



INDUSTRIAL SICKNESS AND EMPLOYMENT

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Abstract-

Industrial sickness has become a problem in developed and developing countries and is increasing day by day as socio, political economic and legal factor are changing in this paper

.we are tried to mention the thing to combat sickness problem and employment in India. It includes the concept ,reasons, effect of sickness.

Key words -Sickness, employment, reason

Research methodology -

The research is a literature based study investigation the current issue paralarally we also relied on secondary data from various journals authentic websidesand internet

Object -

1)To study concept of industrial sickness2)To study impact on employment

3)To study reason of industrial sickness

Introduction –

Industrial sickness is a problem that has increased significantly recently. The unemployment rate in the country is increasing along with the wastage of equipment in the industry due to industrial sickness. Unemployment is on the rise due to industry closures.

While the number of new industries being set up is increasing every year, 75 per cent of them are on the verge of closure Large industries Medium enterprises Small industries The sickness of industries is increasing every where, on the one hand, the face of the industry business is changing. The other Changing climate competition is leading to an increase in the number of industry closures in the private and public sectors. Industrial sickness is on the rise in the traditional, modern, private and public sectors. Banks and financial institutions are providing the financial assistance required by the industry and banks and financial institutions are in trouble due to the increasing number of sick industries. In India, sick industries include textiles, jute, sugar, cement, paper chemicals, engineering industries, rubber, electronic industries along with traditional industries.

In short, industrial sickness is affecting various sectors but the biggest stress is on the financial system i.e. banks .The most important sign to identify whether an industry is sick or not is debtequity ratio Debt equity ratio The continuous decline in these ratios and imbalance in the financial position of the unit.

Industrial sickness is causing many kinds of problems, affecting the society and if the industrial unit falls ill, the workers there are not sure of the work and their future.

Meaning-

Industrially ill industries cannot afford daily expenses. In the past, there were no criteria for determining whether an organization was industrially sick, but in 1985, the Sick



Industrial Companies Act came into force and laid down certain criteria for the sick industry.

There is a problem of industrial sickness in small scale industries, medium enterprises, big industries. The Act of 1992 applies to registered companies that have had accumulated losses at the end.

Definition of industrial sickness

An industry that cannot consistently reap profits and has to rely on external support all the time is called a sick industry.

Where the rate of profit on invested capital is steadily decreasing relative to losses, illness cannot be said to be bankruptcy.

In 1985, the Lok Sabha passed the Ailing Industrial Companies Bill as per

A sick industrial company is a large and medium company that was registered seven years ago and in which the total loss at the end of any financial year exceeds the capital and assets.

An industrial organization that uses less than 20 percent of its established capacity is considered a sick industry.

Relation between sickness and employment-

Sickness in workforce participation rate by 1-3%, wages employment by 4-15 days and wages-earnings by India Rupee 374 to 837 compared to the matched control household in the short run. The long run decline in wage days and wage-earning were small and not always statistically significant across the methods.

Reason of industrial sickness-

There are five main reasons why industries in India are sick, for example promotional, managerial, technical, economic and political many times industries close within a short time after establishment. For example, the cotton, textile and sugar industries seem to be sick due to lack of foresight, economic policy, depreciation policy. But if the working capital is low, it is used to buy new equipment. Industrial sickness appears to be on the rise when there is a shortage of money to do and when capital expenditure increases during inflation.

Internal factor-

1) Improper project selection.

After getting an education you do not get a job so when the idea of starting an industry comes to mind, you have to think about the necessary competency skills etc. you have to choose the right project keeping in mind the ability skills attitude etc. and while choosing the project because which person is not an expert in all fields, an expert person should be consulted while selecting the project because if the project is not selected properly, such a project is at a loss.

2) Improper location determination-

While setting up an industry, it is beneficial to set up an industry in the same place where basic facilities are available. If the industry is set up in the wrong place, the components required for production are not available in time. The manufactured goods cannot reach the consumers in time, transportation and other problems arise, so there may be a loss and the time to close the industry, and if the place of the industry is away from the market, the cost of production increases and the result is profit.



