

## INTRODUCING THIS ISSUE

If sickness is diabolical, it is more so to turn one's back to it. It is to atone for such a possible sin that this issue of DECISION presents a conspectus of thoughts and views on sickness in Indian industry. Some may think that sickening cries about sickness have filled the air far too much to allow scope for more. We believe however that this issue is no mere babble. Nor is it a collection of writings containing an affirmation of the inevitable doomsday for all (including industries), and therefore pointing towards an illusionist or magic conception of sickness, decay and demise. Nor again, is it offering an alchemy for turning lead to gold. After trying to state what this issue is not, we leave the reader to form his own opinion regarding what it is about.

Tawney was writing about the sickness of acquisitive society in 1920's, Galbraith wrote about the sickness of affluent society in 1950's. Is it possible to examine for India the thesis of acquisitiveness of a sick and ailing society? Could this tendency be at the root of much sickness in industry? Is it true that as a nation we never have paused to recoup our lost poise after centuries of alien rule? Does it, therefore, follow that the management of a complex, highly interdependent economy in a vastly diverse country, with a loose democratic set up, has failed to measure up to the situation? For, did we ever allow ourselves the time to ponder whether a highly integrated modern economy of the western type could be naturally grafted into a country which perhaps could not become sure of a sailing course in harmony with its ethos? The most telling and pervasive example of such disharmony is the absence in us of the sense of value of time as a resource—the bedrock of a modern economic system. But then, the serpent has cast its spell, and the apple is eaten. Why bemoan a fact? Let us look for some ways for resurrection. Hence this issue of DECISION.

We have here contributions from writers belonging to institutions which are nursing sick units (Singh and Berry for example). The commercial banks and term lending institutions present an interesting spectacle of unclear role boundaries in the task of rejuvenation. That time is often of the essence of efforts for resuscitation gets lost in the debate on whether term finance should come first for new fixed capital investment, or working capital finance should continue to perform an artificial breathing role. If the technology and capital assets are not upto the mark, working capital continues to go down the drain. But investing in new capital assets is an irrevocable, long-term, lumpy and dis-

crete decision. Hence the need for more time to assess such proposals and clear them. There are other contributions which talk about sickness arising out of structural imbalances in the total economy of the country, and from the slow rates of economic growth (Kumarasundaram, Simha and Shroff). Although sickness is predominantly associated with the traditional industries like jute, cotton textiles, sugar, engineering etc., it is not at all rare in new units in relatively newer industries like fertilisers, electronics etc. Thus, pointers exist in these writings that units could be congenitally sick-sickness at birth so to say.

Several articles draw attention towards various causes of sickness (Raman, Agrawal). It appears that when industries become sick, they are the victims of a whole series of external, or more specifically, governmental policy variables. For instance, sugar or cotton textiles (Chattopadhyaya). If prices for inputs are fixed, sales mix is governed by fiat (levy v. free, or controlled items), release into the market too is regulated, capped by sale price fixation, it appears that in the chain of 'Input supplier to producer and seller to consumer' it is the middle link which tends to turn sick. From the viewpoint of the society as a whole it is indeed a difficult thing to decide which link of such a chain ought to thrive (relatively) at the expense of which. And, in a political system depending on votes from the members of society, the choice of the sacrificial link in the chain seems indeed to transcend merely the financial and managerial bounds. Although not highlighted in any of the writings of this issue, the commercial banking industry itself runs the danger of sickness, while now playing the role of a nurse for sick industrial units and of a matron for rural development.

There is a substantial set of causes which are attributed to managerial lapses too (Sen, Satyanaryana). Again, while it is an important task for management to predict sickness, it needs to be realised that there are cases of planned sickness, and unplanned sickness. None has touched on this distinction, although all are aware of it. For instance, if in an industrial house, new units continue to come up in as regular a sequence as other units seem to be turning sick, there is a prima facie case for judging these to be cases of deliberately planned sickness. And policy makers ought to think seriously whether to enforce the rejuvenation of such units on to these houses, instead of tossing them into the lap of public institutions. Unplanned sickness is less devilish. Here the owners and proprietors sink along with the enterprise. They deserve more sympathetic treatment than those managing the other category.

There is still ample room for definitional clarity in this field. Some attempts have been made to this end in this collection (Raman, Chakraborty).

The two most crucial ones seem to be the definitions of 'sickness' and 'viability'. The first is a present fact flowing from the past, while the latter is a future possibility. May be that various combinations along the 'sickness-viability' continuum should call for different coping strategies. The only systematic efforts in this direction seem to be emanating from the RBI (Bhuchar). A scheme for bringing about viability through capital reconstruction has also been included here (Roy and Banerjee).

Sickness in small scale industries and poor marketing as a generic cause of sickness are highlighted in two contributions (Nagarajan and Kakkar). While inept marketing is perhaps the most dominant variable causing sickness to countless small scale units, it does not leave large scale units unscathed either. It is perhaps true that the role of marketing in the revival of sick units is still underplayed in this country.

The role of corporate taxation in the revival of industrial sickness has been highlighted as being at best one of a palliative rather than an alleviative (Bhattacharya). The merger provisions in the Income Tax Act call for more pliant interpretation in his view. Another contribution also refers to mergers. (Chakraborty).

Finally, on behalf of DECISION and on behalf of IIM, Calcutta the Editor offers his warm thanks to all the contributors to this issue who have responded so kindly to his numerous intrusions into their extremely busy work schedules in search of a writing.

—Editor

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