

**MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)**

**—BOARD FOR INDUSTRIAL AND
FINANCIAL RECONSTRUCTION**

**ESTIMATES COMMITTEE
1991-92**

TENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

FOURTEENTH REPORT
ESTIMATES COMMITTEE
(1991-92)

(TENTH LOK SABHA)

**MINISTRY OF FINANCE (DEPARTMENT OF
ECONOMIC AFFAIRS)**

**—BOARD FOR INDUSTRIAL AND FINANCIAL
RECONSTRUCTION**

**[Action taken by Government on the recommendations contained in the
Fifteenth Report of Estimates Committee (Ninth Lok Sabha)]**



सत्यमेव जयते

Presented to Lok Sabha on 1.4.1991

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1992/Chaitra 12, 1914(S)

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**COMPOSITION OF THE COMMITTEE ON ESTIMATES
(1991-92)**

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4. Shri K.L. Narang — *Under Secretary*

*Resigned w.e.f. 6th March, 1992.

**Elected w.e.f. 6th March, 1992 vice Shri Vijay N. Patil resigned from the Committee.

INTRODUCTION

1. the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf present the fourteenth Report on action taken by the Government on the Recommendations contained in the Fifteenth Report of the Estimates Committee (Ninth Lok Sabha) on the Ministry of Finance, Department of Economic Affairs (Banking Division)-Board for Industrial and Financial Reconstruction.

2. The Fifteenth Report (1990-91) was presented to Lok Sabha on 4th January, 1991. Government furnished their replies indicating action taken on the recommendations contained in that Report on 27th September, 1991. The draft Report was considered and adopted by the Committee on the 12th March, 1992.

3. The Report has been divided into following Chapters:-

- (i) Report
- (ii) Recommendations/Observations which have been accepted by Government.
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.
- (iv) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations/Observations in respect of which final replies of Government are still awaited.

4. An analysis of action taken by Government on the recommendations contained in Fifteenth Report of Estimates Committee (Ninth Lok Sabha) is given in Appendix. It would be observed that out of 25 recommendations made in the Report, 10 recommendations *i.e.* 40 per cent have been accepted by Government. The Committee do not desire to pursue 4 recommendations *i.e.* 16 per cent in view of Government's replies. Replies of Government in respect of 11 recommendations *i.e.* about 44 per cent have not been accepted by the Committee.

5. For facility of reference and convenience, the conclusions and recommendations of the committee have been printed in thick type in the body of the Report.

NEW DELHI;
March 25, 1992

Chaitra 5, 1914(S)

MANORANJAN BHAKTA
Chairman,
Estimates Committee

CHAPTER I

REPORT

1.1 This Report of the Estimates Committee deals with action taken by Government on the recommendations contained in their Fifteenth Report (Ninth Lok Sabha)—Ministry of Finance (Dept. of Economic Affairs)—Board For Industrial and Financial Reconstruction which was presented to Lok Sabha on 4th January, 1991.

1.2 Action Taken notes have been received in respect of all the 25 recommendations contained in the Report.

1.3 Action taken notes on the recommendations of the Committee have been categorised as follows:—

(i) Recommendation/Observations which have been accepted by the Government:

8, 10, 14, 16, 17, 20, 21, 23, 24, and 25

(Total—10 Chapter II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government replies:

5, 7, 11, and 13

(Total 4 Chapter III)

(iii) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee:

1, 2, 3, 4, 5, 6, 9, 12, 15, 18, 19, and 22

(Total 11 Chapter IV)

(iv) Recommendations/Observations in respect of which final replies are still awaited:

NIL

(Chapter V)

1.4 The Committee will now deal with action taken by Government on some of the recommendations.

Sl. No. 1 & 2 (Paras 1.15, 1.16)

Organisational Set Up

1.5 In their recommendation the Committee had pointed out that the existing strength of the Members of the Board might not be adequate to cope with the work load pending with the Board, and that, in view of relatively slow disposal of cases by BIFR, it was necessary to strengthen the Board by inducting more members. The Committee had also called for effective steps to accelerate the pace of disposal of cases.

1.6 In their reply, the Ministry have stated that for the number of cases, currently pending i.e. 248 cases, the existing sanctioned and actual strength

of the Members of the Board which is 8 and 7 respectively, appears to be adequate. They have further stated that in certain cases involving considerable delay the same is attributable to difficulties in reaching a consensus between all agencies which have financial interests in the companies concerned in designing acceptable rehabilitation packages.

1.7 The Committee had also desired that all care should be taken to appoint members of the Boards from amongst experts from different fields.

1.8 The Ministry in its reply has stated that the Government agrees with the observations of the Committee and due care is taken by the Government at the time of appointment of the members of BIFR. It further informed that, at present the Board consists of 2 experts each in the field of financial administration & labour and 1 each in the field of Law, Banking, Income Tax and Economics.

1.9 The Committee are surprised at the evasive reply of Government. They note that the Board is short of one member. The Ministry has not furnished any reason why this vacancy has not been filled up so far and what steps are being/have been taken to fill up this vacancy. The Committee believe that some more vacancies of the members of the Board might have occurred since the Ministry furnished the action taken reply. They are of the firm view that even a limited number of vacancies in the Board does adversely affect its functioning as also efficiency.

1.10 The Committee are unhappy to note that instead of increasing the number of the Members of the Board as suggested by them the Ministry has failed to maintain even the existing authorised strength of the Board. The Committee desire that expeditious action be taken to fill the existing vacancies. The Committee also desire that while appointing the new members of the Board, due care may be taken to appoint Members of the Board from amongst experts from different fields viz. Financial Administration; Labour, Law, Banking, Income Tax etc.

Sl. No. 3.4 (Para No. 1.17 & 1.18)

Staff Strength

1.11 The Committee had desired the Ministry to have sufficient supporting staff, having appropriate professional qualifications and an attitudinal orientation towards development.

1.12 The Ministry in its reply has stated that the actual strength of the Officers and the staff of BIFR at present is 155 as against 174 sanctioned. 78 of these posts are manned by deputationists mostly drawn from Central Government Offices. The Ministry has further stated that the absorption of deputationists in BIFR depends on finalisation of the Recruitment Rules for the staff of BIFR which was being considered in consultation with the Law Ministry. However, BIFR, in the mean-time, came out with a suggestion for amendments to SICA to facilitate finalisation of the

Recruitment Rules. The suggestion about appropriate professional qualification would be kept in view while approving the Recruitment Rules.

1.13 As per the provisions of the Act, BIFR is the 'appointing authority' for its officers and employees and it is expected that while making the recruitment they would consider the aspect of attitudinal orientation.

