In India primarily State Electricity Boards have been entrusted with the gigantic task of generation, transmission, and distribution of electricity within the states in the most efficient and economic manner. Although it is intended that State Electricity Boards (SEBs) should function as viable commercial undertakings earning a small profit after meeting its expenses, in actual practice due to various reasons, SEBs have not been able to function as such. As a result, the financial performance of various SEBs are very poor.

Performance of any SEB can be analysed under two factors viz operating performance and financial performance; Mainly Financial performance can be evaluated under growth of consumers, pattern of electricity consumption, Revenue Receipts and expenditure, Working results and financial position, funds flow analysis, tariff structure and subsidies etc.

The operating performance of all Boards barring a few have shown remarkable improvements. However, financial performance shows negative returns or unsatisfactory. The financial working results of the SEBs in India over a period make a depressive reading. Hence this research study was taken to analyse the factors mainly responsible for the poor financial performance of TNEB/SEBs. This study is designed mainly to analyse the factors responsible for the poor financial performance of Tamil Nadu Electricity Board and providing cheap and reliable power supply to the consumers whether state electricity boards have taken social obligations i.e supply of electricity to the rural areas/economically weaker section of the society besides financial obligations. Finally an attempt has been made to suggest appropriate policy decisions to improve the financial performance of TNEB / SEB s in India.
It is hoped that this study will stimulate further research and discussion / Policy formation on the Financial performance of Power sector (TNEB/SEBs) in India and the feasibility of advocating a National or Uniform tariff policy for India in the long run to improve the financial performance for TNEB/State Electricity Boards.