CHAPTER VII
SUMMARY OF FINDINGS AND SUGGESTION

The development of a country depends very much on the availability of its infrastructural facilities. The development of agriculture and industry depends solely on its infrastructure without having a sound infrastructural base a country cannot develop its economy. The more important and difficult job in the development process of the country is to provide the basic infrastructural facilities. These infrastructural facilities include various economic and social overhead viz., Energy, Irrigation, Transportation and communication, Banking, Finance and Insurance, Science and Technology and other social overheads like education, health and hygiene. All these facilities jointly constitute the infrastructure of the country. Like any other country, the developmental process of India put much emphasis on the growth of infrastructure. The development of infrastructure has been gaining importance in recent times. However, the cost of such projects is becoming soaring as it needs financial assistance such as long-term soft loan, foreign aid from leading international agencies and institutions.

Financial investors, from India as well as abroad, have welcomed the Indian Government’s commitment to embrace Public Private Partnerships,
and see this as an exciting business opportunity. India can take advantage of the growth of the heightened global interest in infrastructure assets.

Infrastructure in India generally refers to the elementary supporting factors responsible for the entire frame of India. The infrastructure definition says that anything that forms the core of the functioning of any country is infrastructure. India being the seventh-largest country in the world has maintained an infrastructure management that has enabled it to reach new heights.

The analysis of eight infrastructure companies shows an upward trend during study period. These companies contributes maximum to country infrastructure facilities like, income generations, more employment opportunities, develop public private partnerships, development, promotion of foreign investors and foreign exchanges reserves.

Not only these eight companies but also other infrastructure companies and new Government policies will assist to development of Indian economy as well as infrastructures. The experience of other countries suggests that it should be possible to increase private investment in infrastructure in India from its current level of 1% of Gross Domestic Product (GDP) to 2% of GDP. Chile has succeeded in increasing its
infrastructure investments to a level of 5% of GDP, in good part through encouraging private participation in almost all infrastructure sectors.

Indian infrastructure companies manage the infrastructure requirement in these areas. The infrastructure companies in India also look after the infrastructure construction and development. India also has many infrastructure finance companies which provide funding and financing for infrastructure development projects in India like, Infrastructure Development Finance Corporation or the India Infrastructure Finance Company Limited.

Building of the infrastructure platform to sustain an annual GDP growth of above 8% and increasing access to modern infrastructure by rural and poor households will require substantial investments in new infrastructure stocks. The recent debates on infrastructure and growth have also spurred efforts to look at infrastructure investment needs. Approach looks at the investment effort needed to obtain the infrastructure stocks of competitors.

The following are the findings extracted from analysis of the study on the financial performance of the selected infrastructure companies during the study period.
DATA ANALYSIS AND INTERPRETATION OF THE STUDY – RATIO ANALYSIS FINDINGS

- The mean of Debt Equity Ratio ranges from 0.52 to 6.10 among the companies. The JP Associates had higher mean ratio where as Lanco Infratech had least ratio.

- The mean of Current Ratio ranges from 1.11 to 6.08 among the companies. The Hind. Construction had higher mean Ratio and JP Associates had least mean Ratio.

- The mean of Quick Ratio ranges from 0.30 to 1.02 among the companies. The IVRCL Infra. had higher mean Ratio and Hind. Construct. had least mean Ratio.

- The mean of Fixed Asset Turnover Ratio ranges from 1.00 to 8.79 among the companies. The IVRCL Infra. had higher mean Ratio and JP Associates had least mean Ratio.

- The mean of Inventory Turnover Ratio ranges from 1.70 to 32.34 among the companies. The IVRCL Infra. had higher mean Ratio and Hind. Construct. had least mean Ratio.

- The mean of Debtors Turnover Ratio ranges from 2.85 to 12.62 among the companies. The JP Associates had higher mean of Debtors
Turnover Ratio and Simplex Infra had least mean of Debtors Turnover Ratio.

- The mean of Creditors Turnover Ratio ranges from 1.73 to 6.11 among the companies. The JP Associates had higher mean Ratio and Hind. Construct. had least mean Ratio.

- The mean of Interest Coverage Ratio ranges from 1.78 to 7.68 among the companies. The Larsen & Toubro had higher mean Ratio and Simplex Infra had least mean Ratio.

- The mean of Return on Capital Employed ranges from 11.89 to 20.05 among the companies. The IVRCL Infra. had higher mean of Return on Capital Employed and JP Associates had least mean of Return on Capital Employed.

