The success of a business enterprise depends upon the level of its earnings and the way in which they are managed. Different organisations generally compute their earnings on the basis of accounting concept of earnings. According to this concept earnings are computed by matching incomes and expenses for the year under consideration. However, the accounting policies regarding the treatment of various items of income and expenses differ from one organisation to another. Consequently, the earnings of one organisation cannot be compared with another organisation. In order to make the earnings of the organisation comparable it should be ensured that they follow comparable accounting policies and practices.

Management of earnings is equally important as its measurement. A good company manages its earnings in the most efficient manner. Earnings of a business may be distributed either in the form of dividend or retained for its growth and expansion. Prudent management of the companies give balanced attention to both dividend payments and retention of earnings. A company which does not follow this balanced approach, find it difficult to function efficiently and successfully.

Having regard to the importance of measurement and management of earnings it was decided to empirically examine and evaluate the policies and practices relating to measurement and management of earnings. For this purpose a sample of ten companies promoted by PSIDC was selected. The whole study was divided into six chapters. Chapter-I was devoted to introduction of the study. It consisted of reviews of literature, main findings of the review of literature, need for the present study, objectives of the present study, scope of the present study, and research methodology used in the present study. The second chapter was devoted to discussion of various approaches to the measurement of earnings. Chapter-III of the study was devoted to the valuation of accounting policies and practices adopted for measurement of earnings by the companies under study. These policies were evaluated by comparing them with international accounting standards and accounting standards issued by the Institute of Chartered Accountant of India. This chapter was also devoted to discuss the reporting practices for measurement of earnings used by the companies under study. After having discussed the accounting policies and practices and reporting practices for the measurement of earnings in Chapter third, Chapter-IV was devoted to the analysis of normalised income statements, profitability ratios, funds from operations, share of non-cash expenses like depreciation and amortisation in the funds from operation of the companies under study. Chapter-V was devoted to analyse and evaluate the management of earnings by the companies under study. The findings of the study have been reported in Chapter-VI. In this chapter we have also made suggestions for improvement of policies and practices relating to measurement and management of earnings.

It is hoped that findings and recommendations of this study will go a long way in improving the policies and practices relating to measurement and management of earnings.

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