1.14 In their Report the Committee had pointed out that there were as many as 35 posts including those of Directors, EDF Manager, Dy. Director etc. that were lying vacant; some of these from as early as February, 1987, i.e. almost from the date of inception. The Committee had desired the Ministry to fill up the vacancies expeditiously and ensure that there was no substantial delay in the occurrence and the actual filling of vacancies.

1.15 The Ministry in its reply has stated that on 19.7.91, as against a total sanctioned strength of 174, there are 19 vacancies. Further, BIFR has reported that at the present stage of computerisation, an analyst Programmer, appointed on tenure basis, is managing the systems requirements.

1.16 The Committee are concerned to note that there are still 19 vacancies in the staff of the Board. They are dismayed that the Ministry has neither informed about the steps which are being taken in this regard nor has any time limit been fixed for the purpose. The Committee are further surprised to note that even the Recruitment Rules for the staff of the BIFR have not been finalised so far.

1.17 AS BIFR is to play an effective role in the restructuring and rehabilitation of the industries in the country and its success in this regard very much depend upon the effective role by the personnel manning BIFR. The Committee feel that it is high time that BIFR should effectively evolve its personnel policy so as to ensure that it is assisted by a Secretariat which is not only professionally competent but also committed to its objectives. The Committee, therefore, recommend that BIFR should expeditiously finalise its recruitment rules and take steps to ensure adequate prospects for its officers and staff to inculcate in them a sense of belonging and dedication.

Sl. No. 6, (Para 1.31)

Review of BIFR

1.18 The Committee had observed that no review of the functioning of BIFR had ever been undertaken by the Government and that in the absence of any such evaluation, a realistic and objective assessment about effectiveness of the procedure followed by the Board, and its organisation, could not be ensured. They had, therefore desired that a periodical evaluation study/review of the activities of BIFR was very important.

1.19 The Ministry in its action taken reply has stated that BIFR, being a quasi-judicial autonomous Board, evaluation/review of its performance has so far not been undertaken by Government. It has further been stated by

the Ministry that revival of sick units is a very complex matter in which the revival scheme approved by BIFR is only one part, though very important part of the process. The availability of raw material, power, infrastructure facilities, market condition, prices and fiscal levies as also the economic have an impact on the industrial unit. BIFR has, however, recently published a compendium of case studies also covering, besides statistical profile, a review of its own functioning and making suggestions for facilitating industrial rehabilitation.

1.20 The position stated by the Ministry that BIFR, being a quasi-judicial autonomous Board, has not been subjected to any evaluation/review so far is unacceptable to the Committee. In their opinion the Government ought to have examined the recommendation of the Committee with an open mind in order to determine the frequency and mechanism of a periodical review of the Board. The Committee are of the view that while the difficulties pointed out by the Ministry may have to be taken into account while determining the timing of the review, there is no case for a 'no review' situation.

1.21 The Committee therefore, desire the Ministry to re-examine its stand and to undertake a periodical review of the activities of BIFR in future by some independent agency.

Sl. No. 9 (Para 1.46)

Powers of the board

1.22 The Committee while noting that the recommendations of BIFR were not binding on the banks and financial institutions, or other Central and State Government institutions had expressed the view that the question of investing the Board with appropriate statutory powers for the purpose, needed to be re-examined by the Ministry. In the opinion of the Committee the role of BIFR needed to be redefined and the body suitably restructured to enable it to tackle the problem of industrial sickness more effectively. The Committee had desired the Ministry to examine expeditiously the suggestions, received in this regard, and take suitable steps to make necessary amendments in the SICA.

1.23 The Ministry has informed that certain suggestions including, inter-alia the above for amending SICA, 1985 are currently under consideration of the Government. Decision about the reliefs/concessions can, however, only be taken by the financing bank/institution in its commercial judgement, as this would directly impinge on the latter's profitability. Suitable provision for early decision taking by the banks/institutions are, however, being contemplated. Further, once the package is approved by BIFR, the financial institutions/banks will have to duly implement the same. It has also been agreed that definite time frame would be drawn up clearly indicating the date of implementation of the package by each of the agencies and such a stipulation would form a part of the package.

1.24 The Committee had desired the Ministry to amend the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) in the light of suggestions received with regard to restructuring of the Board to enable it tackle the problem of industrial sickness expeditiously. Regretably even after a lapse of 8 months the Ministry has not taken any decision in this regard and the relevant suggestions are pending with the Ministry. The Committee are unhappy with the delay caused in this matter. The Committee, therefore, urge the Ministry to consider and finalise the draft amendments in SICA without further delay. They also desire the Ministry to finalise expeditiously the various steps which they are contemplating to take in this regard.

Sl. No. 10 (Para 1.47)

Investigation of Misfeasance

1.25 The Committee had opined that inefficiency must invariably be investigated, and an enquiry conducted into the causes that lead to the sickness of unit. The Committee had noted with satisfaction about the statement made by the Minister of Finance in the Lok Sabha on 4th May, 1990 (in reply to Unstarred Question No. 7546) and had hoped that the relevant provisions of SICA would be invoked whenever warranted. The Committee had advised that necessary investigation in this regard, however, should not be permitted to retard the progress of rehabilitation of sick units.

1.26 The Ministry in its reply has stated that the cost effectiveness and long term viability of sick industrial companies are always kept in view by the Board while formulating revival schemes. Revival measures are worked out keeping in view the reasons leading to sickness. Change of management and amalgamation with healthy companies with proven track record of management are resorted to wherever possible in cases where failure of existing management is a main cause of sickness. Cases of misfeasance, malfeasance or non-feasance or breach of trust in relation to the sick industrial companies are investigated and wherever adequate evidence is discernible, necessary action is initiated against the person(s) concerned.

1.27 The Committee appreciate that the Ministry are taking appropriate steps in cases of misfeasance, malfeasance and nonfeasance or breach of trust leading to sickness in the units concerned. The Committee would however like the Ministry to inform them about the details of cases investigated at the instance of the Board and action taken in each case.

Sl. No. 12, Para 1.49

Issue of Interim Orders

1.28 The Committee had been informed that some suggestions with regard to vesting the Board with powers to issue interim orders and directions to prevent actions which were prejudicial to the interest of the companies etc. had been received and were under examination. The

Committee had hoped that a decision on those suggestions and the above views of the Committee would be taken early and where necessary, amendments in the SICA would also be incorporated timely.

1.29 In its reply the Ministry has stated that certain suggestions for amendments to SICA 1985 including, *inter-alia*, the above, are currently under the consideration of the Government.

1.30 The Committee regret that suggestions for vesting the Board with powers to issue interim orders and directions to prevent actions which are prejudicial to the interest of the companies are still pending with the Government and were not finalised till the furnishing of action taken replies.

