

---

## A Comparative Analysis Of Performance Of Power Supply Companies In The Duopoly Market Of Mumbai Region

---

CMA Dr. KINNARRY THAKKAR<sup>1</sup>, PANKAJ DAYANAND PANDAGALE<sup>2</sup>

<sup>1</sup>Head of Department, Department of Commerce, University of Mumbai, Mumbai

<sup>2</sup>Assistant Professor, Department of Accountancy GES's Dr.T.K.Tope Arts & Commerce College, Affiliated to University of Mumbai, Parel, Mumbai

Email: pankajpandagale@gmail.com<sup>1</sup>, pankaj\_pandagale@rediffmail.com<sup>2</sup>

---

**Abstract:** Power distribution system acts as a bridge between the customers and the utility. With changing times, the consumer's expectation is not power supply to them but a reliable and quality power supply with timely redressal of complaints. With the advent of IT and mobile technologies changing our lives, consumers expect the utilities with accurate metering and billing free from any errors with facilities like online payment of bills and from mobile applications. Deregulated market operations are adopted by the major electric power utilities throughout the world because of the restricting process occurring rapidly. The only purpose to have stiff competition in the market of power sector is to increase the efficiency and productivity of the firms and at the same time to reduce the overall cost of the electricity and the simultaneous burden on the consumers. There is a constant need for generation, transmission and distribution of the electricity because this energy cannot be stored in large quantity or for a long period of time. Choosing between the parameters, continuous supply of electricity is given due preference over cost of the electrical energy. The deregulated structure has been adopted by the power firms in the nation just to meet the growing need of the power in the nation. There is a need for the formulation of the pool operating and system operating agencies to accommodate the integrated approach of the deregulation in the power sector of India.

Alpha city i.e., Mumbai is the financial and commercial capital of India. Mumbai has three electricity distribution companies (discoms)--the state-run BEST Undertaking, and the private sector companies Adani Electricity and Tata Power Company. Tata Power is also a power generator supplying a bulk of the electricity that the city consumes. Tata Power offers multiple benefits to its consumers with the most competitive and economical tariff, along with delivering excellent customer service at par with international benchmarks.

Mumbai is at a crossroads of threats to its cost and its service leadership, and it is time for utilities, consumer bodies, and regulators to come together and find solutions that will set an example in customer-centricity for the rest of the country to replicate. A good model will be one that enables improvement of efficiencies, reforms in tariffs, reduction of losses, and an improvement in reliability. And utilities will have to take the lead as they have a responsibility towards the citizens of Mumbai. It is time for all stakeholders to come together and plan with a long-term focus towards Mumbai's development and provide a platform to the rest of the country an example of excellence in customer centricity.

**Keywords:**Mumbai,power supply

---

### OBJECTIVES OF STUDY:

The present study "A comparative study of electricity power supply private players in Mumbai", has been designed to achieve the following objectives:-

- (1) To study costing parameters of TATA Power Company Ltd and Reliance/Adani Power.
- (2) To examine the impact of power sector reform on the financial performance of the utilities in Mumbai.

### SCOPE OF THE STUDY:

The scope of the study includes power supply companies in Mumbai city only. The present study is confined to the two leading private companies who are supplying electricity to Mumbai and Mumbai suburban. Tata power companies and Reliance/Adani power are included. The study covers a period of eleven years from 2005-06 to 2015-16.

