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Abstract (200 – 350 words)

India, being one of the major emerging market economies, its corporate sector attracts a lot of attention. The newly implemented methodology for GDP compilation by the Central Statistical Office, Government of India (CSO) has adopted the financial statements of the corporates as one of its major source. Further, the focus on the stressed assets of Indian banks’ has forced a closer monitoring of the corporate vulnerabilities at the micro and macro levels. In this context, the size group analysis has become more important to understand the performance dynamics of the corporates and their contribution to the growth and stability of the economy. Despite a rich literature analysing and accepting the significance of the impact of size on performance indicators, there is no ideal measure of firm size. In India, the sales, assets, and paid-up-capital have been dominantly used for forming firm size groups in the official statistics. There are certain disadvantages in each of the approaches when time series analysis is taken up. Examining the economic merits vs. theoretical limitations, practical considerations of timely availability of reliable data, estimation problems and statistical properties, this paper identifies a measure of firm size and studies its implications over time on the key performance indicators of the private non-financial corporate sector. The hypothesis of differentiated performance indicators across large, medium and small companies at various states of the economic environment and when subjected to shocks is validated in the Indian context after implementing the proposed size classification.