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Profitability Trends in NTPC Ltd during the Pre-and Post-Liberalization Periods : A Comparative Study

Debasish Sur* & Rajorsi Panja**

The liberalisation of Indian economy in 1991 and signing of the TRIPS agreement in 1995 are watershed events for the Indian industries in the recent time. Due to the changes brought about by these two mega events, the companies in the Indian power sector, which were mostly owned by the Central and State Governments had grown exponentially over the years in a virtually non-competitive environment, have started facing increasingly severe competition. As a result, there has been a noticeable change in the profitability trends in these companies during the post-liberalisation era. In this backdrop, the present paper attempts to make a comparative analysis of the profitability of NTPC Ltd the only 'Maharatna' public enterprise in the Indian power sector during the pre-liberalisation and post-liberalisation periods. The issue addressed in the study has been tackled using relevant statistical tools and techniques. This study reveals that NTPC Ltd. has been able to prove itself as a better performer in terms of earning capability in the post-liberalisation period as compared to the pre-liberalisation era by combating efficiently all the obstacles emanated from liberalisation, globalisation and competitiveness.

Keywords : Liberalization, Public Enterprise, Profitability.

Introduction

The paradigm shift of the Indian economy to a market-dominated open economy system in 1991 from a state-dominated subsidized financial system, consequent upon the world wide wave in favour of globalization and liberalization gaining motion in the last quarter of the twentieth century and signing of the Trade Related Intellectual Property Rights System (TRIPS) agreement in 1995 are watershed events for the Indian industries in the recent time. Indian power sector, which is mainly dominated by the central and state governments, is not a silent spectator to witness these path-breaking events. Due to changes brought about by these two mega events, a large number of public enterprise (PEs) in India which had grown exponentially over the years in a virtually non-competitive milieu

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Power Sector Reforms and State Level Utilities : A Study of Haryana and Punjab

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The reform process in terms of restructuring of Indian power sector was initiated in the early 1990s to improve the technical and financial performance of power utilities. In order to justify restructuring of vertically integrated natural monopolies in power sector, the management of State Electricity Boards started to report T&D losses to be as much as 30 to 50 per cent in comparison to 18 to 20 per cent in the preceeding years. It was done to provide justification for privatisation as management of SEBs by the state government was allegedly inefficient. It was believed that efficiency can be increased only through restructuring and ultimately 'privatisation' of the power supply system. In this background, we propose to examine financial performance and tariff policy of power utilities and their implications for state finances in Haryana and Punjab. The analysis has been divided into three Sections. Section-I deals with the analysis of the financial performance of Haryana power utilities and state finances. Section-II deals with the evaluation of the financial performance of Punjab power utility and state finances. Section-III pertains to concluding observations.

Keywords : Power Sector Reforms, Financial Performance, Tariff Policy and State Subsidisation, Haryana and Punjab.

Section-I

Financial Performance of Haryana Power Utilities and the State Finances

Organisational Structure

Haryana state came into existence with the reorganisation of the State of Punjab as on November 1, 1966. Haryana State Electricity Board (HSEB) was created in May 1967, by bifurcating the Punjab State Electricity Board (PSEB). HSEB was incorporated as an integrated utility to perform the generation, transmission and distribution functions in the state. Haryana was the second state in India after Orissa to adopt and implement power sector reforms under the Haryana Electricity Reforms Act 1997 (HERA), enacted in 1997, which came into force on 14th August, 1998.

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Reorganisation and its Impact on Growth Saga of Indian Railways

Manpreet Kaur* & Anjali Mehra**

The paper attempts to review the growth story of Indian Railways (IR) since 1981 in general and after the reorganization of zones in 2003 in particular at various levels like physical infrastructure, output (passenger and freight), staff employed and financial resources. In order to study the impact of reorganization, average annual growth rates have been calculated over the period 1981-82 to 2010-11 (denoted as P_1) which is further divided into four sub-periods – P_2 (from 1981-82 to 1991-92), P_3 (from 1992-93 to 2002-03), P_4 (from 2003-04 to 2010-11) and P_5 (1992-93 to 2010-11). It is observed that though there has been growth in selected study period, but the impact of reorganization is not uniform on all the areas i.e. though there is positive impact on passenger and freight traffic (output growth) and to some extent on railway finances but there is no significant impact on staff employed as well as on physical infrastructure belying the objective of reorganization. The present study advocates that there is an urgent need for reforms in effective decision-making as well as in its implementation in terms of modernization and rationalization so that the ambitious targets laid down in Vision 2020 can be achieved. A clear cut political direction is required for harmonizing its social and commercial roles as well as integrating modernization with strategies that provide safety and curtail costs.

Keywords : Indian Railways, Reorganization, Growth Rates, Zones.