**METHODOLOGY:**

**SECONDARY DATA:**

Data Collection:-

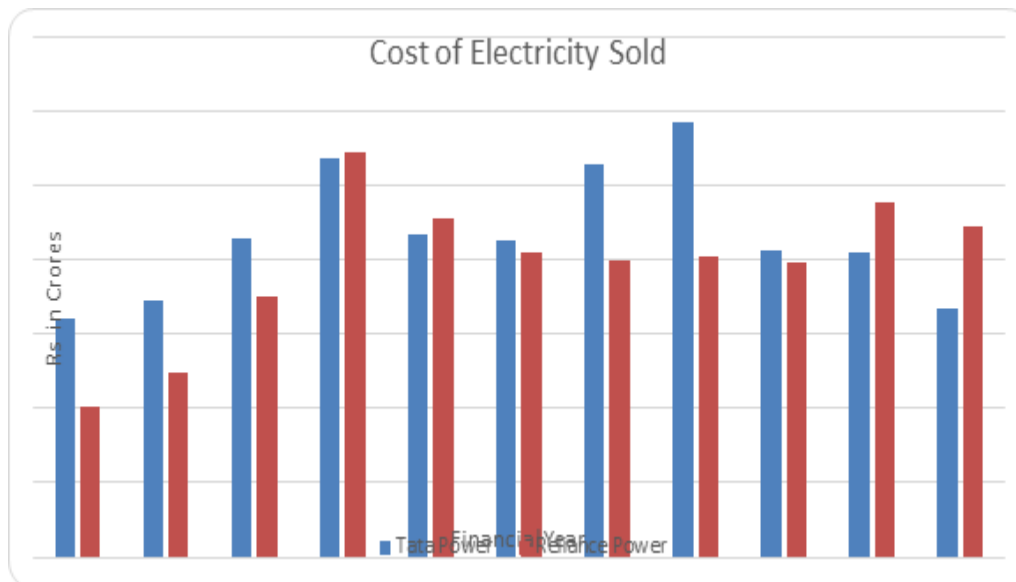
The study is based on secondary data. The main sources are annual reports. Besides for framing conceptual framework, various books and published material in standard books and newspapers, Journals and websites have been made use of.

**Analysis and Interpretation**

**Analysis of Costing Parameters of Tata Power Company Ltd and Reliance/Adani Power**

**1.1 Electricity Distribution:**

Cost of Electricity Sold		
Year	Tata Power	Reliance Power
2005-06	3207.18	2022.56
2006-07	3448.22	2472.43
2007-08	4299.95	3517.03
2008-09	5360.08	5439.31
2009-10	4353.68	4571.07
2010-11	4269.85	4103.31
2011-12	5284.42	4007.84
2012-13	5867.79	4046.86
2013-14	4140.88	3974.09
2014-15	4095.00	4772.63
2015-16	3335.48	4448.61



**Graph for Cost of Electricity Sold By Tata Power & Reliance Power (2005-06 to 2015-16)**

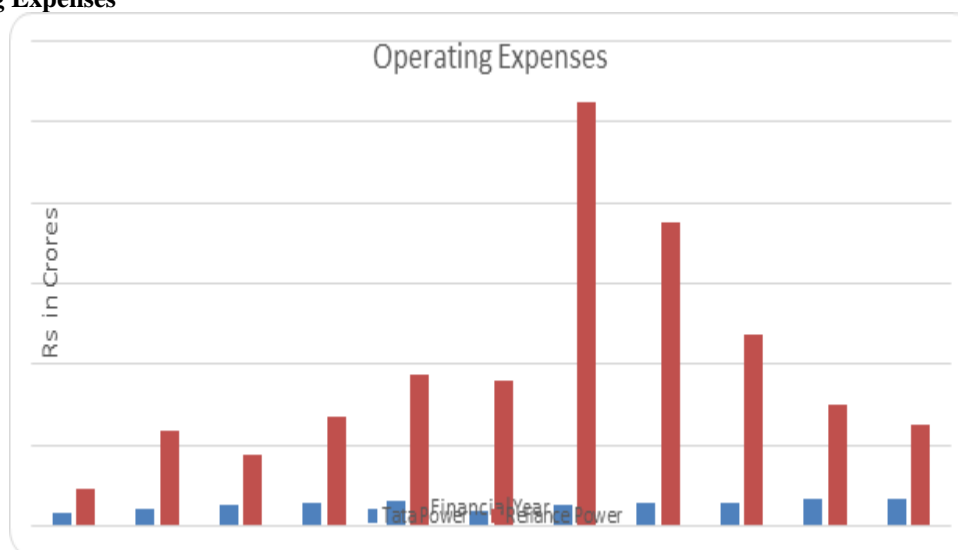
It has been seen that the cost of electricity sold was more in Tata Power company Ltd as compared to Reliance Power in financial year 2005-06 but gradually Reliance started expanding and till 2015-16 the cost of electricity is sold of Reliance Power was higher than the Tata Power. From 2008-08 to 2010-11 both were almost equal, further there were rises in Tata Power for financial year 2011-12 to 2012-13 and then again decline.

