

PREDICTING FINANCIAL VIABILITY AND PROFITABILITY OF SELECT PAPER AND PULP INDUSTRIES IN INDIA

Dr.S.SARAVANAN*; V.DEVAKI NANDINI**

*HEAD, DEPARTMENT OF COMMERCE (IT)
Dr.N.G.P ARTS &SCIENCE COLLEGE,
COIMBATORE,

**PhD RESEARCH SCHOLAR,
Dr.N.G.P ARTS &SCIENCE COLLEGE,
COIMBATORE.

ABSTRACT

Paper industry in India is the 15th largest industry in the world. It provides employment to more than 0.37 million people directly and 1.3 million people indirectly. During this fiscal year, domestic production of paper and paper board is estimated to be 10.11 million tons. As per industry guesstimates, over all paper consumption (including newsprint) has now touched 11.15 million tons and per capita consumption is pegged at 9.3 kg. Demand of paper has been hovering around 8% for some time. So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario: Paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one Kg per capita would lead to an increase in demand of 1 million tons. This study predicts the financial viability and profitability of select paper and pulp industries in India.

KEY WORDS: Altman's z-score model, Paper Industry, Profitability, Trend Projection.

REFERENCES

- Azhagaiah, R., and R. Deepa. 2011. "Impact of firm size on the relationship between profitability and capital structure". *Udyog Pragati* 35(3), (July-September).
- Azhagaiah, R., and R. Deepa. 2011. Determinants of profitability: A study with reference to income size-wise analysis of selected firms. *SMART Journal of Business Management Studies* 7(2), (July-December): 42-56.
- Azhagaiah, R., and R. Deepa. 2011. "Choice of capital structure model: An empirical analysis with reference to static trade-off Vs pecking order theories in beverage and alcohol industry in India". *International Journal of Research in Computer Application & Management* 6(1), (August): 107-11.

- Bhattacharjee, B. J. 2010. Determinants of capital structure of Indian industries. *The Indian Journal of Commerce* 63(3), (July-September): 14-25.
- Booth, L., V. Aivazian, A. Demircuc-Kunt, and V. Maksimovic. 2001. Capital structure in developing countries. *The Journal of Finance* 27 (4), (December): 539 -60.
- Chui, A. C. W., A. E. Lloyd, and C. C. Y. Kwok. 2002. The determination of capital structure: Is national culture a missing piece to the puzzle?. *Journal of International Business Studies* 33(1), (1st Qtr.): 99-127.
- Chang, S. J. 2003. Ownership structure, expropriation and performance of group-affiliated companies in Korea. *The Academy of Management Journal* 46(2), (April): 238-53.
- Dogra, B., and S. Gupta. 2009. An empirical study on capital structure of SMEs in Punjab. *The Icfai Journal of Applied Finance* 15(3), (March): 60-80.
- *ibid.*, pp. 66.
- Leary, M. T., and M. R. Roberts. 2005. Do firms rebalance their capital structure?. *The Journal of Finance* 60(6), (December): 2575-619.
- Mansur A. Mulla (Jan - March, 2002), Use of 'Z' score analysis for evaluation of financial health of textile mills - A case study, *Abhigyan*, Vol.XIX, No.4, pp.37-40.
- Miao, J. 2005. Optimal capital structure and industry dynamics. *The Journal of Finance* 60(6), (December): 2621-59.
- Malabika Deo, and S. Jackline 2009. The determinants of debt ownership structure: Some empirical evidence. *Indian Journal of Finance* III (1), (January): 22-7.
- Vinayek, R., and A. Gupta. 2010. Determinants of capital structure in drugs and pharmaceutical industry in India: A comparative study of pre and post liberalization period. *The Indian Journal of Commerce* 63(3), (July-September):26-38.