Introduction

A well-knit and coordinated system of transport plays an important role in the sustained economic growth of the country. The railways in India provide the principal mode of transportation for passengers and freight thereby proving indispensable for smooth conduct of business, sightseeing, pilgrimage and education resulting in accelerated development of industry and agriculture. From a modest beginning in 1853, when the first train steamed off from Bombay to Thane, a distance of 34 km, Indian Railways have grown into a vast network of 7,133 stations spread over a route length of 64,460 km with a fleet of 9,213 locomotives, 53,220 passenger service vehicles, 6,493 other coaching vehicles and 229,381 wagons in 2010-11 (Indian Railways Year Book,

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Factors Affecting Credit Deployment by Public Sector Banks

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The paper seeks to study the trend of credit deployed by public sector banks and various factors affecting its credit deployment. The present study is based on secondary data covering a period of fourteen years from 1998 to 2011. The study found that there has been significant growth in deployment of credit by public sector banks. But, on an average, highest amount of credit has been deployed by nationalised banks than by SBI and its associates. The study further reveals that there is significant association of the some of the selected indicators with advances of public sector banks in India. In SBI and its associates, advances are significantly affected and associated with the borrowings and the number of employees. In nationalized banks advances are significantly associated with deposits. Thus, in both the banks different factors affects its credit disbursement.

Keywords : Credit Deployment, Deposits, Borrowings, SBI and its Associates, Nationalised Banks.

Introduction

The banking industry plays an important role in the economic development of a country. Banks act as the store as well as the power house of the country's wealth. Banks serve as the financial intermediary and are responsible for cash flow within the nation's economy. Banks provide variety of functions, right from accepting deposits to lending them, agency functions, general utility functions etc. Granting of loans and advances is one of the major activities of the banks. Banks lends money to those who need it. Banks help in proper circulation of money to all sectors as per their need. But there certain factors that affect allocation of credit by a bank. So, banks must consider such factors that are likely to influence its credit deployment. The Reserve Bank of India (RBI) is the central bank which regulates the functioning of all banks operating within the country. The banking system in India comprises of scheduled banks which are further classified into commercial and cooperative banks. Scheduled commercial banks include public sector banks (SBI and its Associates and nationalised banks), private banks, foreign banks and regional rural

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Asset Quality of Indian Banks : An Empirical Analysis

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Improving the asset quality of banks is the real test of improved efficiency of the banking system. Thus the main factor which determines the quality of loan assets of banks is loan recovery. The raising over dues lead to high level of Non-Performing Assets (NPA) and thereby deteriorate the asset quality which in turn reduces bank's lending capacity and stands in the way of dilution of funds to developmental activities hampering the socio economic development of the country. While attempts have been made by both Government of India and RBI to control the NPAs, commercial banks are still unable to solve the issue. The present study is an attempt to determine the factors affecting the NPAs of Indian banks covering the period between 1998-2010. This will give an insight to the banks to study the loan recovery and treatment of NPAs of commercial banks.

Keywords : Non-Performing Assets, Scheduled Commercial Banks, Reserve Bank of India, Asset Quality.

Introduction

Financial sector reform refers to the reform in the banking sector and the capital markets at the earlier stage and reforms in the insurance sector at a later stage. Globalization has forced the Indian financial system to be strengthened as a whole so as to be able to compete. India has had two decades of financial sector reforms during which there has been substantial transformation and liberalization of the whole financial system. The performance of the Indian economy in the post-reform period has been extensively commented upon. Judged by the standard criteria of growth rate of national income and per capita income, external balance and inflation rate, the Indian economy has done well since liberalization. Financial sector reforms, banking sector in general helps in the reduction of Non-Performing Assets (NPA) and more than 90 per cent of the banks are now able to meet the new capital adequacy standards. However, these figures may overstate the improvement because domestic standards for classifying assets as non-performing are less stringent than international standards. Banks were unable to give their 100 per cent due to the interference of the government where regulatory control is difficult to exercise. Privatization of banks is

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The Disinvestment Policy in India – Through a Prism of Politics

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It has been almost twenty three years that the disinvestment of Public Sector Units has been launched in India. The disinvestment programme, is a part of an ambitious process of economic reforms which commenced in 1991. In this period consecutive coalition governments, which differ in their view on PSUs disinvestment came at the centre. As disinvestment being a politicized policy in India programme,each new government formed has its own agenda and approach towards disinvestment. The present paper is an attempt to analyse the effect of coalition governments' policy and practice on disinvestment programme of public sector, especially on the questions of objectives of the programme, the methodology adopted for disinvestment and the utilization of proceeds raised from disinvestment.

Keywords : Public Sector Units, Disinvestment, Coalition Governments.