- The mean of Return on Net worth ranges from 11.49 to 21.74 among the companies. The IVRCL Infra. had higher mean of Return on Net worth and Punj Lloyd had least mean of Return on Net worth.

- The mean of PBIT/SALES(%) ranges from 8.07 to 24.50 among the companies. The JP Associates had higher mean of PBIT/SALES(%) and Simplex Infra had least mean of PBIT/SALES(%).
• The mean of Sales/Net Asset ranges from 0.74 to 2.02 among the companies. The Simplex Infra had higher mean of Sales/Net Asset and JP Associates had least mean of Sales/Net Asset.

• The mean of PBDIT/Net Asset ranges from 0.14 to 0.23 among the companies. The Larsen & Toubro had higher mean of PBDIT/Net Asset and Lanco Infratech had least mean of PBDIT/Net Asset.

• The mean of PAT/PBDIT ranges from 12.75 to 50.57 among the companies. The Lanco Infratech had higher mean of PAT/PBDIT and JP Associates had least mean of PAT/PBDIT.

• The mean of Net Asset/Net Worth ranges from 1.56 to 7.01 among the companies. The JP Associates had higher mean of Net Asset/Net Worth and Lanco Infratech had least mean of Net Asset/Net Worth.

• The mean of Return on Capital employed ranges from 10.27 to 21.74 among the companies. The IVRCL Infra. had higher mean of Return on Capital employed and Punj Lloyd had least mean of Return on Capital employed.

• The mean of Operating Profit Ratio ranges from 8.61 to 26.79 among the companies. The JP Associates had higher mean of Operating Profit Ratio and Simplex Infra had least mean of Operating Profit Ratio.
- The mean of PBD/Total Income ranges from 2.90 to 8.97 among the companies. The JP Associates and Lanco Infratech had higher mean of PBD/Total Income and Simplex Infra had least mean of PBD/Total Income.

- The mean of Cash Profit/Total income ranges from 4.06 to 10.26 among the companies. The JP Associates had higher mean of Cash Profit/Total income and Simplex Infra had least mean of Cash profit/Total income.

- The mean of Net of PE & OI/Sales ranges from 1.81 to 10.08 among the companies. The Lanco Infratech had higher mean of Net of PE & OI/Sales and Simplex Infra had least mean of Net of PE & OI/Sales.

- The mean of Cash Profit of PB & OI/Sales (%) ranges from 4.12 to 10.99 among the companies. The JP Associates had higher mean of Cash Profit of PB & OI/Sales (%) and Simplex Infra had least mean of Gross Profit.

- The mean of Net of P&E /AVG Net worth ranges from -2.28 to 18.60 among the companies. The IVRCL Infra. had higher mean of Net of P&E /AVG Networth and JP Associates had least negative mean of Net of P&E /AVG Networth.
• The mean of Cash Profit/AVG Networth ranges from 14.25 to 36.08 among the companies. The Hind. Construct. had higher mean of Cash Profit/AVG Networth and Lanco infratech had least mean of Cash Profit/AVG Networth.

• The mean of PAT Net of P & E/AVG CE ranges from 3.80 to 13.36 among the companies. The IVRCL Infra. had higher mean of PAT Net of P & E/AVG CE and JP Associates had least mean of PAT Net of P & E/AVG CE.

• The mean of PAT Net of P&E/AVG TA ranges from 1.95 to 6.04 among the companies. The IVRCL Infra. had higher mean of PAT Net of P&E/AVG TA and JP Associates had least mean of PAT Net of P&E/AVG TA.

• The mean of Working Capital Turnover Ratio ranges from -0.014 to 10.56 among the companies. The Larsen & Tourbo had higher mean Ratio and JP Associates had least negative mean Ratio.

PROFITABILITY AND LIQUIDITY OF THE COMPANIES – BALANCE SHEET VARIABLES FINDINGS

• The mean amount of Share Capital ranges from Rs. 7.98 Cr to Rs. 243.06 Cr among the companies. The JP Associates had higher mean
amount of share capital and Simplex Infra had least mean amount of share capital.

- Significant Cubic trend equations forecast positive trend in the financial parameter - Share Capital in the future years among the Companies studied, except Larsen & Turbo.

