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Review of Literature
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2.1. Introduction

In first chapter, we have dealt an introductory part of the topic of the thesis with scope, objectives, hypotheses, research methodology etc. Every point has been separately discussed and the second chapter deals with review of literature in the ascending order to find out the research gap if any and to suggest the required research in the field of performance of MMTC Ltd.

2.2. Research Problems

The Minerals and Metals Industry is the primary sector for a country. Its importance becomes vital especially in present industrial era. It plays a significant role in economic and social development of the country. The researcher would like to conduct a study on the financial aspects of Minerals and Metals Trading sector with special reference to Minerals & Metals Trading Corporation (MMTC) of India Ltd. The main purpose of this study is to look into the operational activities, business practices and financial efficiency of this corporation through its financial statements. In recent times, a number of financial problems faced by the Public Sector Enterprises (PSEs) require analytical studies related to financial performance. The present effort is a Doctoral Research agenda on 'Financial Performance Evaluation of Minerals & Metals Trading Corporation (MMTC) of India since Liberalisation'. Analytical study of financial performance turns out to be very significant and important for the financial managers to analyze various financial aspects. The corporation uses various indicators for measuring its financial performance. It indicates the importance of financial health status of the corporation.

An analysis of financial statement can highlight the strength and short comings of a company. This information can be used by management to improve performance and by others to predicate future results. Financial analysis can be used to predict strategic decisions like sales of a division, major marketing program or expanding a plant which are likely to affect future financial performance. Consequently, the analysis of the profitability of MMTC gets importance in the present day context. For measuring the financial performance, the liquidity, profitability, solvency, market performance and operational efficiency of MMTC is to be considered.

It has been observed that the import of Minerals and Metals by MMTC exceeds its export which means that the Balance of Payment is going to be negative on a
continuous basis. Moreover, MMTC is engaged in domestic trade on a very small scale. Since, it is an international company, its performance should be good enough so that it could contribute in economic development of the country. The purpose behind this study is to analyze the performance of MMTC in order to evaluate how much it is contributing in accelerating the efficiency of the economy. For this purpose, financial analysis is being done which helps in revealing each and every aspect of the company’s performance. Some of the major areas related to financial performance which need to be studied are as under:

- MMTC plays a crucial role in export and import of Gold, Gems, Jewellery and Precious Stone etc. which is an important component of India’s trade and it is playing a vital role in canalized trade, therefore, its evaluation becomes important.
- The profitability of the company declined steeply since liberalization which needs to be addressed so that further deterioration should be prevented.
- MMTC experienced an erosion of equity value since last few years, therefore there is a need to examine, if disinvestment should be preferred for the company.
- Contribution of the company in domestic trade is not significant, the growth potential of domestic trade also needs to be analyzed.
- There is a continuous surge in the import of MMTC, whereas the export of the company is almost stagnant considering India’s alarming trade deficit, this trade gap should also be arrested.
- Despite unsound financial results, the share of MMTC is higher than the price supported by the fundamental factors which is also a cause to be examined.
- Despite large sales volume and satisfactory liquidity position, profit margin of the company and solvency remained a concerned area to be addressed for survival of the company in long run.

2.3. Review of Literature

There are a number of studies that have been conducted in the field of Public Sector Enterprises and Financial Performance Evaluation at national as well as international level. It is an emerging issue in current global scenario where Public Sector Enterprises and their performance play significant role in economic development. Public Sector Enterprises which are engaged in trade of Minerals, Metals, Coal, Agro Products, Iron Ore and other allied products have been playing significant role in
accelerating the economy and ultimately contributing to the overall development of the nation. But there are various issues and challenges in their trade practices and other related operational activities. Some of the researchers have assessed the working and performance of Public Sector Enterprises. Financial performance of an enterprise gives the overall view regarding its business operations, earning capacity and its contribution for the development of the nation. There are various researches those have been carried out on different aspects of Public Sector Enterprises and Financial Performance Evaluation. Available literature is being reviewed below in two parts separately viz. Public Sector Enterprises and Financial Performance Evaluation.

2.3.1. Review of Literature on Public Sector Enterprises

Ramanandham, V.V. (1997) focused on the basic purpose of performance contract of Public Enterprises. The author highlighted the point that the performance contract must spring from a consideration of its basic purpose or else it operated on loose foundations. The autonomy with which the managers operate in the circumstances of their markets makes the full success of a performance contract. The performance contract helped the Parliament and the public in visualizing the rationale of Public Enterprises, their operating efficiency and the Government's role in their management. Thus, it helps in drawing up detailed provisions of the contract, especially relating to the responsibilities of the Government under the contract.

Andrei, S. et al. (1997) conducted a study on Corporate Governance entitled 'A survey of Corporate Governance'. The study stated that Corporate Governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. How did the suppliers of finance get managers to return some of the profits to them. They were sure that managers did not steal the capital and supply or invest it in bad projects.

Chuman, B.S. (1999) addressed the important key elements of three phases of reform in the Public Sector Enterprises (PSEs) of India. The author identified workings of PSEs in these three phases. The study revealed that the PSEs were then focusing on privatization and the Government was supporting the public enterprises in moving forward.

Geeta, P. (2000) stated in her thesis entitled 'Memorandum of Understanding (MoU) in Public Sector Enterprises in India: A Study of Select Central Public Sector Undertakings' that Public Enterprises in India were the result of planned economic
development. The study examined the mechanism of performance contracting in Indian Public Enterprises. It highlighted the process of performance contracting in vogue in India, including target setting, evaluation etc. as compared to practices in other countries. The core problems and issues faced by Public Sector Enterprises have been discussed in the study including problems of Public Enterprises entry into non-core sectors, uncertain tenure of the chief executives, varying interests of the chiefs, political interventions, lack of operational autonomy and accountability, cyclic performance of enterprises, lack of flexibility and adaptability to technological change, innovation, changing role of the State and the trend towards privatization. The policy makers of independent India wanted to provide equal employment opportunities through the establishment of public enterprises and thus the State took up the issue of social justice and public good. The public enterprises are unable to make return on the investments made on them and at this point the Government of India has envisaged various measures to improve the profitability of these enterprises. As regards further improvement in the MoU System, certain suggestions have been made in the study on broader issues like applicability of performance contracting, commercial viability, financial stability, information system, stable and competent management team, Government commitment, role of the government, long term planning, third party judge and transparency.