At the time of Independence, India like other newly independent colonies of Asia and Africa was extremely under-developed with weak infrastructure and almost no public sector; the Railway, post and telegraph, the port trust, the ordnance, the aircraft factories and few state managed undertakings like government salt factories, quinine, factories were present. Thus at that time there was national consensus that economic sovereignty and economic independence could be achieved through rapid industrialization particularly through promotion of industrial infrastructure. In this light newly independent and partitioned India adopted the Nehru led socialist model, which envisaged that the Public Sector Undertakings (PSUs) will drive the industrial development of the nation and build the required infrastructure as at that time the private enterprises had neither the resources nor the will to undertake the task of industrial development on a massive scale. However, after the initial exuberance of the public sector entering new areas of industrial and technical competence, a number of problems began to manifest themselves in many enterprises. Problems were observed in terms of low productivity, poor project management skills, over manning, lack of technological upgradation, inadequate attention to R&D and low priority to human resource development. The political interference in the day-to-day

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Logistics Management of Fertilizers by MARKFED

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Fertilizers are a vital constituent of agricultural inputs that help in increasing the level of agricultural production of an area. In the state of Punjab, the Punjab State Cooperative Supply and Marketing Federation (MARKFED) is playing an important role in the distribution of fertilizers. The present paper attempts to study the process of marketing of fertilizers in the federation on the basis of logistics management activities related to fertilizers and the performance of the federation in the marketing of fertilizers. The study found that the MARKFED properly coordinates its procurement and supply of fertilizers to help the farming community. The federation has been able to provide higher amount of fertilizers to the farmers as per total consumption and per hectare of the cropped area in the state but there is high degree of variation in sale, purchase and profits of the federation during the period of study and the trend coefficients project a fall in distribution of fertilizer by the federation. Thus, the federation needs to further enhance its fertilizer activity to meet the growing needs of fertilizers by the farmers of Punjab.

Keywords : Agricultural, Farmers, Fertilizers, MARKFED, Punjab.

Introduction

Agriculture plays a crucial role in the Indian economy. Agriculture and allied sectors accounted for 14.5 per cent of the GDP in 2010-11 (Economic Survey 2012-13, Agriculture and Food Management). Agriculture not only provides food and raw material but it also impacts poverty alleviation, rural development and also provides employment opportunities to a very large proportion of Indian population. For growth of the economy, it is essential to increase agricultural production and productivity. The agricultural inputs are vital for increasing soil fertility, agricultural production and productivity in each and every state. Fertilizers are important constituent of agricultural inputs that help in increasing the yield level and in turn increasing the level of agricultural production. Fertilizers are the substances containing chemical elements such as manure or mixture of nitrates that improves the growth of plants, provide

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Profitability Performance of Aluminium Industry in India – A Case Study of NALCO

Anup Kumar Roy*

Indian aluminum industry is a highly concentrated industry with the top five companies constituting the majority of the country's production. This paper is an attempt to evaluate the financial health of the aluminium industry in India with the help of some financial ratios and correlation coefficient. Profitability is the key measurement of the financial performance of any enterprises which is taken for this study. Measuring current and past profitability and projecting future profitability is very important. For this purpose, a case study of the public sector company NALCO, which is one of the Navaratna company, have been conducted.

Keywords : Profitability, Financial Health, Financial Ratios.

Introduction

Indian aluminium industry is a highly concentrated industry with the top five companies constituting the majority of the country's production. With the growing demand of aluminium, the industry is also growing at an enviable pace. In fact, aluminum production in India is currently outpacing the demand affecting the profitability of this industry without which the business will not sustain in the long-run. So measuring current and past profitability and projecting future profitability is very important. Profitability is the main tool by which the financial performance of any company can be measure. This study is an attempt to analyse the financial performance of the National Aluminium Company (NALCO) as it is the largest public sector company in aluminium industry of India.

Research Design and Methodology

Objectives

Following are the objectives of this study :

- To examine the profitability performance with the help of some important parameters such as gross profit ratio, net profit ratio, operating profit ratio, return on investment, return on capital employed, return on equity and operating ratio,

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NMDC's Shiksha Sahayog Yojona Under CSR : An Empirical Study

K.P.Dutta* & Jibitesh Rath**

As part of the CSR policy, NMDC focuses on enhancing the socio-economic capacity, prosperity and sustainable development in the region. NMDC has introduced various schemes for academic resurgence and to promote education among the tribal in the Bastar region. The study attempts to show the impact of NMDC Shiksha Sahayog Yojona on educational improvement in Bastar region. The study was conducted with 200 respondents from different sections and the findings are that the Yojona has touched the bottommost strata of the society; Bastar students are inspired for education and self-development to attain the sustainable development in the region.

Keywords : HDI, Sustainable Development, Shiksha Sahayog Yojona.

Introduction

India is a predominantly rural and village based society, despite rapid urbanization majority of the Indian population lives in rural areas. Large section of rural population still suffers from non-satisfaction of minimum needs in terms of health, nutrition, education and other substance facilities. By and large, the tribals live in the interior backward villages devoid of all basic facilities for minimum standard of quality life. They are vulnerable to both natural calamities like floods and droughts as well as to the exploitation by others. Development of the rural areas becomes vital for the economy as it is enmeshed in the overall development of the society for sustainable improvement in the quality of life of rural people.

Government of India has introduced many rural development programmes, such as Mahatma Gandhi National Rural Employment Guaranteed Programme, Indira Awas Yozana, Swarna Jaynthi Swarozhar Yozana, Rural Education and Sanitation etc. These programmes have shown positive outcomes in the nation's human resource as well as economic development. Despite these developments, India still lags far behind in the sphere of human resource development particularly in the rural area. The rural sector and rural people remain grossly under-developed. India cannot

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