- The mean amount of Reserves ranges from Rs. 2710.94 Cr to Rs. 6411.65 Cr among the companies. The Larsen & Toubro had higher mean amount of Reserves and Simplex Infra had least mean amount of Reserves during the period of study.

- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except JP Associates.

- The mean Secured Loan ranges from Rs. 144.794 Cr to Rs. 2501.436 Cr among the companies. The JP Associates had higher mean amount of Secured Loan and Lanco Infratech had least mean amount of Secured Loan.

- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except Larsen & Turbo.
- The mean amount of Unsecured Loan ranges from Rs. 89.15 Cr to Rs. 1644.97 Cr among the companies. The Larsen & Toubro had higher mean amount of Unsecured Loan and Lanco Infratech had least mean amount of share capital.

- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except IVRCL Infra.

- The mean amount of Total Assets/Liability ranges from Rs. 685.13 Cr to Rs. 8506.75 Cr among the companies. The Larsen & Toubro had higher mean amount of Total Assets/Liability and Simplex Infra had least mean amount of Total Assets/Liability.

- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except Larsen & Turbo.

- The mean amount of Net Block ranges from Rs. 77.32 Cr to Rs. 2916.91 Cr among the companies. The Larsen & Toubro had higher mean amount of Net Block and Lanco Infratech had least mean amount of Net Block.
• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except JP Associates.

• The mean amount of Investments ranges from Rs. 3.62 Cr to Rs. 2580.24 Cr among the companies. The Larsen & Toubro had higher mean amount of Investments and Simplex Infra had least mean amount of Investments.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Inventories ranges from Rs. 72.214 Cr to Rs. 2797.31 Cr among the companies. The Larsen & Toubro had higher mean amount of Inventories and IVRCL Infra had least mean amount of share capital.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Sundry Debtors ranges from Rs. 3.23 Cr to Rs. 4221.75 Cr among the companies. The Larsen & Toubro had higher mean amount of Sundry Debtors and Hind. Construct. had least mean amount of Sundry Debtors.
• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except Hind. Construct.

• The mean amount of Cash & Bank ranges from Rs. 40.13 Cr to Rs. 550.54 Cr among the companies. The JP Associates had higher mean amount of Cash & Bank and Simplex Infra had least mean amount of Cash & Bank.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Loans & Advances ranges from Rs. 148.47 Cr to Rs. 2279.04 Cr among the companies. The Larsen & Toubro had higher mean amount of Loans & Advances and Simplex Infra had least mean amount of Lanco Infratech.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Total Current Assets ranges from Rs. 594.22 Cr to Rs. 9848.65 Cr among the companies. The Larsen & Toubro had higher mean amount of share capital and Lanco Infratech had least mean amount of Total Current Assets.
Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

The mean amount of Current Liabilities ranges from Rs.523.51 Cr to Rs.5973.095 Cr among the companies. The Larsen & Toubro had higher mean amount of Current Liabilities and Simplex Infra had least mean amount of Current Liabilities.

Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

The mean amount of Total Current Liabilities ranges from Rs.532.88 Cr to Rs.6976.88 Cr among the companies. The Larsen & Toubro had higher mean amount of share capital and Simplex Infra had least mean amount of Total Current Liabilities.

Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

The mean amount of Net Current Assets ranges from Rs.130.99 Cr to Rs. 2871.77 Cr among the companies. The Larsen & Toubro had higher mean amount of Net Current Assets and Lanco Infratech had least mean amount of Net Current Assets.
• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except JP Associates.

• The mean amount of Networth ranges from Rs.130.99 Cr to Rs. 2871.77 Cr among the companies. The Larsen & Toubro had higher mean amount of Networth and Lanco Infratech had least mean amount of Networth.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Net Working Capital ranges from Rs.-133.63 Cr to Rs. 1416.87 Cr among the companies. The Larsen & Toubro had higher mean amount of Net Working Capital and Lanco Infratech had least negative mean amount of Net Working Capital.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied, except IVRCL and Lanco Infratech.

PROFIT AND LOSS ACCOUNT VARIABLES - FINDINGS

• The mean amount of Net Sales ranges from Rs. 712.97 Cr to Rs. 14543.73 Cr among the companies. The Larsen & Toubro had higher
mean amount of Net Sales and Lanco Infratech had least mean amount of Net Sales.

- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.
- The mean amount of Total Income ranges from Rs. 759.039 Cr to Rs. 15228.43 Cr among the companies. The Larsen & Toubro had higher mean amount of Total Income and Lanco Infratech had least mean amount of Total Income.
- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.
- The mean amount of Total Expenditure ranges from Rs.643.695 Cr to Rs.13248.78 Cr among the companies. The Larsen & Toubro had higher mean amount of Total Expenditure and Lanco Infratech had least mean amount of Total Expenditure.
- Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.
- The mean amount of Operating Profit ranges from Rs.115.344 Cr to Rs.1979.648 Cr among the companies. The Larsen & Toubro had higher mean amount of Operating Profit and Lanco Infratech had least mean amount of Operating Profit
• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Interest ranges from Rs.21.73 Cr to Rs.272.50 Cr among the companies. The Larsen & Toubro had higher mean amount of Interest and Lanco Infratech had least mean amount of Interest.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Gross Profit ranges from Rs.68.74 Cr to Rs.1707.14 Cr among the companies. The Larsen & Toubro had higher mean amount of Gross Profit and Simplex Infra had least mean amount of Gross Profit.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Profit before Tax ranges from Rs.49.96 Cr to Rs.1493.48 Cr among the companies. The Larsen & Toubro had higher mean amount of Profit before Tax and Simplex Infra had least mean amount of Profit before Tax.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.
• The mean amount of Net Profit ranges from Rs.36.46 Cr to Rs. 947.03 Cr among the companies. The Larsen & Toubro had higher mean amount of Net Profit and Simplex Infra had least mean amount of Net Profit.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Dividend ranges from Rs. 0.81 Cr to Rs. 302.19 Cr among the companies. The Larsen & Toubro had higher mean amount of Dividend and Lanco Infratech had least mean amount of Earnings per Share.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.

• The mean amount of Earnings per Share ranges from Rs.8.70 Cr to Rs. 41.58 Cr among the companies. The Larsen & Toubro had higher mean amount of Earnings per Share and Lanco Infratech had least mean amount of Earnings per Share.

• Significant Cubic trend equations forecast positive trend in the financial parameter in the future years among the Companies studied.
FACTORS ANALYSIS - FINDINGS

- The factor analysis condensed and simplified the 26 financial ratios and grouped into 5 factors explaining 96.374 % of the variability of all the 26 ratios.

- Among the variables under study, four variables namely, X8-, X3-, X6- and X4- are substantially important variables in discriminating between groups namely Companies with lower mean operating profit and Companies with higher mean operating income.

ANOVA - FINDINGS

- There is significant difference in the mean net sales among different companies and the overall mean interest amount is higher in Larsan & Toubro than other companies and is least in Lanco Infratech Company.

- There is significant difference in the mean total income among different companies and the mean total income is higher in Larsan & Toubro than other companies and is least in Lanco Infratech Company.

- There is significant difference in the mean Total Expenses among different companies and the mean total expenses amount is higher in Larsan Toubro than in other companies and is least in Lanco Infratech Company.
• There is significant difference in the mean operating profit among different companies and the mean operating profit amount is higher in Larsan & Toubro than in other companies and is least in Lanco Infratech Company.

• There is no significant difference in the mean gross profit among different companies. and the mean gross profit is on par among the companies..

• There is significant difference in the mean Profit before Interest and Tax among different companies and the mean PBIT is higher in Larsan & Toubro than in other companies and is least in Simplex Infra Company.

• There is significant difference in the mean Dividend among different companies and the mean dividend is higher in Larsan & Toubro than in other companies and is least in Lanco Infratech..

• There is significant difference in the mean NP ratio among different companies and the mean net profit ratio is higher in Larsen & Toubro than in other companies and is least in Simple Infra Company.

• There is significant difference in the mean EPS ratio among different companies and the mean earning per share is higher in Larsen &
Toubro than in other companies and is least in Lanco Infratech Company.

- There is no significant difference in the mean Debt Equity ratio among different companies and the mean ratio is on par with other Companies.

- There is no significant difference in the mean Current Assets ratio among different companies and the mean ratio is on par with other Companies.

- There is no significant difference in the mean Fixed Assets Turnover ratio among different companies and the mean ratio is on par with other Companies.

- There is significant difference in the mean Fixed Assets Turnover ratio among different companies and the mean ratio is higher in IVRCL Infra. Than in other companies and is least in Hindustan constrution Company.