Arun, T.G. & Nixon, F.J. (2000) in their study discussed disinvestment of Public Sector Enterprises (PSE's) in India since 1991. The study argued that the main objective of disinvestment had been reducing the public sector borrowing requirement, at the cost of the restructuring and rationalization of Public Sector Enterprises (PSEs). In 1996, two major policy decisions were taken by the Government of India. The first was a new categorization of PSEs for the purpose of disinvestment and the second was the formation of the Disinvestment Commission. The three categories were; strategic PSEs (defense, space and atomic energy) where no disinvestment would take place; core PSEs (power, telecommunications, steel, minerals, metals, coal, lignite and petroleum) where the Government would sell up to 49 per cent of its equity in stages but would not surrender its controlling interests; and non-core and nonstrategic PSEs, which consisted of 197 enterprises in which the Government would disinvest up to 74 per cent of its equity. The process of disinvestment has been a complex one and has not been free of criticism. Alleged under-pricing of shares sold, lack of transparency, limited public support for
disinvestment and the absence of a common set of objectives were some of the issues of criticism.

Mishra, R.K. et al. (2002) explained the Role of Memorandum of Understanding (MoU) in Public Enterprise Management. MoU has emerged as a potent mechanism to facilitate a smooth government public enterprise interface. This book clarifies the objectives of MoU to increase performance, autonomy and accountability of public enterprises. It explores the foundations, theories and methodologies of MoU, its implementation and institutionalization in the public enterprises system in India. Further, it outlines the government policy on MoU and the views of researcher and public enterprise executives on its various aspects and identifies the issues and problems experienced at the managerial level.

Mehta, P.S. (2002) discusses about the Mining Sector of India and its effects on environment and foreign direct inflows. The mining sector of India contributes approximately four per cent to Gross Domestic Product (GDP) and it is one of the largest employers in India, employing more than one million workers which are also approximately four per cent of the Indian workforce. India produces eighty nine minerals, out of which four are mineral fuels, eleven metallic, fifty two non-metallic and twenty two minor minerals. The author reveals in the study that several accidents have taken place in underground and surface mines like coal and stone mines in last few years, which have killed scores of mineworkers. Since 1973, seven mining disasters have taken place. The National Mineral Policy 1994 permitted private domestic and foreign investors to explore and exploit iron ore, copper, manganese, lead, chrome ore, zinc, sulphur, molybdenum, gold tungsten ore, diamond and the platinum group of metals. The study concluded that it is very difficult to measure the performance of foreign investors in India with respect to the environment. Study has further showed that the success of urging Transnational Corporations (TNCs) to adopt better environmental practices depended more on community groups and grass root NGOs, than on government action.

Datar, M.K. (2004) stated that corporate governance must be industry specific in order to deal with the peculiarities of financial institutions. The author argued that corporate governance mechanisms would be country specific as they would depend on the development of financial systems and funding requirements of the industrial sector. The relative neglect of the explicit discussion of corporate governance issues in financial institutions could partly be due to regulation and supervision of these
entities. External mechanisms are a poor substitute for internal mechanisms. Human resource policies pursued by banks could potentially be an important mechanism for maintaining good corporate governance standards. It would be desirable to introduce a performance linked compensation system in all financial institutions.

Nagraj, R. (2006) focused on the public sector performance since 1950. In the study, the author paid attention on three major factors that are responsible for the improvement and productive growth in public sector. The study suggested that the preoccupation of current policy of public enterprises and control achieved greater efficiency. Some of the selected aspects of public sector enterprises starting from the period of 1950 were examined by using national account statistics.

Jermanis, D. (2006) discussed the different tools and techniques for evaluating financial performance of the company Lasko. Ratio analysis, Capital Asset Pricing Model (CAPM), DuPont Model, Market Value Added (MVA) and Economic Value Added (EVA) were used to evaluate the financial performance.

Jalan, K. (2006) made an attempt to analyze the overall performance of Indian Mining Industry through Strength, Weakness, Opportunities and Threats (SWOT) analysis. India has secured third position in the production of coal, lignite and barites, fourth in iron ore, sixth in bauxite and manganese ore, tenth in aluminum and eleventh in crude steel in the world and over 1.1 million people are employed in Indian mining industry. With over 2326 private and 292 public operating mines in the country, minerals form 16 per cent of India’s export. The internal and external analysis has been done with the help of SWOT analysis.

Bhunia, A. (2007) assessed the liquidity position of Public Sector Enterprises engaged in the business of iron and steel. In order to accomplish the objectives of the study, several problems, issues and assessment were examined critically. The study revealed that the efficiency of working capital depended on the short-term liquidity position. The overall findings emphasized more on the estimation of adequate level of working capital and short-term liquidity position and its overall effect on public sector iron and steel enterprises in India.

Pradhan, J.P. (2007) highlighted the workings of Tata Steel in the business of minerals in Odisha (India). The study revealed that unfortunately, bureaucrats and politicians did not allow the development of vital infrastructure of Odisha like port and railway facilities for their narrow economic gain. Odisha continued to suffer from high social costs of mining like environmental degradation, waste land, air and water
pollution, damage to agriculture, etc., due to increased mining activities by Tata Steel and other corporate entities in the post Independence period but did not get any benefit in terms of local value addition. Odisha itself now possesses two port facilities at Paradeep and Dhamara. It is in the interest of state that export and import of mineral resources should not be allowed to go through Haldia and Vishakhapatnam port.

Firoz, A.S. (2008) examined the source and utilization of iron ore in India. The study revealed that export is necessary to maintain a structural balance in the market between production and consumption of lumps and fines as nearly 80 per cent of exported ores are fines which are not adequately used in India. The study revealed that the size of mineral resources is a dynamic concept and depends on exploratory efforts, which have not been enough in India due to lack of investments.

Singla, A.R. (2008) assessed the impact of Enterprises Resource Planning (ERP) system on small and mid-sized Public Sector Enterprises. In this study, two Public Sector Companies viz. Punjab Communication Ltd. (PUNCOM) and PTL were selected to measure impact of Enterprises Resource Planning using both primary as well as secondary data. The overall findings indicated that ERP adopters were showing higher performances across a wide variety of measures than non-adopters. The study suggested that overall Enterprises Resource Planning (ERP) systems yield substantial benefits to the firms that adopt them.

Shit, N.C. (2009) used Economic Value Added (EVA) and Market Value Added (MVA) as performance measure techniques that give importance to value creation by the management for the owners. Profit maximization as a concept is age-old, wealth maximization is matured and value maximization is today’s wisdom. The author applied EVA as well as MVA in order to evaluate the financial performance. EVA is a performance measurement tool which elaborates the wealth generation by the company while MVA shows the value addition in market price of company’s share. Capital employed, cost of capital and net operating profit after tax is considered for the calculation of EVA.

