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An Empirical Analysis On Financial Performance Of Select State Level Service Sector Public Enterprises In Uttar Pradesh

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Abstract

This study critically analyses the financial health of energy sector UPPCL and non-energy sector UPSRTC, two important service sector public enterprises of Uttar Pradesh. The main objective of this study is to analyse and compare the financial performance of UPPCL and UPSRTC. This study adopts descriptive and analytical research design to conduct the study. Financial data related to UPPCL is collected through form its financial statements available on its website while the financial reports of UPSRTC were obtained from Luckow regional office of UPSRTC. This study employed the financial ratios of profitability, efficiency, long-term solvency and short-term liquidity. The findings indicate that the two service sector firms differ significantly in their financial performance. The results bring to forth that in the considered period UPPCL is profitable, efficient, solvent and long-term and not has enough liquidity for short term obligations. Whereas, UPSRTC is in losses, more efficient, insolvent and long-term and having enough liquidity for short term obligations. The major limitations of the study is availability and of data and its scope in terms of analysis of two PSEs in UP. The future researchers may expand the scope of the research both in terms of data and number of PSEs from various sectors and state.

Keywords: State Level Public Sector Enterprises/Undertakings, Financial Analysis, Performance analysis, Ratio Analysis.

1. Introduction

Post-decolonisation India was as devastated as any of the country facing the bruises of second world. Although India didn't nor participate in the war, it was quite depreciated, destitute deprived due to the ills of colonisation. To align itself on development path, India at that time desperately needed infrastructure, which was in very dilapidated state. India was shattered economically and socially aftermath of divisive independence. Keeping in trend with the other contemporary economies, India chose nationalization path both for infrastructure development, gearing up the economy and achieve the well though social objectives. Nationalisation approach led to formations and growing if the public sector enterprises at both national and state level. Government of India find solace in the idea that the social obligations are the primary goals of the PSEs whereas the economic roles of were considered secondary, this even to the extent that are state ownerships provided for the economic failures of the PSEs. Although re role of social goods/services in accelerating the process of economic growth is well acknowledged (Bhatia, 2009), the economic viability of the PSEs is also important. Privatisation is one of the solutions for enhancing the economic feasibility, however, private enterprises either cannot invest in such projects because huge investments are required or they do not because of commercial non-feasibility or just that the break-even period is very long.

Owing to this, economic feasibility of PSEs has become an important issue in the literature of PSEs, their performance, economic feasibility, importance, and future role and way forward. Privatisation and efficient management of PSEs is an important issue for their economic viability, however both have their pros and cons. Through privatisation government losses control and also the PSE may subdue its social objectives, but its economic failure requires large sums of bailout public financial resources that is heavy on government wallet. Nagraj, (2006) stated that the financially eroded PSEs created huge pressure on the state finances in terms of budgetary support for capital infusion. Yadav and Neog (2022) argue that India states have the potential to enhance the efficiency of PSEs without compromising their public spending and as per their research states could have reduced the spending substantially.

Mulay and Kant (2009) argue that "being the owner of large economic enterprises in the country, PSEs provide a huge leverage to the government to intervene in the economy directly or indirectly to achieve the desired socio-economic objectives". However, it also led the way for adverse political intervention and the operations of PSEs become a political matter rather than bases on market principles of efficient economy. Kanchan and Herlekar (2013) argues that the market shares of PSEs eroded and led to bankruptcy mainly due to inefficient production, outdated and poor-quality technology and this due to lack of professional leadership, autonomy, technological bankruptcy and inadequately trained manpower coupled with politicized trade unionism".

Maurya, Singh and Singh (2015) critically analyse the financial health of the 40 SLPEs of Uttar Pradesh employing financial and operating ratios for the latest available data. Th analysis of the financial performance of energy sector PSEs and non-energy sector PSEs reveals that while the later earned a net income during all the four years, the energy sector SLPEs incurred huge losses. Jain and Saini (2017) analysis the performance of selected State Level Power Distribution Public Enterprises in Uttar Pradesh. The study included MVVNL, DVVNL and PuVVNL and found that the performance of power distribution companies in Uttar Pradesh is not satisfactory and there is much difference between planned and required capacity