1.31 The Committee cannot but express their displeasure at the lackadaisical approach of the Ministry in delaying with such an important matter and desire the Ministry to consider these amendments and take conclusive action thereon expeditiously. The Committee would like to be apprised of further developments in this regard.

Sl. No. 14 (Para 1.65)

Sitting outside Delhi

1.32 The Committee were of the view that until more benches of BIFR were established it would be desirable to hold more sittings of benches outside Delhi.

1.33 The Ministry in its action taken reply has stated that as and when it is considered necessary and found feasible by BIFR, the Benches of the Board hold sittings outside Delhi. As on 30.6.1991, 161 hearings were held outside Delhi.

1.34 The Committee consider the reply furnished by the Ministry as vague. It does not indicate the extent to which the basic problem necessitating holding of sitting of BIFR outside Delhi has been solved. The statistics furnished by the Ministry leads the Committee nowhere. The Committee would like to have full statistics of cases which have arisen in different regions and the percentage of hearings held at Delhi and at other places. They would also like to know the number of cases in which requests for holdings hearings at a place outside Delhi have been turned down.

Sl. No. 15 (Para 2.15)

Procedure-Criteria for recognition of Sick unit

1.35 The Committee had opined that the existing criteria for bringing a unit under the purview of BIER, be changed; further that the eligibility period reduced from 7 to at least 4 years of its registration and provisions relating to a company having incurred cash losses consecutively, needs to be re-examined.

1.36 The Ministry in its reply has stated that certain suggestions for amendments to SICA, including, *inter-alia*, the above are currently under the consideration of the Government.

1.37 The Committee would like to express their unhappiness at the delay in taking decisions on such important matters which are vital for identification of industrial sickness in the country. The Committee, therefore, urge the Ministry to take an early and final decision in the matter. The Committee would like to be apprised of further development in this regard within a period of six months.

Sl. No. 16 (Para 2.16)

Preventive Action

1.38 The Committee were of the view that the existing criteria to bring a sick unit under the care of BIFR appeared to be such that a unit had to be almost irretrievably sick. Being convinced that remedial measures ought to be taken at the incipient stages of sickness, they had called for reviewing the relevant provisions of SICA.

1.39 The Ministry in its reply has stated that certain suggestions for amendments to SICA, 1985 including, *inter-alia*, the above are currently under the consideration of the Government. The Ministry has further stated that the Reserve Bank of India has issued detailed guidelines to banks to detect sickness in an industrial unit at the incipient stage itself and take prompt remedial measure. Further, Reserve Bank of India has also issued detailed guidelines for rehabilitation of 'Weak' industrial units not covered by the Act, in which cases also sickness is monitored and rehabilitation efforts made for those found to be potentially viable. Parameters on reliefs/concessions for sick industrial units are also applicable for weak industrial units.

1.40 The Committee note that while some guidelines have been issued by the Reserve Bank of India (RBI) to various Banks in this regard, the copies of such guidelines have not been furnished to the Committee. The Committee have also not been apprised of the exact details of amendments proposed to be carried out in Sick Industrial Companies (Special Provision) Act (SICA) in the context of their recommendation. This has deprived them of an opportunity to assess the extent to which these guidelines and the proposed amendments to SICA are in conformity with their recommendations. The Committee would like to express their unhappiness at the casual attitude displayed by the Ministry and desire the Ministry to furnish the copies of the guidelines and proposed amendment to the Committee immediately.

Time Lag

1.41 The Committee had noted that existing time lag between the receipt of a reference case from sick industrial unit/other agencies and its final revival is on the higher side and had desired that this time lag should be suitably reduced to facilitate quick decisions.

1.42 The Ministry in its reply has stated that under the provisions of the Act, agreement by the parties to relief measures and sacrifices is essential to formulate a scheme. However, various proposals mooted at different stages have to be given due consideration so that company be revived and not wound up merely on consideration of time taken to come to an agreement. In discharge of its given judicial functions, adequate opportunity to all concerned has to be afforded. The Ministry have further stated that efforts to reduce the time taken are continuing and will succeed only with the cooperation of all concerned particularly promoters and State Governments.

1.43 The Committee have been informed that it is proposed by RBI to issue instructions to the effect that the Operating Agency should finalise a definite time frame for compliance of the package by each of the agencies, in consultation with the agencies concerned, and it should be given in the form of Annexure to the package submitted to BIFR. A Nodal Agency would be designated for monitoring the implementation of the rehabilitation packages by all agencies. Failure on the part of any agency to fulfil its commitment within the stipulated time schedule would be reported to BIFR promptly by the Nodal Monitoring Agency.

1.44 The Ministry have also stated that the recommendations of the Committee will also be kept in view while finalising amendments to SICA.

1.45 The Committee take a note of the legal and procedural hurdles which regulate the process of reviving a sick unit. They also note that besides designating a nodal agency for monitoring the implementations of the rehabilitation packages Reserve Bank of India (RBI) was to issue some instructions to fix a time frame for compliance of packages by each of agencies. However, the Committee are unable to understand why they have not been informed about the action taken to fix the time frame for the purpose of rehabilitating sick units so far and whether any nodal agency has been designated in this connection. The Committee would like to be apprised of the action taken in this regard.

*Sl. No. 18 (Para 2.18)**Reference Under Sec. 23*

1.46 The Committee had observed that the primary object of the SICA was to secure timely detection of both sick and potentially sick industrial companies and, therefore, it was essential that the Board should also be empowered to enquire into references received under Section 23. The Committee had therefore desired the Government to take suitable steps.

1.47 The Ministry in its reply has stated that certain suggestions for making amendment to SICA, 1985, including, *inter-alia*, the above are currently under the consideration of the Government.

1.48 The Committee are not satisfied with the reply of the Ministry. That the Ministry could not take any decision on the suggestion with regard to empowering the Board to enquire into references under section 23 till the time of furnishing action taken replies, is very surprising. They would like to emphasise that they attach the greatest importance to the implementation by the Government of the recommendations. They, therefore desire the Ministry to take expeditious and final decision with regard to above suggestion. The Committee will like to be informed of the action taken by the Government in this regard.

*Sl. No. 19 (Para 2.30)**Disposal of Cases*

1.49 The Committee were not satisfied with the existing pace of disposal of cases by the BIFR. Out of 1005 references, under Section 15, and 402 under Section 23 of the Act, received by the BIFR upto 30.6.89, 716 cases under section 15 have been registered. Of these only 569 references have been heard. Thus 147 cases are still unheard. Of the 569 cases considered 475 units were declared sick, whereas 73 were dismissed. 21 cases are still to be decided. Of the 475 cases, in 79 the Board could accord approval under Section 17(2) of the Act and revival scheme could be sanctioned in respect of only 30 cases. In 25 cases the Board came to a conclusion for winding up. Final action about remaining 341 cases is yet to be taken. This is not satisfactory situation. The Committee had recommended that the Government to initiate immediate measures to expedite the pace of work.