**1.2 Operating Expenses**

Operating Expenses		
Year	Tata Power	Reliance Power

2005-06	332.18	932.29
2006-07	392.59	2339.22
2007-08	491.90	1756.02
2008-09	538.29	2678.79
2009-10	610.90	3716.42
2010-11	341.12	3599.44
2011-12	512.65	10478.17
2012-13	547.6	7535.39
2013-14	544.95	4709.06
2014-15	686.52	3012.21
2015-16	648.47	2482.44

### Operating Expenses



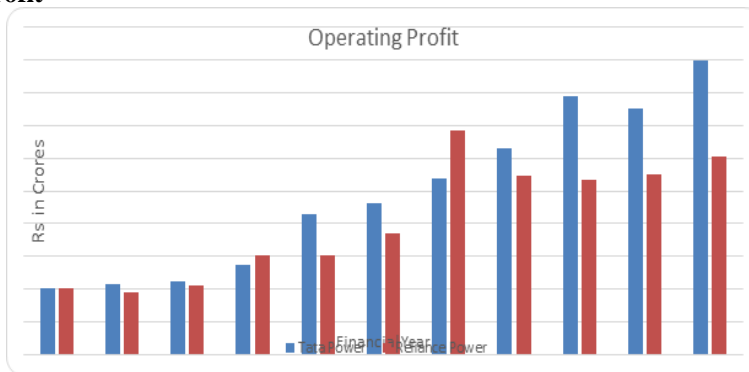
### Graph for Operating Expenses By Tata Power & Reliance Power (2005-06 to 2015-16)

The operating expenses of Reliance Power were always higher than Tata Power but throughout the period Tata Power expenses didn't increase much. From 2005-06 to 2015-16 then operating expenses of Tata Power reached to Rs.648.47 crore from Rs.332.18 crore and that for Reliance Power reached to Rs.2482.44 crore from Rs.932.29 crore. For the financial year 2011-12 expenses for both Tata Power and Reliance Power were high with Rs.512.65 crore and Rs.10478.17 crore respectively.

### 1.3 Operating Profit

Operating Profit		
Year	Tata Power	Reliance Power
2005-06	1013.87	1009.12
2006-07	1077.72	940.82
2007-08	1117.75	1058.45
2008-09	1358.68	1522.06
2009-10	2139.64	1519.94
2010-11	2307.51	1857.28
2011-12	2698.77	3420.66
2012-13	3151.89	2739.78
2013-14	3941.21	2673.78
2014-15	3746.77	2750.72
2015-16	4481.78	3029.76

**Table Operating Profit**



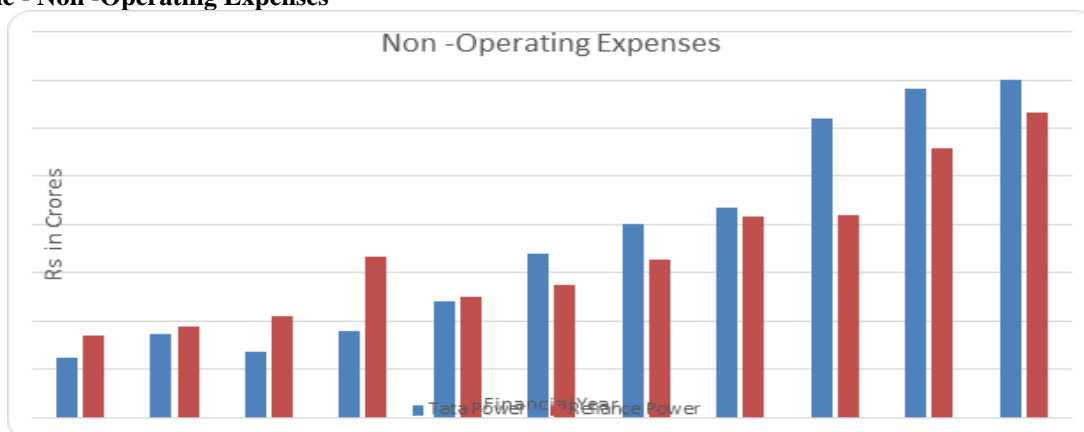
**Graph for Operating Profit By Tata Power & Reliance Power (2005-06 to 2015-16)**