Owing to this background it becomes imperative to critically analyse the financial positions of PSEs so that the stakeholders shall keep a regular watch on financial health of PSEs and its implications. However, there is a considerable dearth of researches on PSEs in UP. The present study makes a critical analysis of the financial health of the two important PSEs of Uttar Pradesh (UP). This study selects UP since it has the largest number of state level PSEs among other states in India. As per latest CAG report there were 119 state undertaking including (CAG, 2021). PSEs play important role in state development, PSEs turnover to state GDP ratio remained at 4.01% (GOI, 2019). This study selects two important service sector state level PSEs of UPPCL and URSRTC. UPPCL is selected because it is the largest service sector enterprise operational in energy sector of UP. This PSE is the flagship enterprise in energy sector in services and its analysis will provide a portal and an overview of the financial status and performance of PSEs in energy sector in UP. Similarly, UPSRTC is the life line for the road transport in the state in UP. In recent years UPSRTC is one of the few PSEs that has managed to keep itself in overall profit. An analysis of UPSRTC will give an overview of the performance of a PSE operation in non-energy sector services.

This study is organised into following sections of research objectives and hypotheses, data and research methodology, data analysis findings and discussions, and the final section of conclusion followed by references.

2. Research Objectives and Hypotheses

This study tries to bring out the current financial status and analyse the financial performance of the two selected PSEs. The research hypotheses for this study are formulated as per the requirement of the objectives and presented in the third section of analysis and findings since they are related to comparison and research measures employed. The specific objectives of this research are:

- To analyse the current financial positions of UPPCL and UPSRTC.
- To analyse the financial performance of UPPCL and UPSRTC.
- To compare the financial position and performance of UPPCL and UPSRTC.

3. Data Collection and Research Methodology

This study has adopted descriptive and analytical research design to describe and analyse the current financial status and financial performance of selected two PSEs. The financial data has been collected from balance sheet and/or annual reports of the companies. The UPPCL data was obtained from its annual reports downloaded from its website and UPSRTC data was obtained through procuring its annual reports physically from its regional office in Lucknow. As per availability, common format reporting and logistic limitations the data was collected for limited number of years. For UPPCL the data could be collected for eight years, for financial years 2015-16 to 2022-23 while the data for UPSRTC could be collected for seven years, for financial years 2016-17 to 2021-22.

To determine the current financial status the total revenues and net profit/loss are employed and to analyse the financial performance ratio analysis have been performed as this has been most employed tool in literature and also recommended by Jain et. al (2014). Four main types ratios that have been employed. Profitability ratios applied to determine the profitability/loss index are gross profit/loss to total revenues, gross profit/loss to capital employed, net profit/loss to net worth. The efficiency is analysed through asset turnover and sales to capital employed ratios. To study the long-term solvency and capital structure leverage ratios of debt to equity and debt to assets ratios are applied. The financial ratios employed are determined as below:

Profitability Ratios: Return on Assets (ROA) = Net Profit or Loss / Total Assets; Return on Equity/Net Worth (ROE/RONW) = Net Profit or Loss / Total Assets.

Efficiency Ratios: Asset Turnover Ratio (ATO) = Total Revenues / Total Assets; Sales to Capital Ratio (SCR) = Total Revenues / Capital Employed.

Solvency Ratios: Debt to Assets Ratio (DAR) = Debt / Assets; Debt to Equity Ratio (DER) = Debt / Equity.

Liquidity Ratio: Current Ratio (CR) = Current Assets / Current Liabilities.

This research also performed inferential analysis to compare the performance ratios of two PSEs. Since the data obtained is in form of ratio and the normality test indicated that the data is not normal, non-parametric test is applied. As the financial performance of two PSEs is to compared Mann-Whitney Test (equivalent to independent t-test) is applied.

4. Data Analysis Results and Discussion

The revenues of UPPCL increased from Rs. 372.7 hundred crores in 2015-16 to Rs. 524.9 hundred crores in 2022-23 while at a CAGR of 9.2% and the revenues of UPSRTC increased from Rs. 33.9 hundred crores in 2015-16 to Rs. 44.9 hundred crores in 2021-22 at a CAGR of 5.1%. the revenues of both PSEs grew over the period however the growth of UPPCL revenues were found to be quite higher than UPSRTC. The average operational revenues for UPPCL and UPSRTC for the considered period remained at an average of 99.8% and 98.1% respectively. Hence operational revenue was found to be the main driver of the revenues for both the PSEs. The net profit/loss of the PSEs shows an interesting pattern, UPPCL didn't earn any profit in the considered period except in the year 2020-21 when it earned profit, while UPSRTC earned profit in all the considered years except in the year 2020-21 when it incurred losses. The losses of UPPCL fell at a slow CAGR of 0.93% while the profits of UPSRTC grew at a moderate CAGR of 4.9%.

