The infrastructure has become an important factor for the economic development of the country, as it provides the basic structural foundation for it. The economic development of any country, as it provides the basic structural foundation for it. The economic development of any country irrespective of its size mainly depends upon the power development, which in fact, is a key indicator for the over all economic development of the country. Electricity is a critical infrastructure for economical development, which in turn helps to improve the quality of life of people. It is the prime mover of growth and is vital to sustain a modern economy. It is a prime indicator of the prosperity and progress of a country, industrially, economically and socially. The growth of economy in a developing country like India mainly depends on the performance of its power sector and its development. The various five-year plans of our country have reiterated the government policy to develop the power sector so as to meet the expectations and demands of the public regarding power. A lot of financial outlays have also been earmarked from time to time in addition to technological up gradations to promote the power sector. The ministry of power, government of India, has taken up several policy measures to promote and strengthen the power sector though out the nation. It is a big challenge to the ministry to meet the target fixed by the government, providing for all by 2012.

As things stand unfortunately the power situations in India and in the various states is not encouraging. Power generation has not kept pace with power demand. Almost all the state electricity boards are involved in financial crisis and they are not able to contain their losses despite their efforts to improve their financial performance. Part of the blame lies with the various state governments, which have been following knowingly populist policies. All the SEB's including the then APSEB was suffered from mounting losses. During the last few years,
the power sector is not only incurred heavy losses but also failed to generate enough power to meet the demand for it. In view of the plight of the power sector as a whole in the country the government of India has decided to restructure the power sector as apart of the national economic reforms adopted by the government. Andhra Pradesh was one of the first few states, which have initiated reform in the power sector. As per the central government’s reforms policy, the state of Andhra Pradesh appointed a high-power committee to look into the matter in 1995 and based on its recommendations, the APSEB was restructured in February 1999 with specific modalities and frame work to improve the performance of power sector in the state, and the Board was bifurcated in to two autonomous Corporations, viz., Andhra Pradesh Generation Corporation (APGENCO) and Transmission Corporation of Andhra Pradesh (APTRANSCO).

Keeping in view the importance of power sector in the state the present study “Inventory Management in Thermal Stations in Andhra Pradesh was undertaken in 1999 in order to probe in to various issues of Thermal Stations. An attempt also made here to focus attention on the important aspects of inventory management and the problems encountered by them in the restructured system. All the major problem faced by the Thermal Stations is assessed in the light of changes that are taken place in the power sector of Andhra Pradesh. Therefore the problem highlighted in the study and viable suggestions offered at the end seem to hold good even in the years to come. It is hoped that the present study could contribute much for improving the performance of Thermal Stations for augmenting the power generation to meet the ever-increasing needs of the public in the state of Andhra Pradesh.

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