1.50 The Ministry in its reply has informed that BIFR has stated that, as on 30.6.91, 1034 of the 1042 registered cases have been allocated to the Benches. Of these 997 have reached the first hearing; for the remaining dates of hearings have been fixed. Of the 855 cases of effective registration (1035-180 i.e. after deducting 180 disposed as non-maintainable) 120 cases were approved under Sec. 17(2) of the Act after being satisfied that the companies concerned can make their net worth positive on their own. Of the remaining 735(855-120) cases Operating Agency was appointed in 559 cases and O.A. Report received in respect of 491. Based on the OAs report, schemes sanctioned and circulated for consent account for 203 and

42 respectively, passes recommended to the High Courts for winding up and show cause notices issued account for 137 and 66 respectively. Reckoning these as also other disposals (one company ordered for sale and two references from Courts disposed) and 28 cases re-opened due to failure of schemes/remanded by A AIFR/under Court stay orders, the remaining cases under "inquiry" as on 30.6.91 stood at 248, with the following year-wise breakup:—

1987	:	9
1988	:	12
1989	:	61
1990	:	98
1991 (upto June, 1991)	:	68
		248

Most of the cases of 1987-89 have reached an advanced stage and special efforts are afoot to force the pace of their disposals.

1.51 The Committee are of the opinion that the steps taken by the Board/Ministry in expediting the disposal of cases are not adequate. They, therefore desire the Ministry/Board to take appropriate steps to expedite their disposal and also to reduce the number and duration of pendency of the cases. The committee would like to be informed about the steps taken in this regard.

SJ. No. 22 (Para 2.46)

Cooperation with the State Governments

1.52 While appreciating the steps taken by the Government in approaching the Chief Ministers of States for tackling the problem of the industrial sickness, the Committee had desired that the Government should also hold periodical conference of concerned Chief Ministers/ Industry Ministers to monitor the level of coordination with State Governments.

1.53 The Committee in its reply stated:

"Noted. This should appropriately be ensured by Ministry of Industry."

1.54 The Committee are not satisfied with the reply of the Ministry. The Committee had desired the Government to hold periodical conference of Chief Ministers/Industry Minister to monitor the level of coordination with the State Government. The Ministry has not indicated whether such conference has ever taken place till the furnishing of action taken reply, which only shows the casual of the Government in implementing the recommendation of the Committee. The Committee wish to point out that Ministries are jointly and severally accountable to the Parliament. It was

therefore expected that Ministry of Finance should have coordinated with the Ministry of Industry before furnishing action taken reply.

1.55 While reiterating their original recommendation, they also desire suitable instructions should be issued to all the Ministries to submit action taken replies after consulting the allied Ministries/Departments.

Implementation of Recommendation

1.56 The Committee note with concern that a number of suggestions with regard to implementation of recommendations are pending with the Government for a long time and Government could not take any final decision till the furnishing of action taken replies. This the Committee feel is a highly unsatisfactory situation. The Committee express a sense of deep disappointment at the tardy manner in which the Government has responded.

1.57 The Committee wish to emphasise that greatest importance should be attached to the implementation of recommendations accepted by the Government. They would, therefore, urge the Government to keep a close watch to ensure expeditious implementation of recommendations accepted by them. In cases where it is not possible to implement such recommendations in letter or in spirit for any reasons, it is only proper that the Government should then report to the Committee, any such non-compliance, with reasons for it.

CHAPTER II

RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 8, Para 1.33)

The Committee feel that since a number of Government companies are also industrially sick, the Ministry may give thought for taking necessary remedial measures, as envisaged for the private sector units through BIFR.

Reply of Government

Government have since announced that public Enterprises which are chronically sick and which cannot be turned around will be referred to BIFR or to a similar high powered body to set up by the Government for formulation of revival or rehabilitation schemes.

Recommendation (Sl. No. 10, Para 1.47)

In the opinion of the Committee, inefficiency must invariably be investigated, and an enquiry conducted into the causes that lead to the sickness of a unit. In this context, the Committee note with satisfaction the statement made by the Minister of Finance in the Lok Sabha on 4th May, 1990 (in reply to Unstarred Question No. 7546) and hope that the relevant provisions of SICA would be invoked whenever warranted. The Committee advise that necessary investigation in this regard, however, should not be permitted to retard the progress of rehabilitation of sick units.

Reply of Government

Cost effectiveness and long term viability of sick industrial companies are always kept in view by the Board while formulating revival schemes. Revival measures are worked out keeping in view the reasons leading to sickness. Change of management and amalgamation with healthy companies with proven track record of management are resorted to wherever possible in cases where failure of existing management is a main cause of sickness. Cases of mis-feasance, malfeasance, or nonfeasance or breach of trust in relation to the sick industrial companies are investigated and wherever adequate evidence is discernible, necessary action is initiated against the person(s) concerned.

Recommendation (Sl. No. 14, Para 1.65)

Until more benches of BIFR are established it would be desirable to hold more sittings of benches, outside Delhi. The Committee would like to be informed about steps taken in this direction.

Reply of Government

As and when it is considered necessary and found feasible by BIFR, the Benches of the Board hold sittings outside Delhi. As on 30.6.1991, 161 hearings were held outside Delhi.

Recommendation (Sl. No. 16, Para 2.16)

The existing criteria to bring a sick unit under the care of BIFR appear to be such that the unit has to be almost irretrievably sick. The Committee feel that this criteria for application of sicker unit needs to be reviewed, as remedial measures ought to be taken at the incipient stages, rather than later when the unit may be beyond redemption.

Reply of the Government

Certain suggestions for amendments to SICA, 1985 including, inter-alia, the above are currently under the consideration of the Government.

It may however be mentioned that, Reserve Bank of India has issued detailed guidelines to banks to detect sickness in an industrial unit at the *incipient stage itself* and take prompt remedial measure. Further, Reserve Bank of India has also issued detailed guidelines for rehabilitation of 'weak' industrial units not covered by the Act, in which cases also sickness is monitored and rehabilitation efforts made for those found to be potentially viable. Parameters on reliefs / concessions for sick industrial units are also applicable for weak industrial units.

Recommendation (Sl. No. 17, Para 2.17)

The Committee note that existing time lag between the receipt of a reference case from sick industrial unit / other agencies and its final revival is on the higher side. The Committee agree with the suggestion of FICCI that time limit for completing all processes leading to rehabilitation of a unit i.e. from reference to the BIFR by Board of Directors of a sick industrial company to consent from concerned parties for providing financial assistance by way of loans, advances, guarantees reliefs, concessions etc. should be suitably reduced to facilitate quick decisions, as time is the most critical factor in any revival programme. The Committee hope that the Government will take suitable steps to this effect.