4.1 Profitability Analysis – UPPCL didn't not earn any profit in the considered period except one year profitability could not be worked out, however to determine loss index, loss on revenues, capital employed and net worth is calculated. In the considered period, the loss to TR revenues lied between 5.8% to 41.8%, loss to CE between 6.4% to 75.7% and loss to NW between 22.3% to 342.4% (excluding profit year), while the average values of these loss ratios were 13.2%, 17.6% and 111.1% respectively (including profit year ratios). All the average ratios remained negative indicating that UPPCL registered losses in this period overall. All the three loss ratios to total decreased at the end of the period indicating that UPPCL has improved enhanced its profits and improved its profitability conditions over these years.

Table 1: UPPCL and UPSRTC Revenues and Profit/Loss

Fin. Year	UPPCL				UPSRTC			
	TR	OR	OR / TR %	Profit/ Loss	TR	OR	OR / TR %	Profit/ Loss
2015-16	372.7	372.0	99.8%	-155.6	33.9	33.3	98.4%	0.16
2016-17	427.2	426.7	99.9%	-85.7	39.7	39.0	98.4%	0.97
2017-18	473.7	472.8	99.8%	-82.8	44.6	43.8	98.1%	1.23
2018-19	538.9	537.9	99.8%	-82.5	46.0	45.2	98.3%	0.40
2019-20	541.7	540.1	99.7%	-31.5	47.3	45.9	97.0%	1.43
2020-21	606.1	604.5	99.7%	173.8	39.2	38.3	97.7%	-0.28
2021-22	550.2	548.8	99.7%	-70.0	45.6	44.9	98.6%	0.21
2022-23	688.4	686.5	99.7%	-145.7				
CAGR/ Avg.	9.2%		99.8%	-0.93%	5.1%		98.07%	4.9%

TR - Total Revenues, OR - Operational Revenues.

UPSRTC on the other hand has earned profit in all the considered except one year. The P/L to TR ratio remained low throughout the period and lied between 0.47% to a maximum of 3.02%; the ROCE lied between 1.34% to 9.61%, although the minimum value is on the lower side and the maximum value is moderate; the RONW lied between 1.65% to 9.2% again minimum value on the lower side and moderate maximum. The average P/L to TR, ROCE and RONW ratios for the considered period (including loss year ratios) are 1.33%, 4.26% and 4.51% respectively. The average profitability ratios of UPSRTC remained on the lower side although positive indicating profits on an average. It may be inferred that UPPCL has not been able to utilise its capital employed or net worth (overall government funds) while UPSRTC is able to utilise its assets to earn some profits although at a very low rate. The profitability of UPPCL and UPRTC couldn't be compared as the former incurred losses while the latter earned profits.

Table 1.2: UPPCL Loss Ratios

Fin. Year	UPPCL						
	P or L	TR	CE	NW	P or L / TR	P or L / CE	P or L / NW
2015-16	-155.6	372.7	205.6	45.5	-41.8%	-75.7%	-342.4%
2016-17	-85.7	427.2	407.2	57.0	-20.1%	-21.1%	-150.5%
2017-18	-82.8	473.7	537.0	42.3	-17.5%	-15.4%	-195.5%
2018-19	-82.5	538.9	547.5	63.2	-15.3%	-15.1%	-130.5%
2019-20	-31.5	541.7	493.6	69.9	-5.8%	-6.4%	-45.0%
2020-21	173.8	606.1	950.5	316.5	28.7%	18.3%	54.9%
2021-22	-70.0	550.2	971.3	313.7	-12.7%	-7.2%	-22.3%
2022-23	-145.7	688.4	816.0	252.2	-21.2%	-17.9%	-57.8%
	Average				-13.2%	-17.6%	-111.1%
P or L - Profit or Loss; TR - Total Revenues; CE - Capital Employed = Equity/Capital/NW + Non-Current Liabilities; NW - Net Worth (from financial statements). All figures in Hundred Crores.							

4.2 Efficiency Analysis – the efficiency of UPPCL and UPSRTC is analysed employing revenues to total assets ratio (ATO) and revenues to capital employed ratio (SCE). The ATO of UPPCL remained between 41.3% to 70.2% in the given period with an average of 57.8%. while the SCE remained between 56.6% to 181.3% in with an average of 98.4%. And the ATO of UPSRTC remained between 117.73% to 157.77% in the given period with an average of 140.9% while the SCE remained between 256.22% to 335.18% with an average of 305.14%. The average turnover rate of UPPCL is above 50% of the assets while the average ATO of UPSRTC is more than 1.4 times of assets, hence both the PSEs may be considered to efficiently utilise their assets to generate the revenues. Interestingly UPSRTC on an average is generating more revenues than its total assets.

