Preface

After independence, India has structurally planned the industrial development by adopting the best of both economic development models. India has adopted the mixed economic model where the market, state planning co-exist. For structural and balance growth in industrial sector, government has formed various policies such as Industrial Policy, 1956, FERA and MRTP to control the concentration of funds, reduce regional disparities and alleviate poverty.

The government has made reservation of products for manufacturing by SSI and tiny sectors to generate employment. Under the Industrial Act, 1951, license and quota system introduced to empower the government to issue license for setting up of industrial unit or to increase the installed capacity. The Industrial policies pursued till 1990 enabled India to develop a vast and diversified industrial structure. India has attained self – sufficiency in wide range of technology & infrastructure developments. But the industrial growth was not rapid enough to generate sufficient employment, to reduce regional disparities and alleviate poverty. It was felt that government’s controls and regulation had put shakles on the growth of different segments of Indian industry. This leads to controlled economy. Hence it has increased fiscal deficit as percentage of GDP, slowdown \ negative growth of in certain industry, export & trade.

The Government has started the process of dismantling trade barriers in 1991; the Finance Ministers have been announcing reduction of import duties. This enables free flow of goods, capitals and technology and thus globalisation becomes a motivating force for nations to develop themselves at a faster pace that creates more environment in the world scenario for each economy.

1991 onwards, the Government of India has taken several measures \ reforms for globalisation of Indian Economy. The major reforms are classified in to four categories such as economic reform, trade reform, financial reform and forex reform. This has given the permission to Multinational companies to make direct
investment up to 51% in all industry and up to 100% in specified & export oriented units. Government has also given permission for FDI in infrastructure, power, aviation, telecommunication, media, electronic and transport industry.

Major Foreign Direct Investment has taken place in power, telecommunication, transport and electronic industry. With this inflow of fund from overseas, India’s balance of payment and forex reserves position has improved. It has generated the employment and reduced the inflation rate in recent past.

Government has liberalised the electronic industry and given permission to private satellite channel & making television sets in India by MNC and domestic companies. This has increased the number of television channels more than 100 in 2001 from just one in 1980. Many private and foreign satellite channels have started broadcasting the television program in Indian sky. After the abolished the license to start the television making units, many domestic and multinational companies has started making and marketing of television sets in India. This has increased the demand for technology based television sets. This has also increased the competition in television industry as many foreign brands have entered in this industry. The domestic companies which have not invested in R & D and improved the product with multifunctional facility, are remained with out dated television set & can’t compete with international brands.

The attempt has been made to study the impact on television industry and its players after the permission for multinational companies to market their products in Indian markets. The study covers the growth and factors influence the demand of television sets. The study also covers the comparison of business strategy of Indian and multinational companies in television industry. The financial analysis has also carried out to study the profitability, operational efficiency, assets utilisation and return on capital employed.
The objective of the study were to make effort to analyse the profitability of selected Indian television making companies, to analyse the balance sheet & utilisation of assets and suggest the measure to improve the profitability. To study return on net worth, the trend of sales and profits in selected companies under the study period.

The methodology of the study based on the techniques of ratio analysis, trend analysis and common size statement have been adopted. The companies which are selected for the study purpose: BPL Ltd., Videocon International Ltd., Mirc Electronics Ltd., Kalyani Sharp Electronics Ltd. and Salora International Ltd. The financial statement, annual report and company published data has been used to analysis the financial position for the company for the period 1997 to 2001.

The hypothesis of the study was to develop the conceptual basis of profitability of television industry. The profitability of the companies under study has also effected due external factors like competition from multinational companies, government policies, duty structures and events.

An attempt has been made here to study the financial performance and business strategy of Indian television making companies. The study has been divided in to 8 chapters.

The First Chapter deals with the introduction on Indian economy and government policy for industrial developments. It also deals with scope, methodology, object, limitation and hypotheses of study. It covers the concept of profitability, techniques of measuring profitability and objective of financial analysis.

The meaning and definition of globalisation & liberalisation has been the subject of the Second Chapter. It gives information on revolution process, global trade pattern, basis of global trade and factor giving impetus to global trade. This
chapter also provides information on economic policy pre and post 1990, highlight of economic policy for last 10 years in various sectors. It also covers the review of economic indicators such as GDP, BOP and inflation.

The Third Chapter is an attempt to provide information on Foreign Direct Investment (FDI), factor lead for FDI to MNC and advantage of joint venture. This chapter contains detail information on Government strategy and policy for FDI, technology transfer and FDI in capital market and investment in electronic industry. It also provides data on FDI inflow in India – sector wise, state wise and year wise.

Historical background of industry growth in India, Industrial policy, 1956 and Industrial policy, 1991 and Industrial policy for SSI covered in Forth Chapter. This chapter also covers Industrial policy & Incentive in Maharashtra and Gujarat. It also covers the data on IIP index and IEM filed and term of trade.

Pros and cons to Indian industry due to globalisation of economic policy are covered in Fifth Chapter.

The Sixth Chapter reflects the study of electronic industry – television. The details of chapter gives on history and introduction on television industry, government policy, duty structure, market statistics – penetration level, sales of TV – year wise, zone & segment wise analysis and market share analysis. It also provides information on business strategy of Indian and MNC in television industry.

The Seventh Chapter aims at analysis of financial statement, profitability, common size statement and sales trend analysis. It also covers the ratio analysis – profitability, expenses ratio, return on capital employed, turnover ratios, EPS and dividend pay out ratio. This has an objective to evaluate the efficiency and effectiveness of each of the selected television industries units. The finding and suggestion have been given in Chapter Eight.