- There is significant difference in the mean Debtors Turnover ratio among different companies and the mean ratio is higher in JP Associates than in other companies and is least in Simplex Infra Company.
• There is significant difference in the mean Creditors Turnover ratio among different companies and the mean ratio is higher in JP Associates than in other companies and is least in Hindustan construction Company.

• There is significant difference in the mean Interest Coverage ratio among different companies and the mean ratio is higher in Larsen & Turbo than in other companies and is least in Punj Lloyd Company.

• There is significant difference in the mean Return on Capital Employed ratio among different companies and the mean ratio is higher in IVRCL Infra than in other companies and is least in JP Associates Company.

• There is significant difference in the mean Return on Net worth ratio among different companies and the mean Return on Net worth ratio is higher in IVRCL Infra than in other companies and is least in Punj Lloyd Company.

• There is significant difference in the mean Profit before Depreciation and Interest Tax ratio among different companies and the mean ratio is higher in Larsan & Turbo than in other companies and is least in Lanco Infra Company.
There is no significant difference in the mean Working Capital Turnover Ratio among different companies and the mean Ratio is on par with other Companies.

**REGRESSION - FINDINGS**

- The multiple regression of ROCE indicated that R26, R10 and R15 have significantly explained the variations of ROCE to the extent of 99.7%.
- The multiple regression of RONW indicated that R16 has significantly explained the variations of RONW to the extent of 99.2%.
- The multiple regression of EPS indicated that R10 has significantly explained the variations of EPS to the extent of 99.2%.
- The multiple regression of NP indicated that R11 has significantly explained the variations of NP to the extent of 99.3%.

**SUGGESTIONS**

The researcher has provided the following suggestions about the infrastructure companies.

- Infrastructure sector is to be utilized for investment purpose since the ideal route for investment purpose since it has backward and forward linkages, like boosting the demand for basic goods such as steel,
cement etc., which will in turn result in an increasing the aggregate demand and consumer spending.

- To create more infrastructure investments banks have to identify and improve financing streams of infrastructure projects as well as to place the project for selection under more independent management.

- The existing public sector banks should establish a team of experts to handle the finance for infrastructure projects. The public authorities, both at the Centre and States should come forward with a list of bankable projects for short, medium and long term projects which will be employment oriented schemes to create more jobs across the country.

- The Public-Private Partnership (PPP) mode, of infrastructure projects is to be initiated to interim the infrastructure companies which will be beneficial in the long-run. It private investment in the infrastructure sector is encouraged, there is an urgent need for standardisation and streamlining of contract documents and model concession agreements in line with best international practices and inclusion of an arbitration clause.

- Cross-border movement of investment may reduce in Indian infrastructure company invest other foreign infrastructure projects and
maximum investment utilize Indian infrastructure projects and improve economy.

- Plan targets and mix of financial resources for physical infrastructure are critical now since no one had anticipated the present uncontrollable period in the world economy, but Indian infrastructure very safe for in compare with other developing countries.

- The Indian Government should plan for issuing dedicated bonds, liquidating a part of the foreign exchange reserves, imposition of cess, etc. to find resources for financing the projects. The government should extend more liberal tax relief and other incentives to Indian infrastructure companies to mobilize its resources.

- The Government must encourage to mobilize savings for investment in creating infrastructure offering infrastructure bonds, tax relief’s more liberally.

- Introducing special infrastructure debt funds will pave a path for cross-boarder financing for infrastructures in India.

- In order to develop rural infrastructures, PPP projects are to be introduced through “Annuity Scheme” which is the best suitable method of participation by private sector in the projects which have
no support of market-linked Build, Operate and Transfer (BOT) format.

- The Government should come forward to set up a bank for land called “Land Bank” to make available lands to infrastructure companies for which land has become scarce commodity. It will become a “booster” for entrepreneurs to come forward with “master planning” for development of infrastructure. It also facilitates for provisioning of essential seminars like transport, electricity, water, communication facility etc.

- Promote a new body council for infrastructure both Central and State Governments and create truly independent regulatory authorities for various infrastructure sectors.

- Government has set a deadline period to provide electricity, safe drinking water and telephone access to every village in the country and construct six million new homes in the rural areas.

- Emerging Market Economies (EMEs) demand for domestic infrastructure requires faster growth and structural reforms to meet the necessity of global demand rebalancing and will provide adequate capacity in the private sector—both in the form of developer/investor and technical manpower.
• An international co-operation is to be established for cross-boarder infrastructure to continuous countries for sustainable increase in national income which in turn help bridge development gap.