Table 1.3: UPSRTC Profitability Ratios

Fin. Year	UPSRTC						
	P or L	TR	CE	NW	P or L / TR	ROCE	RONW
2015-16	0.16	33.9	10.9	9.7	0.47%	1.46%	1.65%
2016-17	0.97	39.7	13.1	11.6	2.45%	7.43%	8.39%
2017-18	1.23	44.6	13.8	13.3	2.75%	8.88%	9.20%
2018-19	0.40	46.0	13.7	13.3	0.87%	2.90%	2.99%
2019-20	1.43	47.3	14.9	14.5	3.02%	9.61%	9.84%
2020-21	-0.28	39.2	15.3	15.0	-0.71%	-1.82%	-1.85%
2021-22	0.21	45.6	15.8	15.5	0.47%	1.34%	1.36%
Average					1.33%	4.26%	4.51%

P or L - Profit or Loss; TR - Total Revenues; CE - Capital Employed = Equity/Capital/NW + Non-Current Liabilities; NW - Net Worth = Total Assets - Total Liabilities) All figures in Hundred Crores.

The average turnover rate (revenues) with respect to capital employed (SCE) of UPPCL is near to average capital employed while the average SCE of UPSRTC is more than 3 times of average capital employed, hence both the PSEs may be considered to efficiently utilise the state government capital to generate the revenues. Interestingly UPSRTC on an average is generating 3 times revenues than its total capital employed. Although UPPCL is efficient in generating revenues both wrt to assets and capital employed it is not able to generate profits may be due to high expenses and other unidentified reasons. And UPPCL is very efficient in generating revenues both wrt to assets and capital employed it is also able to generate profits although at a low rate again may be due to high expenses and other unidentified reasons.

Table 1.4: UPPCL and UPSRTC Efficiency

Fin. Year	UPPCL					Fin. Year	UPSRTC				
	TR	TA	CE	ATO = TR / TA	SCE = TR / CE		TR	TA	CE	ATO = TR / TA	SCE = TR / CE
2015-16	372.7	599.2	205.6	62.2%	181.3%	**2015-16**	33.9	24.6	10.9	137.52%	311.72%
2016-17	427.2	608.9	407.2	70.2%	104.9%	**2016-17**	39.7	27.7	13.1	143.28%	303.34%
2017-18	473.7	750.8	537.0	63.1%	88.2%	**2017-18**	44.6	28.3	13.8	157.77%	323.16%
2018-19	538.9	848.6	547.5	63.5%	98.4%	**2018-19**	46.0	30.2	13.7	152.11%	335.18%
2019-20	541.7	887.9	493.6	61.0%	109.7%	**2019-20**	47.3	31.5	14.9	149.99%	318.23%
2020-21	606.1	1298.8	950.5	46.7%	63.8%	**2020-21**	39.2	33.3	15.3	117.73%	256.22%
2021-22	550.2	1333.4	971.3	41.3%	56.6%	**2021-22**	45.6	37.1	15.8	122.92%	288.14%
2022-23	688.4	1255.1	816.0	54.8%	84.4%	**2022-23**					
Average				57.8%	98.4%	**Average**				140.19%	305.14%
TR - Total Revenues, TA - Total Assets; CE - Capital Employed. All figures in Hundred Crores.											

4.3 Solvency Analysis – the long-term financial strength of UPPCL and UPSRTC is analysed employing debts to total assets ratio (DE) and debt to equity ratio (SCE). The DA of UPPCL remained between 53.8% to 68.4% in the given period with an average of 5.8%, while the DA of UPSRTC remained between 0.72% to 4.87 % in the given period with an average of 2.29%. The DA of both PSEs were less than 1 (100%) implying the PSEs are financial solvent in long-term with respect to their assets. And since average DA ratio of UPSRTC is way lower than UPPCL, the former is more financially solvent than the latter with respect to their total assets. Hence the debt structure of UPSRTC is more stable than UPPCL as far as total assets are concerned. However, all the assets are not available for paying off debt, so DE ratio is also analysed.