Reply of the Government

Under the provisions of the Act, agreement by the parties to relief measures and sacrifices is essential to formulate a scheme. Various proposals mooted at different stage have to be given due consideration so

that company be revived and not wound up merely on consideration of time taken to come to an agreement. In discharge of its given judicial functions, adequate opportunity to all concerned has to be afforded. However, efforts are continuing to reduce the time taken. These efforts will succeed only with the cooperation of all concerned particularly promoters and State Governments.

Apart from the time frame already provided in the Act and rules framed thereunder, as a consequence of the high level meeting held by RBI, of Chairman of Banks / Financial Institutions, Chairman of BIFR, etc., it is proposed by RBI to issue instructions that the Operating Agency should finalise a definite time frame for compliance of the package by each of the agencies, in consultation with the agencies concerned, and it should be given in the form of Annexure to the package submitted to BIFR. A Nodal Agency would be designated for monitoring the implementation of the rehabilitation packages by all agencies. Failure on the part of any agency to fulfil its commitment within the stipulated time schedule would be reported to BIFR promptly by the Nodal Monitoring Agency.

The recommendations of the committee will also be kept in view while finalising amendments to SICA.

Recommendation (Sl. No. 20, Para 2.36)

The Committee are of the view that all schemes for revival should be prepared / implemented within the time stipulated under SICA. The committee wish to point out that delays in the execution of revival schemes have adverse implications on the economic and employment scene of the country. Notwithstanding the difficulties faced by the Board in preparing / implementing the schemes, the Committee desire the Government / Board to take suitable steps so that they are not delayed on account of the Board's dependence on various agencies for its primary functions. The Central Government may consider issuing necessary directions to RBI / Banks / Financial Institutions in this regard. The Government may also consider the establishment of a single window clearance, in the matter of release of funds by the lead bank, or lead institutions, and then its sharing by the other banks / institutions.

Reply of the Government

The Committee's view that all schemes for revival should be prepared / implemented within the time limit stipulated by BIFR is unexceptionable. Govt. agrees with the view of the Committee that delays in execution of revival schemes have adverse implication on the economic and employment scene of the country. Steps are taken by Board to monitor implementation of the approved / sanctioned schemes. RBI has issued instructions to banks / FIs stressing the need for timely implementation of revival schemes. RBI has also been holding periodical meetings

with the heads of FIs / Banks to sort out various problems standing in the way of revival of sick industrial companies.

In the case of sanctioned rehabilitation packages, for both sick and weak units financed through a consortium, adoption of Single Window Concept for Lending (SWCL) has been made mandatory for banks. The SWCL will be adopted by banks in respect of the first disbursement under working capital as also for disbursement of rehabilitation term loan (viz. towards payment of pressing creditors, labour rationalisation and statutory liabilities.) If agreed to by all the Members of the Consortium, SWCL can also be made applicable for subsequent disbursement of working capital within the sanctioned limits. Detailed guidelines have been issued by the Reserve Bank to scheduled commercial banks recently.

In the case of all-India financial institutions, SWCL is already operative under which the lead institution completes the single documentation on behalf of all the FIs and make disbursals under rehabilitation packages and claims pro-rata reimbursements from participating institutions.

Recommendation (Sl. No. 21, Para 2.15)

The Committee are of the opinion that the existing arrangements for coordination between the Board, the State Governments and other Financial institutions in this respect are not effective enough. They are of the view that coordination between the Board, State Government and Institutions needs to be further strengthened.

Reply of the Government

Most of the State Governments have formulated policy packages of reliefs / concessions for revival of sick industrial companies in their States. Specific cases requiring closer co-ordination are taken up at the highest level by Chairman, BIFR.

Recommendation (Sl. No. 23, Para 2.52)

The Committee recommend that a time limit ought to be prescribed, and scrupulously adhered to, by Financial institutions and banks for sanction and disbursement of assistance. There should be adequate monitoring and control mechanism for the purpose.

Reply of the Government.

Detailed instructions are proposed to be issued by RBI for expediting the sanction and disbursement of assistance under rehabilitation package. A time schedule for compliance will henceforth form part of the package. Further, for purposes of monitoring, it is proposed to designate a Nodal Monitoring Agency for monitoring the implementation of the rehabilitation packages by all agencies. The lead institution or the lead bank could act as the Nodal Monitoring Agency. Further, it has been decided that every bank will also designate an officer who will monitor the compliance of the rehabilitation package by the Bank. It will be the responsibility of the

compliance officer to ensure that there is no delay in adhering to the time schedule stipulated for fulfilling obligations under the rehabilitation package. The participating banks should ensure that there is sufficient delegation of powers, so that the time lag between sanction of scheme, by BIFR and formal approval by the Banks, Board / Competent authority is minimised and delay in implementation of the rehabilitation package does not arise on this account

The BIFR also takes up periodical meetings to review the progress of implementation of approved / sanctioned schemes to which the representatives of the promoters, banks / FIs, State Govt. etc. are invited.

Recommendation (Sl. No. 24, Para 2.53)

The Committee would also like the Government to examine suggestions made by the FTCCI for promoting the concept of single window, in implementing rehabilitation programme for an Industrial unit. They also feel that the possibility of involving foreign banks, operating in India, in revival of sick industries should be seriously explored.

Reply of the Government

RBI has already accepted the Single Window Concept for Lending (SWCL) for rehabilitation of sick / weak industrial units.

Single Window Concept for Lending (SWCL) in the case of sick / weak industrial units for first disbursement under working capital and for disbursement of Rehabilitation Term Loan by banks under a rehabilitation package has been made mandatory. If agreed to by all members of the consortium, single window concept for lending can also be made applicable for subsequent disbursements of working capital within the sanctioned credit limits.

In the matter of participation in rehabilitation programmes of sick / weak industrial units considered potentially viable, no distinction has been made between Indian bank and foreign banks operating in India. While generally foreign banks do participate, there were certain instances where foreign banks had expressed their inability to do so. In such cases, the Reserve Bank had intervened to sort out the matter.

Recommendation (Sl. No. 25, Para 2.56)

The Committee have been informed that the existing monitoring system is adequate. The Committee desire that the existing monitoring system should be evaluated a fresh and further strengthened , if found necessary, by associating professionally qualified and experienced persons.