Verma, A. (2009) discussed about the disinvestment process in India and stated its main objectives including meeting the budgetary needs, improve overall economic efficiency and reduce fiscal deficit, diversify the ownership of PSU for enhancing efficiency of individual enterprise, raise funds for technological upgradation, modernization and expansion of PSUs, raise funds for golden handshake (VRS).
study revealed that the disinvestment process needed to be taken up more seriously by the Government. The Government should try to come out with a time bound programme to conduct the process with transparency in all activities. The author stated that the disinvestment provided better utilization of resources in private sector and financial support to public sector enterprises. In this study, author also discussed the challenges of disinvestment linked with some social, political and economic problems. The progress of disinvestment in India took place between the periods starting from 1991 to 2008. The study suggested that government of India must take some possible measures seriously for the growth of disinvestment process in India.

Mathur, R. et al. (2010) evaluated the performance of Central Public Sector Enterprises in global perspective with special focus on India. The study revealed that the Public Sector Enterprises occupied pivotal position in Indian economy and they have been operated predominantly in infrastructural industries, supplying basic inputs to commerce and industry such as Minerals, Metals, Coal, Steel, and heavy capital equipment. Voluntary retirement scheme, national renewal fund and memorandum of understanding (MoU) in Public Sector Enterprises along-with their sickness have also been discussed. The study concluded with the detailed discussion on disinvestment policy and corporate governance in Public Sector Enterprises and post reform achievement.

ASA & Associates (2012) in its report elucidated the current status of Indian Mineral and Mining Industry. The report presented the status of coal which showed that in India, 80 per cent of mining is in coal and the remaining 20 per cent is in various metals and other raw materials such as gold, copper, iron, lead, bauxite, zinc and uranium. The report revealed that as many as 20,000 minerals deposits were available all over the country. It presented the details of the organizations which were involved in surveys, explorations, regulations and conservation of minerals and metals. These organizations include Mineral Exploration Corporation Ltd. (MECL), The Indian Bureau of Mines, Hindustan Copper Limited (HCL) and National Aluminium Company Ltd. (NALCO).

Muhanty, S.N. & Goyal, A. (2012) analyzed the emerging issues of sustainable development in context of Mining Industry of India. They examined the current regulatory mechanism for achieving sustainable mineral development and analyzed the prevalent national and international practices for achieving sustainability in mineral operations. The study revealed that the contribution of Minerals Sector in
India’s GDP in 2011 was only around 2.6 per cent. Its importance arose from the fact that it supplied basic and strategic raw materials for the country’s industrial and economic development. After the detailed discussion on mineral sector of India, the study concluded that mining, more than any other industrial activity tended to leave a strong negative impact on environment and society. However, a complete ban on mineral extraction was not possible as modern society and civilization were heavily dependent on minerals and mineral production. The efforts should be made to minimize the negative consequences of mining through the application of the concept and principles of sustainable development.

Gupta, P.K. (2012) studied the growth and development of Public Sector Enterprises in India. Financial management has also been reviewed in the study. Public sector enterprises have been categorized in three sections. The study revealed the special features such as role of financial advisor, capital budgeting decisions, capital structure decisions, working capital management, annual reports and price policy etc. The author has evaluated the role of a financial advisor in a public sector undertaking.

Ghouse, S.M. et al. (n.d.) in their study presented the historical growth and overview of Central Public Sector Enterprises in India. They reviewed the position and performance of public sector enterprises in India either central or state level. The study revealed the investment patterns, share in production, profit and loss, contribution to GDP, board structure, employee’s welfare and international activities of Central Public Sector Enterprises in India.

2.3.2. Review of Literature on Evaluation of Financial Performance

MacKinley, A.C. (1997) in his paper highlighted the significance of event study in economics and finance. He stated that event study measured the impact of a specific event on value of a firm using financial market data. The usefulness of such a study comes from the fact that, given rationality in the marketplace, the effects of an event will be reflected immediately in security prices. The study described the procedure of event study from defining the event date to conducting significant test. In this study, constant mean return model, market model, statistical and economic model have been discussed which are used to calculate the return along-with measure and analyze abnormal return. Time line of event study has also been given in this study.

Ahuja & Majumdar (1998) discussed in their paper entitled ‘An Assessment of the Performance of Indian State Owned Enterprises’, the determinants of performance of
68 Indian State owned enterprises in the manufacturing sector over a period of five years from 1987 to 1991. Relative performance was determined using Data Envelopment Analysis (DEA), with variations in performance patterns subsequently explained using statistical tools to validate the hypothesis. The study concluded that there existed significant variation in the efficiency of the firms. They also found that firm-specific characteristics; age, size and market status, generic environmental factors; increasing competitive intensity, as well as institutional characteristics all affected the performance of state-owned enterprises.

Kantawala (2001) examined the relative financial performance of different groups of NBFCs from 1985-86 to 1994-95 in terms of profitability, leverage and liquidity. An attempt was made to find the groups for which majority of the ratios were same. For the purpose of analysis, profitability ratios like gross profit to total income, PAT to total income, PAT to net worth, PAT to total assets, dividend to PAT, Debt Equity, and Loan to current assets, liquidity ratio like current ratio were computed. The study examined whether these ratios differed significantly between different categories of NBFCs. One way Analysis of Variance (ANOVA) was employed to test the hypothesis. The study concluded that there was a significant difference exists in profitability, leverage and liquidity ratios of various categories of NBFCs.

Metrick, A. (2002) explained in working paper entitled, 'Performance Evaluation in Financial Economics', the key steps in performance evaluation, a methodology central to the investigation of many questions in financial economics. The study on performance evaluation used the classic Capital Asset Pricing Model (CAPM) as its benchmark and analyzed mutual funds for the next 25 years, most of the Public Enterprise studies followed the same strategy. In this study, the author illustrated some of these diverse applications with recent examples from his own work and with investment newsletters, insider trading and corporate governance. The author then discussed a new approach to performance evaluation that allowed fresh insights into the mutual fund topic. The study revealed that despite recent improvements in performance evaluation methodology, it is still very difficult to detect abnormal performance in most applications. Thus, standard statistical test like regression analysis often may fail to reject a null hypothesis of no abnormal performance, even when the true abnormal performance is economically large. Innovations in performance evaluation methodology and applications to new problems are continuing at a rapid rate.
John, H. et al. (2003) analyzed the financial performance of horticulture industry of Florida using various parameters such as production, sales, operating expenses and net returns. The study revealed that the nursery and greenhouse industry continued to become an increasingly larger and more valuable component of agriculture nationwide.

