactory movement of stocks, decline in production, sales and profitability, frequent violation of terms and condition and asking for additional grants. They also found that the other common problems faced by SSI's towards of creation of excess capacity, Absence of comprehensive data, Under-utilization of installed capacity, Inadequate planning about production, Persistent recessionary condition and finally Shortage of raw material.
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3.	Industrial Sickness in Small and Medium Scale Industrial Sector in India: Reasons and Remedies	Kuldeep Singh	2015	This paper was divided into three parts as per his view. Concept of industrial sickness, general reasons for industrial disorder and the third part introduces various remedies and conclusions for Industrial sickness.
4.	“Industrial Sickness: Causes and Remedies”	Swati Jain	2014	She attempted to review the Causes of Industrial Sickness in India and various problems faced by the Small-scale industrial (SSI) sector. Apart from this review, her study also focuses on remedial measures for sick industrial unit in India. The major conclusions in her study are various problems faced by the SSI units in their operation of business with respect to the field of marketing, finance, production, & infrastructure. Higher prices, high cost of production, lack of proper demand forecasting techniques, obsolete machinery, insufficient working capital, complicated procedure of fund lending, unavailability of raw materials & technical assistance, improper quality control mechanism and lack of research & development mechanism was found. Keeping in view, it was recommended that SSI's need to take care of their internal issues and government need

				to provide full assistance and support for the development of sick and new SSI units by launching schemes for getting cheaper funds, subsidies and measures to control supply of power and prices of fuels.
5.	“Industrial Sickness and Role of Board of Industrial and Financial Reconstruction (BIFR)”	Parveen Kumari	2014	They cover the study of industrial sickness and role of BIFR to control that sickness. The conclusion from his paper is Industrial Sickness a global phenomenon though its incidence in the developed countries of the world may be low as compared to the less developed nations where industrialization, as a result of low capital base and low level of technological and managerial know-how, has not been an exhilarating experience. India, in particular, has suffered from this malady and during the last decade, industrial sickness has assumed unmanageable dimensions and there is no sign of abatement. The growing industrial sickness in the country is causing great concern to the government and financial institutions because it is sucking the blood of the industry gradually and sapping economic vitality and thereby baffling all the useful programmes of economic development. In fact industrial sickness pervades all around and is posing a very serious problem to different sectors of the economy.
6.	Sickness in Small Scale Industries	Prof. Amol O Kachhwah	2014	He covered the various reasons for sickness in the small scale sector in India. The reasons were divided into two types. They are external reasons and internal reasons. Both are effected Indian small scale sector a lot in terms of industrial sickness. He gave various suggestions for decreasing the sickness in the small scale sector.
7.	Small Scale Industry in Gujarat: Sickness and Development Strategy	Sarita Agrawal & Heena Upadhyaya	2014	They gave review on industrial sickness and sources of finance for developing of Sick units in Gujarat. Competitiveness in the Indian Market is the main reason for industrial sickness. The external reasons like under financing by banks, change in government policies, improper supply of raw materials and power supply, availability of financial sources are the reasons for industrial sickness in Gujarat majorly.
8.	“Growth and Sickness of Small Scale Industries in India”	Chopade B.B	2013	He has revealed certain facts that the industrial sector in India is used as an efficient tool of progress. He observed that the recent data available indicate that the S.S.I. sector if India that accounts for 95% of the country’s industrial units with 40% value addition in the manufacturing sector, shares 36% of the country’s total export,