Reply of Government

The monitoring cell in the BIFR has been strengthened and is presently headed by a senior Officer of the Central Government (retired Controller General of Accounts), appointed as Officer on Special Duty. Further strengthening will be taken up by the Board depending on the increase in the volume of work.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Sl. No. 5, Para 1.30)

The rationale behind the exclusion of ancillary and small scale industrial undertakings from the purview of SICA is not clear to the committee. The pre-budget economic survey (1989-90) presents a very disturbing picture in regard to industrial sickness in the country, as it indicates that at the end of December, 1987, there were more than 2 lakh sick industrial units in the portfolio of all financial institutions and Scheduled commercial banks involving an outstanding bank credit of Rs. 6,256 crores. Adverse impact on the national economy of such a large amount of capital being locked up with unviable units, or being inefficiently employed, cannot be over-emphasised, particularly when Government is faced with the problem of finding sufficient resources to finance the VIII Five Year Plan. It is also disquieting to note that between December, 1986 and December, 1987, the number of sick units had gone up by nearly 40%, and bank credits outstanding against them by more than 28%. The survey also indicates that out of 22.27 lakhs borrower accounts in the SSI Sector, as on 31st December, 1987, 2.04 lakhs were reported to be sick, indicating that every 11th SSI unit in the country was financially unhealthy. This trend if not corrected will have very grave consequences for the national economy. The Committee hope that the proposed legislation for small scale industries would take adequate care of SSI units and would provide some mechanism for inter-action with BIFR to ensure a well-coordinated strategy to combat industrial sickness as a whole. In view of resource constraints, it is necessary to identify and provide succour, on priority basis, to those industries that have greater chances of revival.

Reply of the Government

Having regard to the existing machinery of BIFR and the prevalence of large number of sick SSI units in the country, it is felt that it would not be feasible or desirable to bring the complete SSI Sector under the purview of BIFR.

The recommendations of the Committee would, however, be given due consideration while finalising amendments to the sick Industrial Companies (Special Provisions) Act, 1985.

Recommendation (Sl. No. 7, Para 1.32)

The Committee recommend that an Annual Report detailing the various activities of the Board during the year be brought out. It would also be desirable to publish brochures relating to the functions of the Board and containing orders and instructions, issued from time to time for the benefit of the industry. Publication of yearly/half-yearly reports on relief packages sanctioned by BIFR and their despatch to Chambers of Commerce and Industry, would also be a useful exercise.

Reply of Government

A brief on the activities of the Board is included in the Annual Report of the Ministry of Finance, presented to Parliament every year. BIFR have reported that steps have been taken by them to compile case studies in respect of cases decided. First volume in two parts has been brought out. Part I contains general information and an overview largely covering BIFR's experience in dealing with cases of sick industries. Part II covers case studies of Textile industry decided up to December, 1990. Case studies in respect of other industries are being compiled. It is a continuous process. Steps are also being taken by the Board to bring out a Quarterly Digest of BIFR decisions.

Recommendation (Sl. No. 11, Para 1.48)

The Committee are of the opinion that the BIFR should also be authorised to grant interim reliefs/exemptions like rescheduling of loans and concessions in respect of post interest for speedy rehabilitation.

Reply of Government

The position has been explained in the Action Taken Note on para 1.46.

Recommendation (Sl. No. 13, Para 1.64)

The Committee, while appreciating that the number of new cases coming before the Board is less than those being disposed of during a given period, would still like the Government to take suitable measures to increase the number of benches. The Committee consider it desirable that people are given an opportunity to ventilate their grievances at or near their respective places of business. In this context they also take note of the assurances given by the representatives of the Ministry, during evidence, to set up permanent benches at Bombay, Calcutta and Madras. The Committee recommend accordingly.

Reply of Government

The number of benches of the BIFR is kept under constant review with reference to workload, reduction in time for disposal of cases and cost effectiveness thereof.

The Committee's view that it is desirable that people are given an opportunity to ventilate their grievances at or near their respective places of business is unexceptionable. The assurances given by the representative

of the Ministry during the evidence to set up permanent Benches at Bombay, Calcutta and Madras were in direct relation to increase in the workload of BIFR, i.e. as and when the volume of work increases. The cost of setting up of and functioning of Regional benches of the Board, based on the present volume of work, it is felt, will not be commensurate with the benefits likely to be derived.

Functioning of the Bench from one place, on the other hand, would ensure a certain degree of co-ordination among the different Benches and also broad similarity of approach to the problem of industrial sickness, setting out guidelines, norms of reliefs and concessions and evaluation of rehabilitation plans. The Board is in existence for about four years. It is gradually evolving its procedures and approaches to various issues and problems of different type of cases. At this stage and for a few years to come, a coordinated and well thought out approach is necessary for which, it is felt that location of all Benches at one place is a great advantage. Also the Board is at present assisted by a small group of specialists drawn from the financial institutions and banks. At present, though the Benches function separately, informal consultations take place among the Members. It is likely that geographic separation of one Bench from the other may lead to the different Benches taking different approaches. Further, references received under the Act are scrutinised by the Registrar and in case of refusal, there is a Right of Appeal to the Secretary who may give a personal hearing. If the company concerned is not satisfied with the Secretary's decision, it has right of Appeal to the Chairman, BIFR, including personal hearing with him also. The Board is quasi-judicial body and has to conform to certain legal procedures and practices and has to familiarise with legal interpretation of the Act. Companies in the same group are normally allocated to the same Bench, which would not be possible if Regional Benches are set up. The Act require each case to be heard by not less than 2 members. Location of all the Benches at one place enables a Bench to function even if one of its Members is on leave, by another Member joining that particular Bench.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT'S PEPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 1, Para 1.15)

The Committee are of the opinion that the existing strength of the Members of the Board may not be adequate to cope with the work load pending with the Board. In view of relatively slow disposal of cases by BIFR it is necessary that the strength of the Board be increased and effective steps taken to accelerate the pace of disposal of cases.

Reply of Government

The existing sanctioned and actual strength of the Members of the Board is 8 & 7 respectively. The work load on the Board as on 30.6.91 was as follows:

1. References regd. u/s 15 of SICA	1042
2. References allocated to Benches	1035
3. References dismissed as not maintainable	180
4. Effective registration (2-3)	855
5. Approval accorded u/s 17 (2) after the Board being satisfied that the co. can make its net worth positive on its own	128
6. Schemes sanctioned u/s 18 (4)	203
7. Winding up recommended to the concerned High Court u/s 20 (1)	137
8. Others (sale ordered and ref. from Court disposed)	3
9. Draft schemes circulated for consent	42
10. Show cause notice issued for winding up	66
11. Total of cases disposed those which have reached the penultimate stage (5 to 10)	579
12. No. of references approved/sanctioned but reopened due to failure of the scheme	13
13. No. of cases in abeyance because of stay order from courts	2
14. No. of cases pending/delayed due to approval before AA	13
15. Total of 11 to 14	607
16. No. of cases pending (4--15)	248

For the number of cases currently pending, the strength of the Board appears adequate. Government is conscious that in some cases

considerable delays do occur in the disposal of cases and this is generally attributable to difficulties in reaching a consensus between all agencies which have financial interests in the companies concerned in designing acceptable rehabilitation packages.

