The onset of globalization and liberalization of the Indian economy over that last few years, has resulted in shift of the corporate goals from Socio-Economic focus to an increasing shareholders value. So, the present day required the metrix, which helps to judge or measure organizational progress and achieve the organizational strategic goals.

Economic value added (EVA) is a measure of corporate performance that differs from most others by including a change against profit for the cost of all these capital of a company employs. Economic Value Added (EVA) is more than just a measure of performance. It is the framework for a complete financial management and incentive compensation system that can guide every decision.

Economic Value Added (EVA) is the measure of company’s true profitability and a strategy for creating and shareholders wealth. It is a vital measure of total productivity, which reflects all the dimensions by which the management can increase value. EVA is an estimate of true economic profit of the amount by which earning exceeds or fall short of required minimum rate of return, investors can get by investing in other securities of comparable risk.

The onset of globalization and liberalization of Indian economic has resulted shareholders value. Now required some managerial technique,
which helps to measure organizational progress and achieve the organizational strategic goals. Under this model, the business can be divided into small units and each manager is held responsible for their respective units. Based on the performance of the manager, management may divest that business which have constantly negative EVA and invest these in positive EVA projects. It judge the top-level manager responsibility and control the cost of capital. It is closely related to net present value and corporate finance theory. EVA is one managerial technique which improve the working live of everyone in an organization by making them far active and that can helps to produce more wealth to shareholders and customers.

In the present study, a critical analysis of Economic Value Added has been made as a measure of Profitability for the power companies selected for the study. The period of study was from 2007-08 to 2011-12. Following power companies selected:

- National Thermal Power Corporation (NTPC)
- Rural Electrification Corporation (REC) Limited
- Power Grid Corporation of India Ltd.
- Birla Power Solutions Ltd.

The study is divided in six chapters. The first chapter is introductory gives ‘Introduction’ of the subject while the second chapter, ‘History and Development of Power Industry’ describes history and development of power industry in India. The third chapter is ‘Review of Literature’ in
which extensive study have been made of the literature available related to the present study.

The fourth chapter ‘Traditional Analysis of Profitability’ deals with objectives to analyse the profitability condition of power companies under study. Many important ratios for this purpose have been calculated and analysed.

Fifth chapter ‘Economic Value Added Analysis’ gives detailed analysis of economic value added of the power companies under study for the period from 2007-08 to 2011-12. At the end, Findings, Conclusions, Recommendations and Suggestions have been given in the concluding sixth chapter.

I hope this study will be beneficial for not only the selected companies but also for other alike concerns, their management, employees, government and research students willing to study in the same or similar fields.

Place : Jaipur (VIVEK BANSAL)
Date :