

A STUDY OF FINANCING OF INDIAN POWER GENERATION AND SUPPLY FIRMS

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ABSTRACT

This paper analyses the financing pattern of Indian power generation and supply firms (PGSFs) to explore financial constraints faced by them. The findings reveal that Indian power generation and supply firms procured funds from internal finance at average rate of 50 to 55 percent of the total finance during the period 1993-2004. Further, the mean value of funds mopped up by equity capital is 17.95 percent, share of bank and financial institutions finance observed on average 7.63 percent and 3.9 percent respectively into the external finance for the period under study. However, after year 2000, share of bank finance reached to 14 percent and share of financial institutes declined to -4 to -5 percent. These findings call for immediate attention of policy makers to divert funds from equity market, banks and financial institutions for promoting private sectors participation in the Indian power sector so that ambitious goals power to all by 2024 and free play of power market in India can be achieved.

KEYWORDS: *India, Power Generation And Supply Firms, Financing, Financial Constraints, Capital Structure, Banks And Financial Institutions.*

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