Recommendation (Sl. No. 2, Para 1.16)

The Committee are of the opinion that all care be taken to appoint Members of the board from amongst experts from different fields. They would like to be apprised of necessary action taken in this regard.

Reply of Government

At present the Board consists of 2 experts each in the field of financial administration & labour and 1 each in the field of Law, Banking, Income Tax and Economics. The Government agrees with the observations of the Committee and due care is taken by the Government at the time of appointment of the members of BIFR.

Recommendation (Sl No. 3, Para 1.17)

The Committee would like the Board to have sufficient supporting staff, also with appropriate professional qualifications and an attitudinal orientation towards development.

Reply of Government

The actual strength of the Officers and the staff of BIFR at present is 155 as against 174 sanctioned. 78 of these posts are manned by deputationists mostly drawn from Central Government Offices. Additional supporting staff requirement is met by engaging the services of consultants and drawing a few hands from Banks/Central Financial Institutions.

The normal deputation period is three years and extension by another year is permissible in special circumstances. Absorption of deputationists in BIFR depends on finalisation of the Recruitment Rules for the staff of BIFR which was being considered in consultation with the Law Ministry. However, BIFR, in the meantime, came out with a suggestion for amendments to SICA to facilitate finalisation of the Recruitment Rules. The suggestion about appropriate professional qualification would be kept in view while approving the Recruitment Rules.

As per the Provisions of the Act, BIFR is the 'appointing authority' for its officers and employees and it is expected that while making the recruitment they would consider the aspect of attitudinal orientation.

Recommendation (Sl. No. 4, Para 1.18)

The Committee are constrained to note that there are as many as 35 posts including those of Directors, EDF Manager, Dy. Director etc. that are lying vacant; some of them from as early as February, 1987, i.e. almost from the date of inception. It is desirable that expeditious action is taken to fill these vacancies. It is also essential that in future

advance planning is done to ensure that there is no substantial delay in the occurrence and the actual filling of vacancies.

Reply of Government

The position has been explained in the Action Taken Note on Para 1.17. As on 19.7.91, as against a total sanctioned strength of 174, there are 19 vacancies. Further, BIFR has reported that at the Present stage of computerisation, an Analyst Programmer, appointed on tenure basis, is managing the systems requirements.

Recommendation (Sl. No. 6, Para 1.31)

The Committee note that so far no review of the functioning of BIFR has been undertaken by the Government. In the absence of any such evaluation, a realistic and objective assessment about effectiveness of the procedures followed by the Board, and its organisation, cannot be ensured. In the opinion of the Committee a periodical evaluation study/review of the activities of BIFR is very important.

Reply of Government

It needs to be noted that revival of sick units is a very complex matter where economic situation in the country over a period of time has an important bearing. Availability of raw material, power, infrastructure facilities, market condition, prices and fiscal levies have impact on the industrial unit. Revival scheme approved by BIFR is only one part, though very important part, of the process. Then revival takes a fairly long period of 5 to 7 years. BIFR has, however, recently published a compendium of case studies also covering, besides statistical profile, a review of its own functioning and make suggestions for facilitating industrial rehabilitation. BIFR, being a quasi-judicial autonomous Board, evaluation/review of its performance has so far not been undertaken by Government.

Recommendation (Sl. No. 9, Para 1.46)

The Committee note that the recommendations of BIFR are not binding on the banks and financial institutions, or other Central and State Government institutions. The Committee are, therefore, of the view that absence of such statutory powers with the Board, needs to be re-examined by the Ministry. In the opinion of the Committee the role of BIFR needs to be redefined and the body suitably restructured to enable it to tackle the problem of industrial sickness more effectively. The Committee hope that Government will examine the suggestions, already received in this regard, expeditiously and take suitable steps to make necessary amendments in the SICA.

Reply of Government

Certain suggestions for amendments to SICA, 1985 including, inter-alia, the above, are currently under consideration of the Government. Decision about the reliefs/concessions can, however, only be taken by the financing

bank/institution in its commercial judgement, as this would directly impinge on the latter's profitability. Suitable provision for early decision taking by the banks/institutions are however being contemplated. Further, once the package is approved by BIFR, the financial institutions/banks will have to duly implement the same. It has also been agreed that definite time frame would be drawn up clearly indicating the date of implementation of the package by each of the agencies and would form a part of the package.

Recommendation (Sl. No. 12, Para 1.49)

The Committee have been informed that some suggestions with regard to vesting the Board with powers to issue interim orders and directions to prevent actions which are prejudicial to the interest of the companies etc. have been received and are under examination. The Committee hope that a decision on these suggestions and the above views of the Committee would be taken early and where necessary, amendments in the SICA will also be incorporated timely.

Reply of Government

Certain suggestions for amendments to SICA, 1985 including, inter-alia, the above, are currently under the consideration of the Government.

Recommendation (Sl. No. 15, Para 2.15)

In the opinion of the Committee it is necessary that the existing criteria for bringing a unit under the purview of BIFR, be changed; further that the eligibility period be reduced from 7 to at least 4 years of its registration. Provisions relating to a company having incurred cash losses consecutively, needs to be re-examined, so as to avoid sickness of a unit before it becomes grave.

Reply of Government

Certain suggestions for amendments to SICA, 1985, including, inter-alia, the above are currently under the consideration of the Government.

Recommendation (Sl. No. 18, Para 2.18)

The Committee further feel that the primary object of the SICA is to secure timely detection of both sick and potentially sick industrial companies and, therefore, it is essential that the Board should also be empowered to enquire into references received under Section 23. The Committee desire the Government to take suitable steps in this regard.

Reply of Government

Certain suggestions for making amendment to SICA, 1985, including, inter-alia, the above are currently under the consideration of the Government.

Recommendation (Sl. No. 19, Para 2.30)

The Committee are not satisfied with the present pace of disposal of cases by the BIFR. Out of 1005 references, under Section 15, and 402 under Section 23 of the Act, received by the BIFR upto 30.6.89; 716 cases under Section 15 have been registered. Of these only 569 references have been heard. Thus 147 cases are still unheard. Of the 569 cases considered, 475 units were declared sick, whereas 73 were dismissed. 21 cases are still to be decided. Of the 475 cases, in 79 the Board could accord approval under Section 17(2) of the Act and revival scheme could be sanctioned in respect of only 30 cases. In 25 cases the Board came to a conclusion for winding up. Final action about remaining 341 cases is yet to be taken. This is not a satisfactory situation. The Committee recommend that the government initiate immediate measures to expedite the pace of work. The Committee would like to be informed about these measures.