				contributes 9.50% GDP., employs nearly 9 lakhs per annum, registering a sectoral growth rate of 9.20% as against 7.5% of the country's over-all industrial growth rate during 2011-12. During the 11 <sup>th</sup> plan 5.7 million new jobs were created by the sector, while 7.6 million additional jobs are expected to be creating by the 12 <sup>th</sup> plan.
9.	"Problems of Sick Industries - Bangladesh Perspectives"	A.K.M. Solayman Hoque & S.K. Biswas	2013	They gave an attempt that has been made to identify the causes of industries becoming sick in Bangladesh. In this paper conditions of 10 industries of different Sector Corporations of Bangladesh have been analyzed. The major conclusions of the study are the Industry performance or revenue earning in most of the industries studied may be attributed mostly to the internal causes relating to the improper application of Production Planning and Control methodologies and improper application of the tested and standard management methods.
10.	"Analysis of Remedies for Revival of Sick Small Units in Indian Economy"	Dr. M. K. Rastogi and Prakash Yadava	2013	They conducted a study on analysis of revival for sick units in Indian Economy. They examined the criteria used by official agencies in India to identify industrial sickness and points out the limitations of these criteria. The major strategies they found from the study for revival are Employee engagement, Aggressive promotion of old products in new market, Cost management strategies, Investments in new markets and R&D, Focus on core business, Changes in product mix and pricing, Lean management, Image building The successful organizations has higher scores on many strategy factors, especially the ones contributing to organization development such as employee engagement, cost management, focus on core business and lean management.
11.	"An Overview of Sickness in Micro, Small & Medium Enterprises in India"	Dr. K.A. Goyal, Dr. Nitin Gupta, & Neeta Gupta	2012	They attempted to explore the Quantum of Sickness in Small Scale Industries in India. They found that with new industrial policy the number of MSME's established. Over the year's large number of firms facing the problems which turn in to sickness or closure. They found that the highest number of sick units among the MSME's increased in the year 1999 and after declined 2010 but it again increased in the year 2011. At the same time, the investment blocked in sick MSME has also increased year after year. There was increase in the total investment among MSME has wider implications including locking of funds of the lending institutions,

				loss of scarce material sources and loss of employment. When the problems arise, the diagnosis and treatment would be easier. However, when sickness reaches an advanced stage, it becomes difficult and takes longer time to diagnose the reason and makes it more costly and expensive to bring the units back to normal, so there is a need to identify sickness in initial stages and initiate remedial measures before the sickness takes place.
12.	“Empirical Study on Reasons of Industrial Sickness- With Reference to Jammu & Kashmir Industries Ltd.”	Fayza Chowdhary	2012	He did an empirical study to find out the opinion of the employees of Jammu & Kashmir Industries Ltd, J&K for declaring it as a sick industry. He determined the reasons after taking the opinion from the employees of Jammu & Kashmir Industries Ltd, The objectives of his study are: 1) To study the reasons due to which Jammu Kashmir industries Ltd. became sick industry. 2) Understanding the employees views about the most important reason for Jammu & Kashmir Industries Ltd, J&K becoming sick. 3). To frame a suitable revival strategy so as to protect the employment of the masses .and 4) safeguard the state wealth & resources. He found that financial reasons are the most important reason considered by the respondents of industrial sickness and another chief reason for the sickness of the industry is the managerial inability i.e. not able to cope up with the dynamism occurring in the modern day markets.
13.	Sickness Causes in Co-operative Sugar Factories in Andhra Pradesh -A case Study	K. Srinivasa Rao and V. Appa Rao	2012	They mainly focused on causes of sickness in cooperative sugar factories in Andhra Pradesh. They have used L.C. Gupta Models ratios like EBIT/NS, EBDIT/GTA, OCF/NS, OCF/GTA are applied for identify the forewarning indicators of industrial sickness. Through the above reasons they expressed about the reasons for industrial sickness in cooperative sugar factories in Andhra Pradesh.
14.	Industrial Sickness: Causes & Remedies	Dr. Navneeta Singh	2011	He gave explanation about the sickness in industry leads to abatement in all dimensions of the business sector. There is a rapid growth in industrial sickness in India with many reasons. They mentioned one sentence in her article about industrial sickness stages. “Industrial Sickness is an



				Organic Process” It does not burst overnight as many people think but this makes take many years. She explained sickness in four stages. They are normal stage, tending towards sickness, incipient sickness and final stage. She mentioned causes of sickness. The causes are internal and external and both. These reasons are based on size of the organization. It may vary from small scale company to medium and large scale companies. Various preventive measures were mentioned in this article. It may be taken individually or jointly through discussions and consultations. The agencies are Commercial Banks, Term lending institutions, Entrepreneur and Government. The company people should adopt various strategies for prevent industrial sickness.
15.	“Sickness of Micro, Small and Medium Enterprises in India”	Dr. Sardar Gugloth, N.B Kalyan Kumar	2011	They explained about sickness in small and Medium organizations. Many traditional and modern industries are affected by industrial sickness in many ways. They mentioned causes and remedies of industrial sickness of various small scale industries in India. external factors are major reasons for sickness in small scale companies compare to internal reasons like
16.	Sickness in Small Scale Industries: Causes & Remedies: A case study of Manipur	Dr. Elangbam Nixon Singh & Prof G.P. Prasian	2010	They exposed about the industrial sickness in Manipur state in their article. Internal causes and external causes along with remedial measures and suggestions for reducing the sickness problem in Small Scale Industries in Manipur state explained by the others in simple manner. Government, Professionals, Financial Institutes, Entrepreneurs role was explained in this paper for prevention of Industrial Sickness.

