The ultimate economic development of a developing country like India depends upon the growth of industrialisation. Investment in heavy industries is considered to be a pre-requisite for industrialisation to achieve rapid economic development of the country. Initially setting up of heavy industries for infrastructure development was kept reserved for the public sector under the direct control of the government with a few exceptions. But after a long period of operation, the functioning of public sector units in the matter of utilisation of public money came to be questioned from different corners. Despite a lot of benefit, subsidy and relaxation allowed to them, there has been a considerable criticism about their poor performance over time. A voice of protest was raised against the public sector units in diverse range of their functioning such as under-utilisation of capacity, wastage of scarce resources, over-capitalisation, over-staffing, lack of sincerity and responsibility, bureaucratic red tapism in decision making, work culture, managerial inefficiency, poor profitability, declining contribution to national savings etc.

As a result, in the new industrial policy announced in 1991, the thrust of industrialisation has been changed from nationalisation to privatisation. The government introduced liberalisation and initiated private participation in many areas hitherto reserved for the public sector. Such policy was expected to make a healthy competition between the public sector and the private sector which is likely to contribute to the overall progress of the economy.

In such a backdrop the present work entitled "FINANCIAL PERFORMANCE OF IRON AND STEEL INDUSTRY IN INDIA: AN ANALYTICAL AND COMPARATIVE STUDY OF SOME SELECTED COMPANIES DURING 1995-1996 TO 2004-2005" is an endeavour to investigate the empirical evidences about the financial performance of public sector and private sector on a comparative basis. For the purpose of the present study we have selected Indian iron and steel industry, one of the heavy industries providing support to all other industries for infrastructure development of the country.
In this study an attempt has been made to:

1. measure and assess financial performance in terms of liquidity, leverage, assets management and profitability of the selected public sector and private sector companies;
2. assess overall financial performance of selected public sector and private sector companies more rigorously considering the above-mentioned areas of performance into a composite measure;
3. identify the favourable factors contributing good performance and also the unfavourable factors responsible for poor performance of the companies under study;
4. make a comparative evaluation of financial performance between the selected public sector and private sector companies with a view to knowing which sector is doing well in this respect; and
5. summarise the main findings of the study and offer some recommendations for better performance of these companies.

The above objectives have been pursued considering a sample of twenty steel companies out of which six are public sector companies and fourteen are private sector companies. The data used in this study are secondary in nature and have been collected mainly from PROWESS database published by the CMIE. The study would provide picture of different aspects of financial performance of twenty companies individually. It would also portray the comparative evaluation of performance when these companies are categorised in two groups i.e. public sector companies and private sector companies. The whole work has been divided into ten chapters. The findings of this research work have been incorporated in the different chapters of the thesis.