Reply of Government

BIFR has stated that, as on 30.6.91, 1034 of the 1042 registered cases have been allocated to the Benches. Of these 997 have reached the first hearing; for the remaining dates of hearings have been fixed. Of the 855 cases of effective registration (1035-180 i.e. after deducting 180 disposed as non-maintainable) 120 cases were approved under Sec.17(2) of the Act after being satisfied that the companies concerned can make their net worth positive on their own. Of the remaining 735 (855-120) cases Operating Agency was appointed in 559 cases and O.A. Report received in respect of 491. Based on the OAS report, schemes sanctioned and circulated for consent account for 203 and 42 respectively. Cases recommended to the High Courts for winding up and show cause notices issued account for 137 and 66 respectively. Reckoning these as also other disposals (one company ordered for sale and two references from Courts disposed) and 28 cases re-opened due to failure of schemes/remanded by AAIFR/under Court stay orders, the remaining cases under "inquiry" as on 30.6.91 stood at 248, with the following year-wise breakup:—

1987	9
1988	12
1989	61
1990	98
1991(upto June, 1991)	68
	248

Most of the cases of 1987-89 have reached an advanced stage and special efforts are afoot to force the pace of their disposals.

Recommendation (Sl. No. 22, Para 2.46)

While appreciating the steps taken by the Government in approaching the Chief Ministers of States for tackling the problem of the industrial sickness, the Committee desire that the Government should also hold periodical conference of concerned Chief Minister/Industry Ministers to monitor the level of coordination with State Governments.

Reply of Government

Noted. This should appropriately be ensured by Ministry of Industry.

CHAPTER V
RECOMMENDATIONS /OBSERVATIONS IN RESPECT OF WHICH
REPLIES OF GOVERNMENT ARE AWAITED

-NIL-

NEW DELHI;
March 25, 1992

Chaitra 5, 1914(S)

MANORANJAN BHAKTA
Chairman,
Estimates Committee

APPENDIX I
ESTIMATES COMMITTEE

(1991-92)

MINUTES

14th Sitting

12.3.1992

The Committee sat from 1500 to 1615 hrs.

PRESENT

Shri Manoranjan Bhakta - *Chairman*

MEMBERS

2. Shri A. Charles
3. Smt. Girija Devi
4. Shri Nurul Islam
5. Dr. Viswanatham Kanithi
6. Shri Ayub Khan
7. Shri Manjay Lal
8. Shri Rupchand Pal
9. Shri Sriballav Panigrahi
10. Shri Harin Pathak
11. Shri R. Jeevarathinam
12. Shri Harish Narayan Prabhu Zantye
13. Shri Moreshwar Save
14. Shri Manabendra Shah
15. Shri Syed Shahabuddin
16. Shri Braja Kishore Tripathy

SECRETARIAT

Shri K.K. Sharma—*Joint Secretary*

Shri B.B. Pandit—*Director*

Shri K.L. Narang—*Under Secretary*

* * * * *

3. The committee then considered and adopted the following draft reports and made certain amendments / modifications as at Annexure II:-

* * * * *

(ii) Draft Report on Action Taken by Government on the recommendations contained in the 15th Report of Estimates Committee

(Ninth Lok Sabha) on the Ministry of Finance (Department of Economic Affairs)--- Board for Industrial and Financial Reconstruction.

4. The Committee authorised the Chairman to finalise the draft Reports in the light of factual verification received from the respective Ministries and also to make verbal and consequential changes therein and present them to Lok Sabha.

* * * * *

The Committee adjourned.

ANNEXURE II

(See para 3 of the Minutes)

Amendments/Modifications made by the Estimates Committee in their Draft Report on action taken by Government on the recommendations contained in the 15th Report of EC (9th Lok Sabha) on Ministry of Finance (Department of Economic Affairs—Board for Industrial and Financial Reconstruction).

Para	Line	Amendment/Modifications
1.9	7	<i>For</i> "the furnishing of" <i>Substitute</i> "the Ministry furnished"
	8	<i>Delete</i> "by the Ministry"
1.10	4	<i>After</i> "existing" <i>Insert</i> "authorised"
1.16	8&9	<i>Delete</i> "Consequently.....in BIFR".
1.18 to 1.22		<i>Delete</i> paras 1.18 to 1.22
1.29	7	<i>For</i> "not satisfied.....the matter". <i>Substitute</i> "unhappy with the delay caused in this matter."
	8	<i>For</i> "approve relevant" <i>Substitute</i> "finalised the draft".
1.32	1&2	<i>Delete</i> "the Ministry are alive to the situation that"
	6	<i>For</i> "number" <i>Substitute</i> "details"
1.39	2	<i>For</i> "is vague as" <i>Substitute</i> "as vague."
	4	<i>For</i> "obviated" <i>Substitute</i> "solved"
1.42	last line	<i>Add</i> at the end—"within a period of six months".
1.45	12	<i>After</i> "guidelines" <i>Insert</i> "and proposed amendments".
1.50	1-3	<i>For</i> "The Committee well.....sick unit.....fact" <i>Substitute</i> "The Committee take note of the legal and procedural hurdles which regulate the process of reviving sick units. They also note"
1.53	8	<i>Delete</i> "made by the Committee"
1.56	5	<i>After</i> "reduce the" <i>Insert</i> "number and duration of"
	5	<i>Delete</i> "by the Ministry". <i>After</i> "feel" and "is"

APPENDIX-II

(Vide Introduction of the Report)

Analysis of Action Taken by Government on the 15th Report of Estimates Committee (Ninth Lok Sabha)

I. Total number of Recommendations.....	25
II. Recommendations/Observations which have been accepted by Government. (Nos. 8, 10, 14, 16, 17, 20, 21, 23, 24 and 25)	
Total.....	10
Percentage	40%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government replies (Nos. 5, 7, 11 and 13)	
Total.....	4
Percentage	16%
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee. (Nos. 1, 2, 3, 4, 6, 9, 12, 15, 18, 19 and 22)	
Total.....	11
Percentage	44%
V. Recommendations/Observations in respect of which final replies of Government are still awaited.	
Nil.	

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATION**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mvlarzadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Uppar Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806).
MADHYA PRADESH		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T. No. 2915064 & 230936).
4.	Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T.No. 3315308 & 45896).
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Double Storey, New Delhi-110 024. (T.No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T. No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Rep- resentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele Road Nalgaum, Dadar, Bombay-400 014	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Publishers, Importers & Exporters, 1-27, Shastri Nagar, Delhi-110 005. (T.No. 269631 & 214433)
TAMIL NADU		24.	M/s. Sangam Book Depot, 4378/4B, Muzari Lal Street, Ansari Road Darya Ganj, New Delhi-110 002
11.	M/s. M.M. Subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T.No. 476558)		