Singh, P.K. (2003) made an attempt to evaluate the financial performance of IDBI Bank Ltd. in his paper entitled ‘Financial Appraisal of IDBI Bank Ltd.’ for a period of five years from 1997 to 2001. The author evaluated the liquidity, soundness position and capital adequacy as well as effectiveness of various financial indicators which reflected the performance of Industrial Development Bank of India (IDBI). Statistical tools like t-test and correlation were applied to test the hypothesis. To judge the performance of the IDBI bank capital adequacy ratio, non performing assets (NPA) and credit deposit ratio were used. The study concluded that IDBI bank was a progressive, technology driven, professionally managed entity well geared to meet competition from existing as well as new banks effectively. After the analysis, it was found that the financial position of the bank was quite satisfactory.


Nathwani, N. (2004) studied the financial performance of all the commercial banks in India from the 1997-98 to 2001-02. The study was conducted with the main purpose to understand and find out different types of efficiency level of all the commercial banks. The profitability tells about banks financial strength with the same and other banking groups in the industry. The operational efficiency reveals the performance of banks regarding operational aspects. The productivity parameter indicates the labour productivity of the employees of a bank. The credit efficiency parameters show how the given credits are efficient and their effect on solvency of the bank. All the scheduled commercial banks in India have been selected by the researcher. The study based on census of nationalized, private and foreign banks in India. It covered the evaluation of financial performance regarding profitability, credit efficiency, operational efficiency and productivity of banks. The study was limited only to financial performance covering ten ratios and the tool for appraisal of financial performance is ratio analysis. The collected information were suitably classified.
tabulated and then analyzed with the help of ratios, trends, correlation, regression, T test, F test, Z test, ANOVA and chi-square test. The operational efficiency in all the banking groups was significantly differing in this analysis. In 1998-99, the ratio indicated weak performance of State Bank of Patiala, SBI main and State Bank of Travancore. It indicated that the ability of leverage on its average total resources against operational income was low.

Sur, D. (2004) describes in his research paper entitled, 'Application of selected financial and social measures in performance evaluation: A case study' some relevant quantitative and qualitative parameters have been taken into consideration to measure the financial and social performance of Hindustan Lever Limited (HLL). The study also revealed that most of firms and industry tested only financial performance to know the status of the enterprise, but it never should be the sole criteria to judge its status. It was very essential to analyze performance by considering financial, physical and social performance measures. Physical performance should be evaluated in terms of sales revenue from domestic and foreign market, foreign exchange earnings, contribution to exchequer, whereas financial performance, in terms of ratios like net profit ratio, debt equity ratio, return on capital employed, earnings per share, dividend per share and economic value added to fulfill both economic and social objectives of the organization. In this study, an attempt has been made to conduct case study of Hindustan Lever Limited, a leading Multi National Corporation (MNC), a giant in Indian industry regarding its financial as well as social performance during the period from 1990 to 1999.

Tyagi, et al. (2005) examined the financial performance of Hindustan Lever Ltd. (HLL) with the main objective to analyze the Environment in which HLL operated. Environment Industry and Company (EIC) analysis was done thoroughly to understand the external factors influencing the company. A number of ratios were calculated and analyzed in length to appreciate their impact on company's performance. DuPont analysis was used to check the credibility of company as per shareholders, financial analysts and other mutual funds. The financial statements of last three years were identified, studied and interpreted in the light of company's performance. Critical decisions of distributing dividends, issue of bonus debentures and other relevant information were analyzed and their impact on the bottom line of the company was assessed. Accounting policy of the company was also studied with respect to valuation of Fixed Assets, Inventory, Investments and Employees related
liabilities. The study concluded that the company had managed its cash position very efficiently and utilized cash generated future returns as well as rewards for the shareholders.

Wen-Cheng Lin, et al. (2005) made an attempt to evaluate the efficiency of Shipping Industry of Taiwan with some financial indicators because sometimes non-financial indicators are difficult to obtain and are doubtful as well. The purpose of the research was to measure the operating efficiency of Shipping Industry and also to highlight the status of operations performance so that managers or regulators can improve their performance. In this study, the authors used Data Envelopment Analysis (DEA) to calculate the operating efficiency of fourteen shipping firms. The study revealed that the performance evaluation of shipping industry could be more comprehensive if financial ratios were considered. The results also displayed that four firms were relatively efficient and that there was a rather high level of overall efficiency.

Atkotiya, K.N. (2005) in his thesis entitled, 'Analysis of Financial Performance of Tea Industry in India' analyzed and evaluated the financial performance of the tea industry in India. The study covered ten reputed tea companies of India and obtained an insight into the financial position of the selected companies and to judge their financial performance and financial strength. The analysis of financial performance has been done with the help of different accounting ratios. Statistical techniques like regression and correlation were employed for the purpose of financial appraisal. To test the hypothesis, Kruskal Wallis one-way analysis of variance (ANOVA) test was also employed.

Brown, M. et al. (2005) conducted a survey on 'Performance Appraisal Systems: Determinants and Change' in context of Australian Workplace Industrial Relations. This study described the determinants of performance appraisal systems. The results indicate that performance appraisal is associated with workers having shorter expected tenure and greater influence over productivity and those circumstances in which the net benefits of performance appraisal are likely to be greatest. It indicates the complementary human resource management practices, such as formal training and incentive pay associated with an increased likelihood of performance appraisal.

Sengupta, J.K. et al. (2005) revealed in their book entitled, 'Techniques of Evaluation of Productivity of Firms in a growing economy' that the productivity and efficiency are more concerned areas for the growth of firms in any industry. The industry growth depends on the market and innovations. The study highlights the
various techniques for evaluating firm’s performance and its impact on the industry evolution. Economic analysis has been integrated with the techniques of management science and operations research i.e. Data Envelopment Analysis (DEA). It is a useful technique to the managers and economic policy makers in designing optimal strategies and policies for improving productivity and performance. The central focus on the applications side is to discuss the structure of efficiency gains or losses, the static and dynamic changes in performance and an economic evaluation of policy measures. The industries selected include modern industries like computer, pharmaceuticals, banking and life insurance. The banking and life insurance sectors in India have been studied in some detail in order to evaluate recent policy measures adopted by the Government by way of economic reforms.

The analytical models developed in this volume discuss in detail the financial, physical and social performance evaluation. Financial Performance evaluation includes the various accounting ratios. Physical performance indicators includes sales revenue, export earnings, foreign investments, return to exchequer and employment generation etc, whereas, social performance evaluation includes donations for welfare activities and some other social philanthropic activities, which do not bear any price.