• There should be more specific policies to attract investment in infrastructure so as to fill the gap between potential demand and available supply of infrastructure.

• Foreign investors look at infrastructural development as a yardstick for directing their investments. In fact, infrastructural development had taken precedence over wage levels in assessing the investment potential in India. Therefore, the Government should take efforts to attract more investment in the form of FDIs.

• Finance Ministry may allow Foreign Institutional Investors (FIIs) to invest in unlisted companies to encourage foreign fund flow into the infrastructure sector.

• A mechanism is to be designed to facilitate and regulate the foreign investment in infrastructure companies for faster growth and development of our economy such as less rate of interest, soft loan scheme introduce, to remove build, operate and transfer etc.

• Financial investors, from India as well as abroad, have welcomed the Indian government’s commitment to embrace Public Private
Partnerships, and see this as an exciting business opportunity. India can take advantage of the growth of the heightened global interest in infrastructure assets. In addition, it has to increase the role of financial investors in Public Private Partnership’s projects.

- The government could aid private sector participation in contracts, facilitating land acquisition and ensuring better coordination between the centre and states.

- Information on the development of Public Private Partnerships is to be made available for the private sector, perhaps as part of a national database.

- The entry of financial investors will introduce a longer-term point of view than construction-oriented projects and this can be encouraged by allowing concessions to be more tradable.

- The government should take measures to deepen debt markets and encourage insurance funds to invest in infrastructure projects.

- Provide better concessions by allowing the project developers to exit after delivering on the construction specifications, when the operations will stabilize. This would increase the likelihood of financial investors entering the Indian Public Private Partnerships market.
- Change in the mindset of government officials in procuring private contracts is required as these contracts will process in the same manner as construction contracts. Governments need support in enhancing their capacity to manage the Private procurement process.

- A healthy competition is created to play an appropriate role in determining prices and services.

- Understanding the implications of financing structures for infrastructure risk allocation and ensuring the government investments in Public Private Partnerships are subject to scrutiny in order to ensure value-for-money.

- The constraints for Foreign Direct Investments (FDIs) in India are to be liberalized. Providing fiscal incentives in terms of ‘tax holiday’ to infrastructure projects and tax incentives to investor providing long-term finance or investing in equity capital and permitting FDI up to 100% on the automatic route in several infrastructure sectors.

- Expert and clear dispute resolution systems may be evolved to ensure that infrastructure companies continue to perform effectively in the short-run, medium-time and long-run.

- The creation of PPP cells in all Central and State Governments and creation of Public and Private Partnership Appraisal Committee
(PPPAP) at the national level. Therefore, to avoid problems such as fraud, change in methodology, procurement etc.

• Allow or encourage any new funds to be invested in infrastructure assets; Have advance ruling on tax issues; Arrange for clear delineation of accounting policies regarding various financial instruments, viz., hedges, swaps and derivatives; Foster deep and liquid debt capital markets; Relax the interest caps on external commercial borrowings.

• The country is in need of a stronger policy and regulatory framework both at the Centre and the States levels for appropriate market instruments to raise long-term equity and debt enhance, the shelf of infrastructure projects for efficient management of the projects.

• When Indian Infrastructures compared internationally the growth of the service sector is to be strengthened. The need for an efficient infrastructure in India requires efficient and transparent dispute resolution systems may be evolved to ensure that infrastructure companies continue to perform effectively in the long-run.

• Village population is more than urban population in India as the saying goes “India lives in its Villages”. Therefore, rural infrastructure is not only important but also vital for rural economic
progress eradication of rural poverty and to improve their standard of living. The Government should come forward to improve rural infrastructure equally with urban.

- The Debt Equity Ratio is an important tool of financial analysis to appraise the financial structure. The D/E Ratio satisfactory level selected companies studied of which JP Associates showed highest coefficient of variation indicating the inconsistent performance in the Debt Equity Ratio. It implies low safety margin for the creditors and it is suggested that the company should strain every nerve to overcome the above problem so as to make the enterprise a success.

- Inventory Turnover Ratio indicates the number of times inventory is replaced during the year. The study revealed that out of the eight companies selected, the JP Associates showed highest coefficient of variation indicating the inconsistent performance in the Inventory Turnover Ratio. It implies that the anticipated or targeted turnover has not been achieved. The company should take all round measures to improve the sales and service.