Table 1.5: UPPCL and UPSRTC Solvency

Fin. Year	UPPCL					Fin. Year	UPSRTC				
	Debt	Assets	Equity	Debt to Assets	Debt to Equity		Debt	Assets	Equity	Debt to Assets	Debt to Equity
2015-16	356.5	599.2	45.5	59.5%	784.3%	2015-16	1.20	24.6	9.7	4.87%	12.41%
2016-17	362.5	608.9	57.0	59.5%	636.4%	2016-17	1.50	27.7	11.6	5.41%	12.94%
2017-18	513.8	750.8	42.3	68.4%	1213.3%	2017-18	0.47	28.3	13.3	1.65%	3.50%
2018-19	507.5	848.6	63.2	59.8%	803.1%	2018-19	0.42	30.2	13.3	1.38%	3.13%
2019-20	477.5	887.9	69.9	53.8%	682.6%	2019-20	0.35	31.5	14.5	1.11%	2.41%
2020-21	705.5	1298.8	121.2	54.3%	581.9%	2020-21	0.30	33.3	15.0	0.90%	2.00%
2021-22	716.8	1333.4	313.7	53.8%	228.5%	2021-22	0.27	37.1	15.5	0.72%	1.72%
2022-23	692.5	1255.1	252.2	55.2%	274.6%	2022-23					
Average				58.0%	650.6%	Average				2.29%	5.45%
TR - Total Revenues, TA - Total Assets; CE - Capital Employed. All figures in Hundred Crores.											

The DE of UPPCL remained between 228.5% to 1213.3 % (2.28 to 12.13) in the given period with an average of 650.6%, while the DE of UPPCL remained between 1.72% to 12.94% in the given period with an average of 5.45%. The DE of UPPCL remained more than 1 (100%) throughout the period and its average is 6.5 (650%), hence UPPCL is not financially solvent and couldn't pay its long-term debts through its available overall equity or capital. The DE of UPSRTC remained way less than 1 (100%) throughout the period and its average is 0.054 (5.45%), hence UPSRTC is found to be financially solvent and is able to pay its long-term debts through its available capital. Interestingly both PSE are solvent wrt to total assets, however, as far as their net worth is considered, UPPCL is insolvent while UPSRTC is solvent. Hence the capital structure of UPPCL is not stable in long term while the capital structure UPSRTC is adequate in long-term.

4.4 Liquidity Analysis – the short-term financial liquidity of UPPCL and UPSRTC is analysed employing current ratio (CR). The CR of UPPCL remained between 107.7% to 270.7% in the given period with an average of 172.3%, while the CR of UPSRTC remained between 40.74% to 93.81% in the given period with an average of 64.65%. The CR of UPPCL remained more than 1 (100%) for all the years and also the average CR remained above 1, hence UPPCL is financially liquid in short-term implying that it has more than enough liquidity to pay its short-term liabilities. In contrast, CR of UPSRTC remained less than 1 (100%) for all the years and also the average CR remained below 1, hence UPSRTC is not financially liquidity in short-term implying that it has less than enough liquidity to pay its short-term financial liabilities. Hence, UPPCL is financially sound in short-term while UPSRTC is short of the liquidity for its short-term obligations.

Table 1.6: UPPCL and UPSRTC Liquidity

Fin. Year	UPPCL			Fin. Year	UPSRTC		
	CA	CL	CR = CA / CL		CA	CL	CR = CA / CL
2015-16	575.3	393.6	1.46	**2015-16**	5.70	13.8	0.41
2016-17	478.0	201.7	2.37	**2016-17**	5.95	14.6	0.41
2017-18	335.3	213.9	1.57	**2017-18**	8.37	14.5	0.58
2018-19	519.5	301.2	1.72	**2018-19**	9.79	16.5	0.59
2019-20	681.3	394.3	1.73	**2019-20**	12.46	16.7	0.75
2020-21	942.8	348.3	2.71	**2020-21**	15.26	18.0	0.85
2021-22	417.1	362.1	1.15	**2021-22**	19.95	21.3	0.94
2022-23	472.9	439.1	1.07	**2022-23**			
Average			1.72	**Average**			0.65
CA - Current Assets; CL - Current Liabilities. All figures in Hundred Crores.							

4.5 Inferential Analysis – to compare the performance inferentially only one indicator is employed in each performance measures. Since UPPCL incurred losses in the current period and UPSRTC earned profit, comparison cannot be done. To compare efficiency ATO is employed since it has assets in numerator, will compare efficiency wrt to assets. For solvency and liquidity DE and CR are applied since they are one of the best indicators to determine the financial stability. The null hypothesis related to these are presented below:

- H_{01}: there is no significant difference between efficiencies of UPPCL and UPSRTC.
- H_{02}: there is no significant difference between solvency of UPPCL and UPSRTC.
- H_{03}: there is no significant difference between liquidity of UPPCL and UPSRTC.