Akinlo, et al. (2005) examined in their paper entitle ‘Privatization and efficiency: Evaluation of corporate financial performance’ the role of privatization and efficiency in the financial performance of a company. Corporate financial performance is evaluated to achieve the objective of the study under certain data performance indicators. The major findings of the study indicated that privatization programme has a mixed impact on the company.

Angelo, S.D. et al. (2006) examined a motivational framework on performance management and improving individual performance. This research has resulted in very few specific recommendations about designing and implementing appraisal and performance management systems whose goal is performance improvement. They believed that a reason for this was that appraisal research became too indulged in measurement issues to take care the performance improvements, although some recent trends in the area have begun moving the field in the right direction. The study reviews these trends and genesis and proposes a motivational framework as a means of integrating what have learned and generating proposals for future research that focus on employees performance improvement.
Bhatt, R. et al. (2006) discussed in his paper entitled, 'Governance of private sector corporate hospitals and their financial performance: Preliminary observations based on listed and unlisted hospitals in India', the appraisal of financial performance of corporate hospitals in India. The author hypothesized that corporate governance issues ensured better utilization of resources to meet expectation of various stakeholders. The author studied the differences in listed and unlisted hospitals. The results show that operating cost ratio of listed hospitals is significantly different and lower from the unlisted hospitals. It also finds that borrowings of unlisted hospitals are much higher than listed hospitals because they have no access to capital markets to raise money.

Joshi, H. (2006) discussed in his paper the effect of disinvestment on the performance of Public Sector Enterprises in general and Bharat Heavy Electrical Limited (BHEL) in particular. This study analyzed the impact of change in ownership on financial performance of Public Sector Enterprises. The author has taken five years data each from pre disinvestment period and post disinvestment for comparison. The results show that disinvestment improves the profitability and liquidity position of BHEL but it has affected the dividend payout negatively.

Saleh, A.S. et al. (2006) examined the performance of Islamic Banking in the Middle East with special focus on Jordan because it has been playing an important role in financing and contributing to different economies and social sector in Jordan in compliance with the principles of Shariah rules in Islamic banking practices. Authors used the performance evaluation methodology by conducting the profit maximization, capital structure and liquidity tests. The study revealed that the efficiency and ability of the banks has increased and the banks expanded their investment activities. Another finding of the study suggested that these banks have focused on the short term investment which perhaps, seems to be the case in most Islamic Banking practices. The study also found that Islamic banks have a high growth in the credit facilities and in profitability.

Bhatt, R. et al. (2006) evaluated the financial performance of private hospitals on the basis of financial statement data for five years from 1999 to 2004 using twenty five key financial ratios and found six key financial dimensions which covers fixed assets age, current assets efficiency, operating efficiency, financial structure, surplus appropriation and financial profitability cost ratio. The findings of the research suggested that hospitals showed marginal improvement in financial performance over
the years. The financial risks in this sector were high because of lower profitability and lower operating efficiencies.

Mathur, (2007) in his study entitled, ‘Indian information technology (IT) industry: A performance analysis and a model for possible adoption’, described the major parameters of the Information Technology (IT) Industry in India presently and in the immediate past. Data Envelope Analysis (DEA) was applied to benchmark the performance of the 92 Indian Software Companies for 2005-06. The impact of various determinants of technical efficiency of the Indian Software companies was worked out using regression. The impact of the explanatory factors on net export of 92 software firms in 2005-06 was also worked out using simple regression. The study using the position of the Indian Information Technology (IT) Industry and the Indian Information and Communication Technology (ICT) Industry in the global context analyzed the strengths and weaknesses of ICT Infrastructure across some countries. The study described why and how the Indian IT industry could act as a catalyst of growth and development. It was found that the size of the software company, number of employees and total costs mattered for net export.

Vanitha, S. et al. (2007) examined the financial performance of Indian manufacturing companies during pre and post merger. In India, there were about fifty eight manufacturing companies which underwent mergers and acquisitions during 2000, 2001 and 2002. Thirty per cent from the total population was taken as sample size i.e. 17 companies out of 58, in order to evaluate the financial performance. The author used ratio analysis, mean, standard deviation and ‘t’ test as tools of analysis and found that in India merging companies were taken over by companies with reputed and good management.

Urvashi, J. (2007) analyzed the financial performance of Indian refinery industry with special focus on seven refinery companies. The most leading seven refineries were taken as sample units from 1998 to 2003. In order to evaluate the financial performance, liquidity position, working capacity efficiency level, the inventory efficiency, debt position, profitability etc were taken into consideration. Accounting ratios and Z score were used for the evaluation purpose. Further, correlation among the financial variables and other important factors that affects the financial performance of the unit was employed to find out the meaningful outcomes.

'Perspective' about the short term and long term solvency and financial health and viability of the company with special reference to debt capacity. The ratios revealed that the company's ability in managing the current assets was found inadequate which required generation of more sales. The study concluded that the company's overall risk evaluation process was not at desired level and recommended for the improvement in operational and managerial efficiency of the company as to maintain and increase further the effective utilization and control of all the assets.

Rogers, M. (2008) studied the corporate governance and evaluated the financial performance of selected commercial banks in Uganda. The main focus of the study was to establish relationship between the core principles of corporate governance and financial performance in commercial banks of Uganda. Findings indicate that corporate governance predicts 34.5 per cent of the variance in the general financial performance of commercial banks in the country. Some useful measures of financial performance are coined into what is referred to as CAMEL. The acronym 'CAMEL' refers to the five components of a bank's condition that are assessed: Capital Adequacy, Asset Quality, Management, Earnings and Liquidity. The data was analyzed using Pearson's correlation as statistical techniques were used with the help of SPSS to test and establish whether there exist a relationship among transparency, disclosure, trust and financial performance while multiple regression analysis was used to test the potential predictors of the dependent variable.

Chandarana (2008) evaluated the performance of Life Insurance Corporation of India for the period of ten years. The researcher analyzed the overall business performance of LIC in terms of new business as well as business in force in India and outside. The author used accounting ratios, trend analysis, regression analysis and chi square test for evaluation of performance. Other aspects of performance such as rural business and claim settlement were discussed. The productivity of the branches and active agents were covered. In order to evaluate the performance of LIC, three major aspects namely financial performance, business performance in India and outside India and productivity of LIC were analyzed in terms of branches and active agents.

Rago, M. (2008) attempted to highlight the role and relevance of Economic Value Added (EVA) as a performance measurement tool. The study revealed that several large and well known companies had begun to use EVA in recent years as an internal measure of performance. The author discussed the theoretical background of economic value added in entire study and presented the formula for calculating
economic value added; EVA = NOPAT - Cost of Capital * Capital or EVA = Operating Profit - Capital Charge.