Finding of the above mentioned articles can be revealed that industrial sickness will rise through many reasons. With the help of various methods like ratio analysis, Altmas Z score calculations we can find the sickness initially. Prevention is better than cure is apt for the industries to identify the sickness in early stage and try to remove it. The details of the industrial sickness will be explained below.

**1.5 Sick Industries in India:**

Small scale industries require less investment and it shows high impact on the growth of the economy. Developing countries like India requires small scale industries for fast growth. Instead of concentrate on primary sector if we concentrate on small scale sector development will be more. It creates maximum amount of employment which reduces the unemployment and increase the standard of living to the nations. Our country is trying to give maximum support to establishment of small scale industries. But industrial sickness in small scale sector and medium scale companies will give negative impact on the development of the country. If we observe in our country the industrial sickness is increasing year by year. The below tables shows number of sick small scale and medium scale enterprises in India and the amount of outstanding against them in the books of commercial banks as at the end of 2015

(Amount in Rs. Billions)

Year	Sick (SSI/MSE)		Sick Non-SSI		Weak Non-SSI		Sick /Weak Total	
	Units	Amount Out Stan.	Units	Amount Out Stan.	Units	Amount Out Stan.	Units	Amount Out Stan.
1993	238176	34.43	1867	79.01	657	17.90	240700	131.34
1994	256452	36.80	1909	81.52	591	18.64	258952	136.96
1995	268815	35.47	1915	87.40	476	14.52	271206	137.39
1996	262376	37.22	1956	88.23	418	12.03	264750	137.48
1997	235032	36.09	1948	86.14	420	15.64	237400	137.87
1998	221536	38.57	2030	98.62	446	19.64	224012	156.82
1999	306221	43.13	2357	131.14	435	20.37	309013	194.64
2000	304235	46.08	2742	167.48	422	22.99	307399	236.56
2001	249630	45.06	2928	184.78	389	27.92	252947	257.76
2002	177336	48.19	2880	175.91	381	36.55	180597	260.65
2003	167980	57.06	2999	215.18	397	75.91	171376	348.16
2004	138811	52.85	5054	311.66	567	45.31	144432	409.82
2005	138041	53.80	4478	296.44	774	47.83	143293	398.07
2006	126824	49.81	3408	260.13	1132	69.76	131364	379.70
2007	114132	52.67	-	-	-	-	-	-
2008	85187	30.82	-	-	-	-	-	-
2009	103996	36.19	-	-	-	-	-	-
2010	77723	52.33	-	-	-	-	-	-
2011	90141	52.11	-	-	-	-	-	-
2012	85591	67.90	-	-	-	-	-	-
2013	220492	124.42	-	-	-	-	-	-
2014	465492	263.31	-	-	-	-	-	-
2015	528300	253.88	-	-	-	-	-	-

Source: RBI handbook of statistics on the Indian Economy

The above table gives us some distribution and the nature of the trends of some phenomenon's related to the industrial sickness for the country. Over the reference period the small scale industries exhibited a growth rate of 1.22 percentage points, while as the funds disbursed for such establishments grew yet at a high rate of growth of about 6.3 percentage points. This shows the deliberate attempt on part of the authorities to boost up the small scale industrial base of the state. However there was certain fluctuating years with some irregular movement of the both the number of the small scale units and the funds allotted to them. However at the same time the number of sick units in the country has increased with a growth rate of 1 percentage point. Besides this the resources allotted to such units have also shown a growth rate of around 3.5 percentage points. This can be a real cause of concern if the trend is not reversed. This may in long run imply the more wastage of funds that have an alternative potential to be used for effective purposes. At the same time the same trend has been exhibited by the weak and small tiny units. Thus we can conclude from the table that on one hand the government is pumping the resources for intensifying the net of small scale units, while as at the same time they need relook into the matter of industrial sickness to better target the scarce resources.

