AN APPRAISAL OF MANAGERIAL PERFORMANCE OF OIL AND NATURAL GAS COMMISSION (ONGC)

The Oil and Natural Gas Commission was established in 1956 as a Directorate in the Ministry of Natural Resources & Scientific Research and was upgraded to Oil and Natural Gas Commission - a statutory body by an Act of Parliament. Now it has been converted into a public limited company under the Companies Act, 1956.

The ONGC is one of the renowned international petroleum companies in the world assimilating world's finest petroleum expertise. It has the complete in-house capability, high degree of expertise, professional experience and necessary infrastructure to undertake exploration ventures, job contracts and consultancy services. It is also providing assistance and cooperation to other developing countries especially in the field of oil exploration and production. The countries where ONGC is operating are Iraq, Vietnam and Sri Lanka.

In a bid to attain better managerial accountability and profitability, its entire activity has been grouped into two major sub-divisions viz. functional and supporting. The functional group has been further divided into exploration drilling, operations and technical while supporting groups comprise personnel and finance.
The ONGC being public corporation has adopted functional organizational structure. Its organizational structure is considered to be one of the best in the public sector. It's corporation structure consists of a Chairman, Vice-Chairman, six full time members like drilling, exploration, natural gas, technical finance, personnel and two part time members. Various Regional Directors/Group General Manager/General Managers and Deputy General Managers are working under these members.

However, the ONGC has also suffered from some lacuna in the organizational structure, namely, inadequacy of manpower resources for several critical area of operation, lack of workers participation in management, lack of vision, lack of commitment and professionalism in the organization.

In order to appraise the financial performance of ONGC, the parameters like profitability, growth of sales, capital employed, debt-equity leverages, current ratio, working capital and uses and application of available resources have been found suitable to undertake in the present study.

Since its inception, the ONGC has recognized the need to build up a strong manpower resource base to conduct the high technology business of hydrocarbon, exploration and exploitation. The manpower resources comprise of personnel with multidisciplinary skills who work with a high degree of
purpose, motivation and self-discipline coupled with creativity and innovative inputs.

On the whole, it has been observed that the personnel of ONGC as an aspect of managerial performance is excellent in every respect giving more emphasis on the welfare of its employees. It also provides financial and non-financial incentives to employees for hard work and loyalty towards the commission.

As we all know that the finance plays an important role in the overall operation and activities of an enterprise. It is the life blood of industry and business. Proper utilization of these finances are essential for achieving overall efficiency in an organization.

An analysis of the financial performance of ONGC has been made on the basis of different parameters viz. profitability, ratios, fund flow analysis and an analysis of working capital etc.

The financial analysis of ONGC based on above mentioned parameters reveals that it has faired well for the period under reference. However, the net profit, reserve and surplus, the working capital ratio have registered wavering trend during the period under review. The net worth of the company has recorded consistently increasing trend. The current ratio is highly satisfactory falling within the standard parameters. On the
whole, it has been observed that the financial performance of the company has been encouraging.

In the changing socio-economic milieu, ONGC has to remain effective, competitive and also efficient both financially and physically for facing the future changes and challenges. In this regard, it has been suggested that ONGC should generate access to new petroleum resources at a highly competitive cost to ensure economic returns on investment in the future business. The successful implementation of an effective mix can be achieved through approaches like resorting to technological advancement, achieving optimal increase in the rate of recovery, fast installation of new 'cost-cutting' drilling technologies, improved techniques of reservoir management and cost effective production technologies. It has also been suggested that the ONGC should intensify focussed exploration campaign abroad specially in the third world including SAARC countries.

The ONGC should also have major thrust for increase in natural gas supplies to bulk consumers and also intensify efforts for the underground storage of the natural gas in the areas where adequate number of the consumers are not readily available.

As a matter of fact, ONGC has travelled a long way since its birth crossing many hurdles. It has established a
formidable place in the Indian economy as a viable financial entity and holds first water among the largest profit making public enterprises.