Nourayi Mahmoud M. et al. (2009) examined in their paper entitled, 'Non Financial Measures, Aggregation and Performance Evaluation', the operational use and the predictive power of aggregated data related to performance. The study indicated that the aggregation of statistics measuring identical attributes of performance enhanced the decision usefulness of measures. The study concluded that aggregating game performance data that were complementary in nature had no substantive effect on the measurement results. It is conceivable that constructing aggregated measures may require subjective weightage of various components to increase the decision usefulness and predictive ability of the aggregate.

Kumar, S. et al. (2009) assessed the market reaction to dividend announcement using event study technique. The event study methodology is considered to investigate the impact of an event on a specific dependent variable. A generally used dependent variable in event studies is the stock price of the company. The event study methodology seeks to determine whether there is an abnormal stock price effect associated with an event. This tool is widely followed in capital market arena to assess the effect of an event on stock prices. Hence an event study is a statistical method to measures the impact of a specific event on the value of a firm. They presented the methodology of event study starting from collecting sample firms, determined precise day of announcement, defined the period to be studied, computation of daily return, and calculated abnormal return which was followed by the examination and discussion of the results.

Cincera, M. et al. (2009) analyzed the performance of top Research and Development investing Companies in the stock market and gave some concluding evidence of a positive relationship between top research and development investing companies and their performance in the stock markets as measured by the evaluation of their market capitalization. The analysis of the performance was based on a representative portfolio of 304 European Union (EU) top Research and Development investing companies over a four year time period (2003-06). The empirical findings from the econometric analysis of the research suggested linear relationship between firms' market capitalization performance and R&D intensities.

Osman, Z. (2009) in his study, evaluated the financial performance of privatized enterprises in Sudan. The impact of privatization on the financial performance of
privatized enterprises in Sudan from 1990 to 2002 was investigated. A sample of 16 enterprises was selected from the pool of 54 privatized enterprises, covering all major sectors of the economy. For each enterprise, nine financial performance indicators were taken to calculate average of three years before, and three years after privatization. The nine indicators are grouped into five standard broad categories: profitability; operating efficiency, dividend payout; leverage indicator; capital investment spending was tested by employing simple t-test. The results showed statistically insignificant improvement in the financial performance of the privatized enterprises following privatization, except for turnover of sales per employee. It revealed that the privatization program of the early 1990s in Sudan did not lead to the expected improvement in the efficiency of these enterprises as judged by their financial performance.

Gabriela & Jeanina (2009) stated that the main task of the financial appraisal of innovation projects is to refine the information that implies the project's viability. The financial appraisal of innovation projects is a resource investment to reduce the uncertainty degree of the information referring to the project's feasibility. The financial appraisal of the innovation projects is a very useful tool for the manager's decisions referring to selecting and continuing a project. But only the efficiency indicators used by the financial appraisal are not sufficient to take a rational decision. This is due to the reason that many of these projects are influenced not only by quantities factors but also by qualitative factors. It is necessary to include both quantitative and qualitative criteria and also the risk analysis in the appraisal procedures. They also stated that the financial appraisal of an innovation project not only implies a series of specific issues determined by the activities of an innovation project but also have some similarities with the financial appraisal of investment projects.

Wenyi Li (2009) evaluated the financial performance of China's listed Steel Companies from shareholder's perspective. The author discussed about the rise in share prices of the iron and steel sector in 2006, 2007 and drop in 2008 due to the global financial turmoil that raised a great deal of concern among shareholders. The author identified the concerns of shareholders through questionnaires and the financial status. The developing trend of the listed steel companies have elicited by performing model verification, processing and interpretation of the data from the Shanghai and Shenzhen stock exchanges. The results provide an insight for shareholders to make
investment strategies from five aspects, reveal difference in the performance of
growth factors and profit earning factors during the 3 years, confirm the shareholders
investment behaviors under different market environment, and present evidence of
accelerating the restructuring and closing down backward production facilities in the
steel industry.

**Okundamiya & Ojieabu (2010)** analyzed and evaluated the performance of
communication system in order to develop a mathematical approach for obtaining
closed formula so as to generate functions of a systems content from which most
important performance measures are derived. The derivation of such generating
functions was based on Queuing theory as means of analyzing the performance of
communication systems for effective data transmission system of asymptotic
approximation. A standard result in the theory of large deviation for the analysis of
broadband networks and linearization of their boundaries was adopted due to high
transmission rates and stringent Quality of Service guarantee of modern systems. The
numerical results of analysis were satisfactory and confirmed the validity of derived
performance measures.

**Goyal, K. & Khurana, A. (2010)** highlighted the Performance Management System
(PMS) of National Thermal Power Corporation (NTPC) and stated that PMS system
had an intrinsic motivational significance that facilitated learning and brought about
role clarity which helped people focus on performance development. The author
observed that NTPC believed in achieving organizational excellence through human
resource. Performance management system was evaluated using major components
viz. performance, competencies, values and potential appraisal. The study found that
the performance management system is a tool to be utilized for identifying the
developmental needs to appraise. With absolute clear vision and strong human
resources strategy, performance management system evaluated human resources on
different components of managerial responsibilities, consisting of performance,
generic managerial competencies, the reporting evaluates performance, values and
potential. On the basis of study and evaluation of PMS system, it was concluded that
the company’s appraisal system was strong enough to identify and address the
developmental needs in order to overcome the competency gap in its human resource.

**Das, S. (2010)** analyzed and interpreted the financial statements of different
companies’ viz. ACC Ltd, Tata Steel, Jindal Steel & Power Limited, Hindustan Zinc
Ltd. (HZL) and Gujarat Mineral Development Corporation (GMDC) by applying
financial ratios such as current ratio, debt equity ratio, net profit margin, return on investment etc. The results showed that the liquidity position of the ACC Ltd. was not good while it was satisfactory in case of Tata Steel, JSPL and HZL.

Tong, L. (2010) in his dissertation entitled ‘Event study analysis of share and stock market index data’ analyzed the event study and its methodology. The author described the overview of event study along-with its timeline, parameters and significance test. The study provided the steps of doing event study in finance. Basically, event study is a statistical method to assess the impact of an event on the share performance of a firm. For example, stock split announcement, takeover, dividend payment or an announcement of a merger may have influence on a company’s share price. These events can be analyzed afterwards to see whether they increase or decrease the value of the firm so that better prediction can be made when the similar event happens next time.