**State-wise position of Sick micro and Small Enterprises as at the end of March 2011, 2012,2013**  
**(Amount in Rs. Crores)**

States/ Union Territories	2011				2012				2013			
	Total Sick Units		Units under nursing		Total Sick Units		Units under nursing		Total Sick Units		Units under nursing	
A.N. Islands	8	0.25	0	0	8	0.26	0	0	68	1.59	22	0.24
Arunachal Pradesh	109	3.57	0	0	0	0	0	0	74	5.13	25	2.89
Assam	506	122.71	3	0.35	598	104.81	124	1	1292	123.35	357	80.12
Bihar	4872	67.81	449	8.68	5633	85.52	40	0.47	5652	289.67	804	21.45
Jharkhand	1476	70.65	76	14.82	2201	138.05	459	20.85	5017	137.77	208	13.46
Manipur	23	0.35	1	0.01	143	1.67	0	0	148	1.7	1	0.01
Meghalaya	276	3.56	0	0	18	13.09	4	0.13	69	2.07	36	0.4
Mizoram	7	0.80	0	0	38	61	0	0	159	5.44	7	2.08
Nagaland	23	1.87	0	0	8	3.15	0	0	147	11.13	40	5.32
Orissa	4967	101.58	177	10.53	5899	129.73	163	3.69	11751	378.34	814	27.99
Sikkim	21	2.56	0	0	38	1.10	0	0	63	4.09	0	0
Tripura	13	1	1	0	12	5	0	0	16	0.15	2	0.03
West Bengal	7904	721.42	149	22.24	8816	624.66	855	49.87	11243	877.85	1740	120.69
Chandigarh	147	33	1	11	55	22	0	0	624	124.7	70	26.25
Delhi	4250	297.81	98	31.89	1150	393.94	115	24.12	2702	792.97	662	122.46
Haryana	344	21	27	4	2976	172	31	2	3327	371.56	1719	63.89
Himachal P.	575	65	69	34	516	27	26	1	1934	158.29	422	18.48

<b>J &amp; K</b>	1631	37.14	22	1.81	1202	82.70	46	3.59	1321	70.38	99	18.14
<b>Punjab</b>	1478	141.13	175	21.76	1597	472.18	167	12.63	3715	607.08	849	156.65
<b>Rajasthan</b>	1743	52.74	61	0.32	5188	99.93	213	7.80	20336	276.74	6824	107.61
<b>UP</b>	4674	244.30	521	39.68	5366	263.09	1467	36.18	19049	1330.08	1444	173.63
<b>Uttaranchal</b>	352	9.15	5	0.07	305	8.14	19	0.04	4568	150.74	2579	64.62
<b>Chattisgarh</b>	1052	36.43	50	7.54	594	26.66	38	7.02	2988	63.77	121	3.89
<b>D&amp;N Haveli</b>	0	0	0	0	1	0	0	0	22	1.82	3	1.43
<b>Daman &amp; Dlu</b>	0	0	0	0	17	0.21	0	0	25	3.74	9	3.57
<b>Goa</b>	155	49.02	21	40.07	109	17.22	13	12.53	194	30.63	27	1.59
<b>Gujarat</b>	4321	270.34	519	40.70	6257	351.94	348	51.04	20452	667.68	816	50.14
<b>MP</b>	8124	107.47	141	1.70	3331	225.25	399	9.68	11254	370.32	1040	40.65
<b>Maharashtra</b>	8815	876.87	714	63.14	10136	1135.02	424	125.02	32200	2540.75	2994	171.72
<b>AP</b>	11305	390.43	232	24.77	3848	371.27	79	6.65	12231	633.81	3431	116.04
<b>Karnataka</b>	7034	467.84	210	23.79	5655	330.77	1300	17.08	15627	724.03	2852	107.66
<b>Kerala</b>	5363	241.40	288	31.46	5425	177.29	48	23.65	8663	199.33	1998	66.44
<b>Pondicherry</b>	1457	8.54	2	0.48	150	6.32	1	0	188	7.44	38	0.14
<b>Tamil Nadu</b>	7106	764.72	686	82.59	8301	1439.24	269	51.85	23373	1478	3168	178.15

Source: GOI, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion

From the above table we can see the industrial sickness is widely spread all over the country with uneven distribution among states. Some high income states show the least contribution to the industrial sickness of the country while as others show a bit more. Madhya Pradesh, West-Bengal, Tamilnadu show the largest contribution to the exchequer of the sick industrial units in the country while as the lowest contribution seems from some special category states like Arunachal Pradesh, Manipur etc. so the government in order to revive the performance of the small scale industries so as to be a sustainable source of living need to infuse certain reformative measures.