- The Interest Coverage Ratio is very important from the lender’s point of view. It indicates whether the business would earn efficient profits to pay periodically the interest charges. The interest coverage ratio
satisfactory level among the companies studied except the Larsen & Toubro showed highest coefficient of variation indicating the inconsistent performance in the Interest Coverage Ratio. However, too high a ratio may imply unused debt capacity. The company may settle interest with debt coverage service, and company make a special provision to meet over the principal and interest.

- **Working Capital Turnover Ratio** indicates whether or not working capital has been effectively utilized in making sales. Working Capital Turnover Ratio satisfactory level among the companies studied except the JP Associates showed highest standard deviation indicating the inconsistent performance in the Working Capital Turnover Ratio. It reveals that indicative of underutilization of available resources and presence of idle capacity. The company should adopt a suitable strategy to increase the sales through effectively utilisation of resources.

- **Investment** means productive use of funds in various properties acquires such as savings, security owned, long-term debt etc. Investment was satisfactory level among the companies studied except the Simplex Infra showed highest coefficient of variation indicating the inconsistent performance in the Investments. It reveals that the
company not properly made investment pattern and style of management. The company should resort to optimum utilization of investment potential.

- Debtors mean a person who owes a debt and has a legal duty to pay it. Satisfactory level of selected companies were studied of which Lanco Infratech showed highest coefficient of variation indicating the inconsistent performance in the Sundry Debtors. It reveals that the total value of current assets reduced and its effect unable to meet short-term liabilities. The company will introduce attractive schemes and services.

- Operating profit means excess gross profit over the operating expenses and improves profitability of the companies. Operating profit satisfactory level among the companies studied except the Lanco Infratech showed highest coefficient of variation indicating the inconsistent performance in the Operating Profit. It denotes that a lower profitability may arise due to the lack of control over the expenses. The company will use cost reduction techniques.

- EPS measures the profit available to the equity shareholders on per share basis, that is, the amount that they can get on every share held. EPS satisfactory level among the companies studied except the JP
Associates showed highest coefficient of variation indicating the inconsistent performance in the Earnings per Share. EPS is that it does not how much is paid to the owners as dividend. The company may select suitable investment strategy and execute systematically in time.

The above suggestions can be summarised and listed below. Although this is not exhaustive, it would certainly pave the way for faster development of infrastructure. Have a proper vision for growth, Plan for the long-term, Have commitment and show political concepts, Give innovative ideas a chance, Remove unnecessary controls and roadblocks, Boost investors’ confidence, Make human capital productive, Leave all doors open so that corruption is kept away, Spread the value of education and make it compulsory, Review and adjust the demand / supply position of infrastructure from time to time.

The country’s economy has spread its wings. However, for it to truly take off, the country has to improve infrastructure. One can speed up the process, by revising, revisiting and upgrading the development plans with a long-term view. Yes, one has to firmly believe that reforms are the prerequisite for growth and reforming infrastructure sustains growth. Who doesn’t want to see a double-digit growth rate of the GDP in the near future?
CONCLUSION

India needs a lot more infrastructure to meet its day-by-day growing needs. The Government should focus on this and has to create a set of programmes and reforms aimed at addressing this issue. Current infrastructure is still inadequate and many targets are yet to be achieved. The Government should not view private participation in infrastructure as a revenue earning opportunity, but instead should go for models that would result in efficient services for the end-users of infrastructure fields.

Infrastructure companies have been facing financial challenges in our country. The infrastructure investment in the country is changing and financial intermediaries are striving hard to arrive at a better match between the projects and investors, through innovative financing arrangements.

However, the infrastructure sectors have registered an impressive growth. It can, therefore, be expected that India will have a strong infrastructural base by 2020. This would contribute to the process of self-sustaining economic growth.
SCOPE FOR FURTHER STUDY

The researcher has suggested the following phases for further study in the infrastructure field.

1. A separate study may be conducted on “Viable Capital Structure” of the Infrastructure companies.

2. A study may be conducted in relation to rural and urban infrastructure in India.

3. A study may be conducted on Strength and Weakness of Public Private Partnerships in Infrastructure in India with special reference to 11th five year plan fund allocation for various infrastructure schemes.

4. A study may be conducted on Market-Oriented Infrastructure Reforms in India.

5. A study may be conducted on ‘Regulating Infrastructure: The Impact on Risk and Investment’ in India.