The operating profit of Tata Power was more from the starting point till the end point of the period that we have taken into consideration. At the starting stage of the period 2005-06 there was no big gap between Tata Power's and Reliance Power's operating profit. It was Rs.1013.87 crore and 1009.12 crore in 2005-06 of Tata Power and Reliance Power respectively. Further in 2015-16 it reached to Rs 4481.78 crore and Rs.3029.76 crore of Tata Power and Reliance Power respectively in the year 2015-16. So, the performance of both was improved thereby but that of Tata power was improved by a greater extent.

**1.4 Non-Operating Expenses**

Non -Operating Expenses		
Year	Tata Power	Reliance Power
2005-06	614.01	854.46
2006-07	864.83	934.10
2007-08	679.33	1052.59
2008-09	898.1	1663.04
2009-10	1205.42	1256.46
2010-11	1689.27	1372.14
2011-12	1999.36	1631.48
2012-13	2170.18	2087.71
2013-14	3105.81	2101.36
2014-15	3405.2	2795.31
2015-16	3502.56	3160.95

**Table - Non -Operating Expenses**



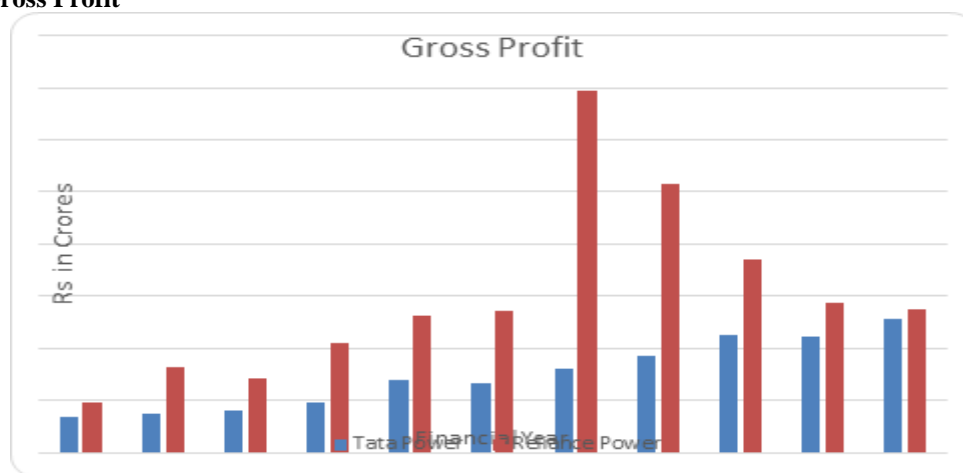
**Graph for Non-Operating Expenses By Tata Power & Reliance Power (2005-06 to 2015-16)**

The non-operating expense of both Tata Power and Reliance Power has been increasing year by year. But at the starting point of the Year 2005-06 non-operating expenses of Reliance Power was higher than the Tata Power. It was higher till 2009-10. Thereafter the non-operating expense of Tata Power starts increasing more than the Reliance Power.

1.5 Gross Profit & Net Profit (both)

Gross Profit		
Year	Tata Power	Reliance Power
2005-06	1346.05	1941.41
2006-07	1470.31	3280.04
2007-08	1609.65	2814.47
2008-09	1896.97	4200.85
2009-10	2750.54	5236.36
2010-11	2648.63	5456.72
2011-12	3211.42	13898.83
2012-13	3699.49	10275.17
2013-14	4486.16	7382.84
2014-15	4433.29	5762.93
2015-16	5130.25	5512.2