Non-parametric Mann-Whitney test is applied to test these hypotheses since the financial performance data was not found to be normal. The results of the hypothesis testing are presented in the below table:

Table 1.7: Hypothesis Testing

Ranks						**Test Statistics**	
SLPSE		**N**	**Mean Rank**	**Sum of Ranks**		**Mann-Whitney U**	0.000
ATO	**UPPCL**	8	4.50	36.00		**Wilcoxon W**	36.000
	UPSRTC	7	12.00	84.00		**Z**	-3.240
	Total	15				**Asymp. Sig. (2-tailed)**	0.001
Ranks						**Test Statistics**	
SLPSE		**N**	**Mean Rank**	**Sum of Ranks**		**Mann-Whitney U**	0.000
DE	**UPPCL**	8	11.50	92.00		**Wilcoxon W**	28.000
	UPSRTC	7	4.00	28.00		**Z**	-3.252
	Total	15				**Asymp. Sig. (2-tailed)**	0.001
Ranks						**Test Statistics**	
SLPSE		**N**	**Mean Rank**	**Sum of Ranks**		**Mann-Whitney U**	0.000
CR	**UPMRCL**	6	11.50	92.00		**Wilcoxon W**	28.000
	UPSRTC	7	4.00	28.00		**Z**	-3.243
	Total	15				**Asymp. Sig. (2-tailed)**	0.001

It may be observed that the p value is less than 0.05 for all the three indicators of ATO, DE and CR, therefore following conclusions may be drawn:

- **ATO Conclusion:** there is significant difference between efficiencies of UPPCL and UPSRTC. Since the average ATO of UPSRTC is (1.4) is more than the average ATO of UPPCL (0.058), it may be concluded that the UPSRTC's ATO ratio is significantly greater. ATO and operational efficiency are directly related, therefore UPSRTC is significantly more efficient than UPPCL.
- **DE Conclusion:** there is significant difference between solvency of UPPCL and UPSRTC. Since the average ATO of UPPCL is (0.58) is more than the average ATO of UPSRTC (0.058), it may be concluded that the UPPCL's DE ratio is significantly greater. DE and solvency are inversely related, therefore UPSRTC is significantly more solvent than UPPCL.
- **CR Conclusion:** there is significant difference between liquidity of UPPCL and UPSRTC. Since the average CR of UPPCL is (1.72) is more than the average CR of UPSRTC (0.65), it may be concluded that the UPPCL's CR ratio is significantly greater. CR and liquidity are directly related, therefore UPPCL is significantly more liquid than UPSRTC.

- **Overall Financial Performance Conclusion:** the above analysis indicates that all the three financial indicators and in turn financial performance measures differ significantly; hence it may be concluded that the overall financial performances of UPPCL and UPSRTC significantly. Since there is no common trend, two of the parameters UPSRTC is better and for in one parameter UPPCL is better so it cannot be concluded which of the two PSEs have better financial performance.

Conclusion: this study brings to forth some important insights regarding the performance of an energy and a non-energy state level PSE. The results suggests that although both PSEs are wholly funded by UP government and provide public utility their management and performance differ significantly. One of the major difference aspects is that of profit where both PSEs differ in direction, the service sector energy state enterprise, i.e. UPPCL, has incurred losses on an average in the given period while the other service sector non-energy energy state enterprise, i.e. UPSRTC, has earned profits. One aspect that differs only on scale not in direction is efficiency, both the PSEs were efficient in generating revenues with respect to their assets and capital employed, however UPSRTC is significantly more efficient than UPPCL. The financial stability (ability to pay-off long- and short-term debts) of two PSEs differ both in direction as well as scale. Interestingly, UPPCL is insolvent in long-term and UPSRTC is not and the difference is also significant. In contrast UPSRTC is liquid in short-term while UPPCL is not and the difference here is also significant. This study provides important insights for financial scholars in terms of the contrast of financial status and performance between two service sector state enterprises – an energy and a non-energy PSE. The management of these PSEs shall take note of the situation, compare it with other public PSEs and make strategies to improve the financial status and decrease the financial performance disparity. The major limitations of this study include limited availability of data, analysis of only financial aspects of only two PSEs of UP. Future researchers shall try to focus on the reasons of such disparity, compare all energy and non-energy service sector PSEs in UP and the research may also be extended pan India.

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