Nandi, K.C. (2010) analyzed the performance of Central Public Sector Enterprises (CPSEs) in India. In this study, both financial and social performance measures have been considered. An attempt has been made to critically appraise and explain the performance of the Central Public Sector Enterprises in India using different parameters like profitability, contribution to central exchequer, internal resource generation, value addition, employment generation and foreign exchange earnings. The study covers the period from 1999-00 to 2007-08. For analysis and interpretation of data, mathematical tools like percentages, averages, various conventional ratios have been used for measuring the financial and social performance of the CPSEs. Results of the study show that there has been a continuous increasing trend in case of profitability, internal resource generation, and contribution to central exchequer, value addition and foreign exchange earnings while an overall decreasing trend was found in case of generation of employment.

Ibrahim, M. Syed (2010) in his study focused on Regional Rural Banks (RRBs) and their performance in India. The author investigated whether the merger or amalgamation of RRBs, undertaken in 2005-06 helped in improving their performance. The study was diagnostic and exploratory in nature and mainly based on secondary data. It concluded that performance of rural banks in India has significantly improved after amalgamation process which has been initiated by the Government of India.
Bhanawat (2010) in his paper entitled ‘An Analysis of Raw Material Cost in Indian Manufacturing Industry’ evaluated the share of raw material cost in the cost structure of the manufacturing industry. A sample of 58 companies engaged in manufacturing activities was selected which covered pharmaceutical, textile, cement, metal, oil, automobile, consumer goods and electrical industries. The study concluded that there was no significant difference among different sectors of the Indian manufacturing industry regarding raw material cost as percentage of gross sales. Chi square test was administered on different ratios to test the hypothesis. The results reveal that, on an average, raw material cost as a percentage of gross sales is 46.46 per cent for Indian manufacturing industries.

Ishwara (2011) evaluated the financial performance of Regional Rural Banks (RRBs) in both pre and post transformation period starting from 1980 to 2009. The study focused on financial results before and after amalgamation to know the implications of transformation of RRBs in 2004. The study revealed that RRBs seemed to improve non-performing assets (NPA) management with net NPA coming down every year after the amalgamation.

Nandi, K.C. (2011) examined the impact of working capital management on profitability of corporations with special focus on National Thermal Power Corporation (NTPC). Impact of working capital management on the profitability of NTPC during the period of ten years i.e. from 1999-2000 to 2008-09 has been assessed under this study by employing Pearson’s coefficient of correlation and multiple regression analysis between some ratios relating to working capital management. The impact measure relating to profitability ratio (ROI) has been computed and applied. An attempt was made to measure the sensitivity of Return of Investment (ROI) for changes in the level of working capital leverage (WCL) of the company under study.

Herciu, M. et al. (2011) evaluated the financial performance of most profitable companies in the world with the help of DuPont Model. Twenty most profitable companies in the world in 2009 were taken for the evaluation. By using Du Pont Analysis, the results indicated that the ranking was not preserved when indicators (ratios) such as ROA (return on assets), ROE (return on equity) or ROS (return on sales) were taken into consideration. Du Pont analysis takes into account three indicators to measure the firm’s profitability: Return on Sales (ROS), Return on Assets (ROA) and Return on Equity (ROE). In order to identify the relationship
between the net income, ROS, ROA and ROE, the correlation coefficient has been employed. The study revealed that the profit of the companies was not relevant to investors except to the extent that they relate to other indicators to identify a relation between effect and effort where effect was profit while effort was given either by sales, total assets, or the stockholder’s equity.

Raiyani (2011) identified the components of Sustainable Growth Rate (SGR) and the relationship between SGR and Actual Growth Rate (AGR). Important performance measures such as Retention Ratio Analysis, Leverage Analysis, Asset Turnover Analysis and Profitability Analysis, Correlation Analysis, Overall Performance Analysis along with a new performance measure called Sustainable Growth Rate have been used. The study empirically tested the strength of the relationship between SGR and AGR in Indian IT Companies for the period between 1999 and 2007. The data were analyzed with the help of statistical tools like ratios, percentages, averages, trend analysis and the Karl Pearson’s correlation coefficient (r), students’ ‘t’ test. The statistical technique of hypothesis testing further used to analyze the significance of differences between sustainable and actual Growth Rate. The study concluded that there was no significant association between SGR and AGR of WIPRO. In case of Infosys; the calculated value was much higher than the table value which concluded that the association between the two variables in the case of Infosys was significant.

Sheela, S.C. (2011) evaluated the financial performance of Wheels India Ltd. – Chennai using different financial tools like ratio analysis, comparative balance sheet, DuPont analysis and also statistical tools such as trend analysis and correlation. The main contribution of this study is the use of five power analysis methodology to retrieve ratios most commonly used in financial analysis to tackle the problems of sample size and distribution uncertainty.

Srinivasan, et al. (2011) in their paper entitled ‘Financial Performance of Foreign Direct Investment in Pharmaceutical Units in India’ examined the performance of select Foreign Direct Investment (FDI) assisted pharmaceutical units in India for the period starting from 1st April 1999 to 31st March 2008. Capital Structure Ratios, Liquidity Ratios, Profitability Ratios, Du Pont Analysis and Return on Investment ratios were used in the study to evaluate the financial performance of FDI in pharmaceutical units in India. In this study, twenty three companies had been taken for the purpose of analysis. From the analysis, it has been found that most of the units performed well while some others show poor performance.
Goswami, S. et al. (2011) assessed the financial performance of Tata Steel through testing liquidity and profitability position. In this study, the authors measured and analyzed operating risk, financial risk and total risk by computing the degree of operating leverage, degree of financial leverage, and degree of total leverage of Tata Steel from 2000-01 to 2009-10. Various ratios applied for analyzing the performance included Current Ratio (CR), Quick Ratio (QR), Current Assets to Total Asset Ratio (CATAR), Current Assets to Sales Ratio (CASR), Working Capital to Turnover Ratio (WC'TR), Inventory Turnover Ratio (ITR) and Debtors Turnover Ratio (DTR). The study concluded that the position of the company was risky during the first three years as compared to the rest of the period.

Mistry (2011) endeavored to appraise the Indian automotive industry through the analysis of production trend thereof with the help of the arithmetic mean, the coefficient of variance, trend indices and Analysis of Variance (ANOVA). It was found that the difference between actual and trend values of production during the period of the study was significant in commercial vehicles segment. It was observed from analysis of the production indices that production performances of all segments of the industry were improved. It was revealed from the study that the mean value of the production was the highest in Two-Wheeler segment. Coefficient of variation suggested higher fluctuations in commercial vehicle and passenger vehicle segments as compared to two wheelers and three wheelers segments.