3) Faulty financial planning

Various factors are required while setting up an industry e.g. location of the industry, market overview, opportunity discovery, future changes. Profit. Factors such as technical and economic potential have to be taken into account.

Before starting the industry, the project suitable feasibility study should be done.

Planning should be done in all the stakeholders of the industry by considering the future changes from a far-sighted perspective. If these factors are not taken into account, the industry is not successful.

4) Delay in completion of the project.

The right project selection and location is important and it is equally important to complete the project on time as delay in completing the project leads to an increase in cost and affects the profitability.

5) Faulty economic structure.

There are two types of capital required in the economic structure of the industry, namely, fixed capital is required to buy machinery and other assets to spend daily, both types of capital need to be used in the right amount, otherwise there is a shortage of capital, so it is necessary to plan capital usage.

6) Incompetent coordinator-

Since the success of the industry depends on the efficiency and knowledge of the organizer, the role of the organizer is important if the organizer is not efficient, if the organizer is not efficient, then the organization cannot work efficiently, resulting in the loss of the organization and the closure of the industry organization.

7) Outdated and faulty machinery-

If the machinery in the production organization is new, its efficiency is higher. In the beginning more production is done at a lower cost but if the machinery is old and defective then the cost increases and the production is reduced and therefore the production company has to be closed.

8) Inefficient working class.

Land, labor, capital, combination are used to produce, among them, labor is the most important factor and efficient skilled employees make it possible to produce at a lower cost, but if the efficiency of the employees is low, productivity remains low and the cost of production is high, which can also cause losses to the organization.

9) Unsatisfactory industrial relations.

The environment in the business organization affects the performance of the employees. If the owner-employee relationship is friendly in the organization, there are no interruptions in the work.

10) Improper management.

Efficient and efficient management makes the industry efficient. Improper management of industrial sickness is one of the reasons why manufacturing organizations are closed due to wrong management decisions in terms of production, marketing, finance, labor recruitment etc.

(b) External causes-

1) Shortage of raw materials-

Raw material has to be available to produce any commodity. Raw material should be



in the right quantity and quality at the right time If the raw material is not available on time, there is no consistency in production, it is not possible to meet the demand on time Such production has to be stopped Such production has to be stopped.

2) Changes in government policy.

The changes in the policy framework of the government are affecting the industry and thus the industry is closing down, these policies are affecting the production, financial distribution and marketing planning of the industry. Government changes regarding the levy of imported industrial licensing taxes affect industries.

E.g. India's adoption of a liberal import policy in 1991 has made many small businesses sick.

3) Inadequate finance-

Finance is an important factor in the establishment and development of the business and is considered to be the soul of the finance business. This finance is provided by banks and various financial institutions but due to their high interest rate, small businesses are not able to afford it and not provide adequate financing. If there is a shortage, there are problems in the production operation, while regular supply of capital does not hinder production. Changing the leaders of the organizations has an impact on the industry.

4) Period of general recession:

There are two stages of boom and recession in the economy and during the boom period there is a lot of demand for goods but there is not much demand for production during the recession Recession affects the functioning of individual projects. Demand for goods is not always stable Demand decreases during periods of economic downturn The demand for goods and services decreases during the period of recession If the demand for goods decreases, then the excess of goods

5) Changes in the government's import and export policy.

Changes in the government's import and export policy have an impact on the manufacturing establishment. Allowing the import of cheap goods from abroad reduces the demand for goods in the country and leads to the closure of industries.

6) Changes in licensing policy.

Some industries have been reserved for small industries but manufacturing establishments in the small industry sector are in trouble as large industries have been licensed for the production of some goods.

7). Increased competition

"There is a lot of competition in all sectors and competition is increasing in the domestic and international markets. As a result, inefficient manufacturing institutions cannot survive in competition Globalization has worsened the condition of manufacturing institutions in the country.

8) Marketing limitations:

If there is no demand for the product, then there is no value of the product for the manufacturer, the income is low and changes in the quality of the product (design, price, packaging, consumer preference) affect the industry.

Conclusion –

Industrial sickness is easy to understand but difficult to control it. Many countries are facing problem with the industrial sickness. Banks, business people, government and other financial institution must be careful to deal with the concept of industrial sickness.



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