**List of Number of Large Scale Companies register under BIFR to declare Sick:**

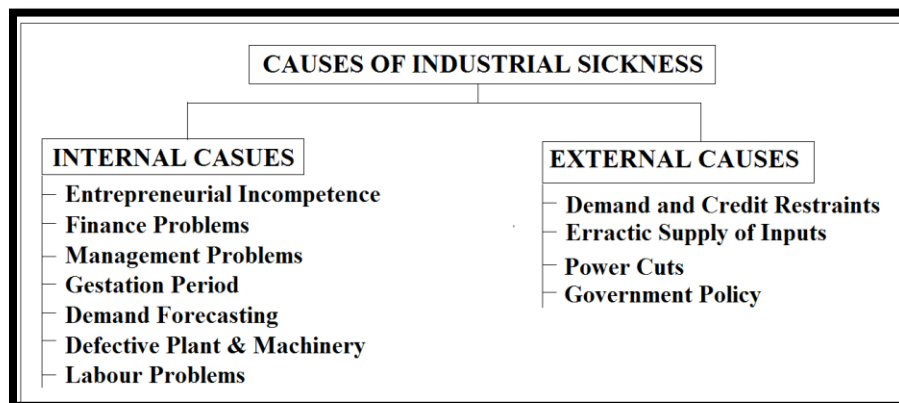
S.No	Year	No of Companies
1	1991	155
2	1992	177
3	1993	152
4	1994	193
5	1995	115
6	1996	97
7	1997	233
8	1998	370
9	1999	413
10	2000	429
11	2001	463
12	2002	559
13	2003	430
14	2004	399
15	2005	180
16	2006	118
17	2007	78
18	2008	57

19	2009	64
20	2010	72
21	2011	73
22	2012	80
23	2013	92
24	2014	91
25	2015	175

**Source: BIFR Website**

**Findings & Results:**

If we observe from the above reviews and tables we can say that the position of industrial sickness in our country. It is an organic process which creates adverse impact on our economy. It is not limited to single area. It is increasing from small scale sector to large scale sector. There are many reasons for industries become sick. The reasons are explained below.



Reasons of the sickness can be divided into two categories. They are internal factors which are controllable within the organization and external factors which are uncontrollable related the outside of the organization.

**International Factors:**

- Entrepreneurs with lack of skill and proper planning towards the project they selected will give failure to the industry. They require perfect skills and knowledge on the functional areas of the business
- Lack of availability of financial resource on timely basis also one of the internal reasons for sickness. Unpaid debt and interest also accumulate the loss to the organization.
- Improper management decisions also lead to failure of the company many times.

- Gestation period is also another factor of sickness in all types of companies, especially large scale companies. This will happen because of supply of capital expenditure goods to import. Such delays may create problems to the organization.
- Any company planning will be based on demand analysis and forecasting. If the company is unable to measure the demand forecasting properly it gives negative impact on the company environment
- The company should adopt the technology which is suitable to the company environment; otherwise cost of production will be increased. The level of profit will decrease
- Right people require at the right time in right place at right salary. If it is not their dissatisfaction will increase in the minds of staff of the company and management. So it creates problems to the organization.

#### **External Causes:**

- Indian government is coalition government. The decisions of the government are unpredictable towards business environment. Irrelevant policies towards business will give negative impact on various industries. It leads to industrial sickness
- The government is unable to meet the demand of the power requirements. Many states having drought situations from many years further annoyed the problem and acute power shortage resulted in power cuts.
- Supply of raw materials are not equal to the demand from the industry and delay in supply also causes one kind of industrial sickness

#### **Conclusion:**

As per the above review and statistical information from various sources we conclude that there are many reasons for industrial sickness. They are internal and external. Internally problems like financial problems, labour problems, management problems and incompetence of management etc. External problems like government policies, technological environment, power cuts problems and international environment may lead to failure of the organization. This kind of companies' number is increasing day by day. The management team should have enough skills to make proper decision in the right time. Among the discussed factors are the most common reasons for industrial sickness and it shows significant impact on the economy of the nation.

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