Kablani, S. et al. (2011) examined the efficiency of the Islamic Banks across the world over the period 2001-2008. Islamic banks were found to be 92 per cent efficient and the level of efficiency varied according to the region where they operated. Asia displayed the highest score with 96 per cent. The Researcher evaluated the performance of Islamic Banks operating in 17 countries in Middle East, Asia and Africa and United Kingdom by using Stochastic Frontier Approach (SFA) over the period 2001-2008 to estimate cost efficiency frontier and derived scores of cost efficiency, while taking into account explanatory variables. After overall study they stated that Islamic banks had expanded significantly in past few years because of increasing petrodollars inflows, following the oil shocks. These banks were growing at a rate of 15 per cent per year since 2000. They used the method of stochastic frontier that allowed to integrate in the cost frontier explanatory variables of efficiency. The study showed that size had a negative impact on efficiency as they distributed Islamic financial services which might not benefit from economies of scale.
finally market power had a positive impact on efficiency, the more clients Islamic banks had, the more efficient they were.

Bhunia, (2011) evaluated the financial performance of Indian Pharmaceutical from 1997-98 to 2008-09. The main purpose of the study was to identify the financial strengths and weaknesses of Indian Public Sector Pharmaceutical Enterprises by properly establishing relationships between the items of the Balance Sheet and Profit and Loss Account. The study covered two Public Sector Companies i.e. Drug & Pharmaceuticals Ltd. and Rajasthan Drugs and Pharmaceuticals Ltd. In order to analyze financial performance, liquidity, solvency, profitability and financial efficiency were measured through various accounting ratios. Various statistical measures such as Arithmetic Mean, Standard Deviation, Linear multiple regression analysis, and t-test were employed for analyzing the financial performance of Pharmaceuticals Industry. The study concluded that the liquidity position was strong in case of both the companies thereby reflecting the ability of the companies to pay short-term obligations on due dates and they relied more on external funds in terms of long-term borrowings, thereby providing a lower degree of protection to the creditors. The results further indicated that the financial stability of both the selected companies had showed a downward trend and consequently the financial stability of selected pharmaceutical companies decreased at high rate.

Venkataramana, N. & Ramakrishnaiah, K. (2012) examined the profitability and financial performance of selected cement companies in India with the help of accounting ratios such as current ratio, debtors turnover ratio, net working capital turnover ratio, return on equity, return on capital employed, net profit ratio and also the statistical tools like correlation, standard deviation, variance, and skewness.

Almazari, A.A. (2012) analyzed the financial performance of the Jordanian Arab Bank by using DuPont model which was based on the analysis of return on equity concept. The return on equity model disaggregated performance into three components: net profit margin, total asset turnover and the equity multiplier.

Soni, A.K. & Kapre, A. (2012) evaluated the performance of Regional Rural Banks (RRBs) for the period 2006-07 to 2010-11. The authors assessed the performance of RRBs using key indicators such as number of banks and branches, deposits, loans, investment and growth rate index. The growth rate was computed to measure the performance of the banks. The study concluded that RRBs played a key role as an important vehicle of credit delivery in rural areas but commercial viability had been
questioned due to their limited business flexibility and smaller size of loans and advances.

Singh, A.B. et al. (2012) analyzed the comparative financial performance of SBI and ICICI Bank. The study was based on ratios such as credit deposit and net profit margin for the period from 2007-08 to 2011-12. The study found that SBI was performing better and financially sounder than ICICI Bank but in the context of deposits and expenditure, ICICI bank had better managing efficiency than SBI. Ratio Analysis was applied to analyze and compare the trends in banking business and financial performance. Mean and Compound Growth Rate (CGR) were also deployed to analyze the trends in banking business profitability.

Ray, S. (2012) discussed in his study the efficacy of Economic Value Added (EVA) concept in business performance measurement. He described the evolution, concept and role of EVA and stated that the idea of EVA is somewhat new detection but the concept is age old. The formula for EVA is also given in the study which is as follows: \( EVA = NOPAT - WACC\% \times IC \), whereas: EVA = Economic value added; NOPAT = Net Operating Profit after Tax, WACC\% = Weighted Average Cost of Capital; IC = Total business Capital Invested. EVA is the difference between net profit after tax (NOPAT) and the required return on the financing of own and others' capital. Positive EVA in a given period indicates that the management increased the value for owners, and negative EVA implies that there is a decrease of the value for owners.

Taqi, M. (2013) examined the financial performance of Minerals and Metals Trading Corporation (MMTC) of India Ltd. from 2000-01 to 2010-11. In order to evaluate the financial performance of MMTC Ltd., liquidity, profitability and activity ratios were taken into consideration. Trade practices of the company such as export, import and domestic trade were also evaluated. One sample t-test and rank correlation was also used to measure the financial performance of MMTC Ltd.

Taqi, M. (2014) analyzed the financial performance of two major trading companies of India comparatively. The financial performance of State Trading Corporation and Minerals and Metals Trading Corporation was evaluated by the application of accounting ratios such as current ratio, liquid ratio, gross profit ratio, net profit ratio, inventory turnover ratio and earnings per share. Business practices of both companies were also studied comparatively. Independent sample t-test and correlation matrix
was also used in the analysis of both companies. The study concluded that the financial performance of MMTC Ltd was comparatively better than STC.

2.4. Research Gap

The Researcher reviewed a number of studies on financial performance of Public Sector Enterprises and Trading Sector of Minerals and Metals which showed that very little work had been conducted in evaluating the financial performance of Minerals and Metals based Trading Companies especially in Indian Public Sector. Most of the studies had been done in other sectors of economy especially regarding their financial performance. No particular study had been made on Minerals and Metals Trading Sector either in public or private sector.

A number of studies have been made on human resource, marketing and production management in public enterprises and also about the causes of poor performance of majority of public enterprises but no study is being done on the financial performance of a public sector trading company of minerals and metals. Hence, in the present study, the Researcher has made an attempt to evaluate the financial performance of one of the major Public Sector Trading Companies of India engaged in export and import of minerals, metals, coal, agro products and other allied goods. The study related to the evaluation of financial performance of public sector minerals and metals trading company which has not been explored till now. Through this study, the Researcher has attempted to fill the gap of research in this specific area of study.

This chapter being dealt upon reviews of literature related to Public Sector Enterprises and Financial Performance Evaluation which were the basis for planning of the thesis. After studying the available literature, research gap has been identified. The next chapter will provide an overview of Public Sector Enterprises and Minerals Trading Sector of India along-with some major players. A comprehensive description of MMTC Ltd will also be presented in the chapter.
References