Table - Gross Profit

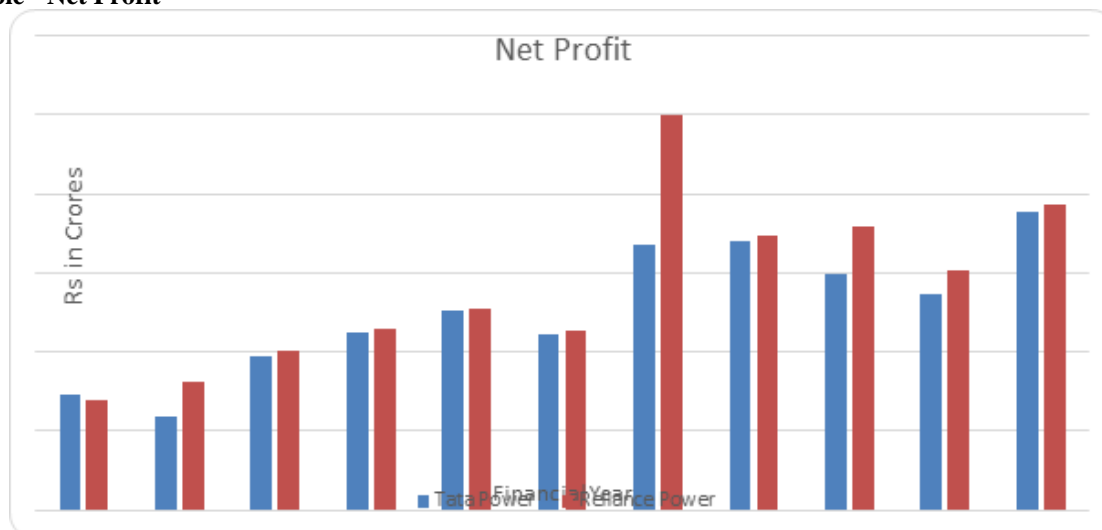


Graph for Gross Profit of Tata Power & Reliance Power (2005-06 to 2015-16)

Both the companies were earning the profit throughout the year. But the profit on Reliance Power was higher than the Tata Power. Specially in the year 2011-12 and 2012-13 Reliance Power had Gross profit more than Rs.13800 and Rs. 10200 crore respectively. After that Reliance powers on the decline in the gross profit but it was still higher than the Tata Power. On the other side was the steady increase in Tata Power's gross profit.

Net Profit		
Year	Tata Power	Reliance Power
2005-06	723.1	695.68
2006-07	588.66	804.99
2007-08	970.12	1003.21
2008-09	1116.68	1140.21
2009-10	1259.26	1272.39
2010-11	1111.82	1135.06
2011-12	1682.87	2497.86
2012-13	1703.38	1734.89
2013-14	1491.16	1796.94
2014-15	1366.25	1518.06
2015-16	1884.49	1927.08

**Table - Net Profit**



**Graph for Net Profit By Tata Power & Reliance Power (2005-06 to 2015-16)**

Even though the gross profit of Reliance Power was higher than the Tata Power. But in some years the net profit of Tata Power was more than Reliance Power. The reason behind this is a higher amount of non-operating expenses, especially in Reliance Power. That’s why even after having high gross profit by the Reliance power its Net profit remained below.

**FINDINGS:**

The operating expenses of Reliance Power were always higher than Tata Power but throughout the period Tata Power expenses didn't increase much. It has been seen that the cost of electricity sold was more in Tata Power company Ltd to Reliance Power in financial year 2005-06 but gradually Reliance started expanding and till 2015-16 the cost of electricity is sold of Reliance/ Adani Power was higher than the Tata Power. Tata Power Company is oldest power generation and distribution Company. It has wide scope for generation and distribution as compared to other players.

**REFERENCES:**

1. Bhatnagar Neha, (2012), “ Power Play”, Indian Infrastructure, 14-15
2. Jalan Lalit, (2013), “ Reviving Discoms”, Powerline, Vol. 56
3. Mittal Anchal (2013), “Transmission Thrust”, Powerline, pp 38-40
4. Mohanpatra Sambitosh (2012), “Learnings from Private Participation in T & D Sector”, Power 5.Watch India, December 2012, pp 30-33.
5. Puri Shubhra (2012), “Consumer’s Choice”, Indian Infrastructure, pp 14-15
6. Rao, S.L. (2013), “Data Deficit”, Powerline, Vol. 54 Weblinks:
7. <http://www.tneb.in/>
8. <http://powermin.nic.in/>
9. <http://indianpowersector.com/>
10. <http://indexmundi.com>
11. <http://livestat.org>