

Pricing Policy and its Impact on Profitability of Power Sector

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Scope of the Study

This study aimed at focusing on the profitability level and it intends to evaluate the impact on pricing policy on profitability of power sector. This study has limited to within the scope of how power sector performance influenced by the choice of its pricing policy and level of profitability.

Need For the Study

Price is the quantity of amount for which something is sold. Pricing is the process where business set the prices at which it sells its product and services. There are various kinds of pricing policy where a power sector can adopt according to its flexibility. This study the primarily the focusing on pricing policy of power sector and it has imperative to investigate the effectiveness of pricing and its impact on profitability of power sector.

This study also aimed to analyze pricing method practicing in the power sector as well as to find the issues which are associated with the pricing and has to give the suggestion to improve the pricing structure of power sector.

Objectives

- To analyze pricing policy and the profitability of power sector KPTCL
- To analyze the various factors influencing on pricing
- To study the impact of pricing policy on profitability of power sector.

ABSTRACT

Pricing policy is the important element to it plays an effective role in any organization like power sector. The main aim of this study is to analyze the pricing policy and how pricing policy of power sector impact on its gain. Power sector must implement an innovative pricing strategies where it enables the sector to meet its target consumer through this power sector enhance its profitability. This study concludes with that a dynamic pricing policy reduces the risk and excessive expenditure and the theoretical logic of low price can greatly enhance power users to get more surplus.

Keywords: pricing policy, profitability, pricing strategies, power sector

INTRODUCTION

Price is one of the most adoptable element in the marketing mix where in which directly influence on the company profitability. Pricing policy is vital element where it affects the company profitability of any kind of firm. Pricing includes factors such as demand and supply factors, cost of the production, quality of service, customer satisfaction towards the service render by power sector and so on. Hence while fixing price for the power supply, sector should take utmost care.

This study primarily focuses on the method of pricing policy adopted by the power sector and how it affects on power sector profitability and how it concentrates to meet the customer satisfaction.

Research Methodology

A. Type of Research

This study adopted under the descriptive and exploratory method of research.

B. Sampling

For the purpose of selecting the sample respondent and required information for the judgmental study has been employed.

C. Sampling size

To gain in depth knowledge, 40 respondents have been selected for the study.

1. Independent variable

- Pricing Policy: pricing is the only one p's of marketing mix, which generates revenue to firm. A good pricing strategy is one which majorly impact on power sector profitability. At present company KPTCL practicing cost plus pricing method. Cost plus price is method in which company add profit margin after considering overall cost incurred to transmit power.

2. Dependent variable

- Profitability: Maximization of profit is one of the main objectives of the company KPTCL. At presently KPTCL practicing cost plus price method. To enhance company profitability company can implement different pricing strategies other than cost plus. A dynamic pricing of company KPTCL at the same time it also increase its company profit.

Findings

Pricing is key factors for any organization which plays an effective role in company profit and overall performance. Company must adopt different pricing strategy rather than using unique method of pricing method. From this study it's found that KPTCL current pricing policy that is cost plus pricing playing an efficient role in making profit but company must structure its pricing in such a way that it should enhance its market share and create its own benchmark in the market

A power company KPTCL must implement a innovative pricing strategies (namely unit base tariff, seasonal rate tariff and flat rate tariff and so on) where it enables the sector to meet its target audience and their requirement both in urban as well as rural area to improve its profitability. An effective price structure of the KPTCL can improve economic development and it also creates its own benchmarking in the market.

Conclusion

Proper price structure of power sector makes the organization to more competitive and helps to reduce unnecessary expenditure. This study reveals that a dynamic pricing policy reduce the risk and excessive expenditure and the theoretical logic of low price can greatly enhance power

users to get more surplus. So in the price policy the government would rather directly or indirectly give subsidies to power companies than to raise price.

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