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## Capital Structure, Group Affiliation and Financial Constraints: Indian Evidence

*Biswajit Ghose*
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This study investigates the impact of business group affiliation on firms' debt ratio in India. It also examines if group affiliation has varied impact on debts with different maturity structure (i.e. long-term debt and short-term debt), and different ownership structure (i.e. private debt and public debt). In order to draw inferences, it uses panel fixed effect regression model on a dataset of 1,510 listed firms over 2005-2013. It finds that group affiliation has negative impact on firms' long-term debt, public debt and overall debt ratio. The study further finds that cost of borrowing is not the factor behind lower debt ratios for group firms. Rather, the findings indicate that group firms are concerned for financial flexibility to avoid under investment problem in future as they have significantly higher growth opportunities than their stand-alone counterparts. Most importantly, group affiliation negatively affect debt financing only for constrained firms, but not for unconstrained firms.

## Impact of Market-Wide Circuit-Breaker on Trading Activity and Volatility: Empirical Evidence from Indian Markets

*Latha S Chari*
*Pradiptarathi Panda*
*Sunder Ram Korivi*

To protect market integrity, regulators across the globe have applied trading constraining mechanisms like market-wide circuit-breakers, price limits, stock-based trading halts and the like. In June 2001, Securities Exchange Board of India (SEBI) introduced the market-wide circuit-breaker mechanism for Indian markets in a similar manner to other markets. Till date the Indian market has applied these market-wide circuit-breakers six times. This study attempts to examine the impact of market-wide circuit-breakers on trading activity and volatility. We consider data of Nifty closing price, turnover and number of shares traded for six different windows with event day, event plus 1-3 days, and 10 days average. The study estimates intraday return, overnight return high low volatility and day time volatility followed by T-test to measure the significance difference between average turnover, number of shares traded,

high low and daily volatility with event day. The study finds that the effect of market-wide circuit-breaker continues up to three post-event days.

## Analysing Disparities in Financial Inclusion in Punjab: A District-Level Study

*Jatinder Kaur*

The focus on sustainable development has put the concept of 'inclusive growth' as a high priority agenda across the globe and all countries are diverting their efforts to achieve it. India is no exception. The Government of India (GOI) has recognised financial inclusion as an important pillar for promoting inclusive growth. This paper measures financial inclusion level in Punjab state by constructing a comprehensive Financial Inclusion Index (FII), incorporating 22 indicators representing three dimensions of inclusive finance relating to branches, deposits and credit. The study covers 20 districts of the state for the year 2013. The results portray presence of glaring disparities in FIIs across different districts and 12 out of 20 districts have been found to be in the below average category in terms of their level of financial inclusion measured on the basis of index value. Further, maximum disparities have been found in the indicators pertaining to credit penetration.

## Implementation and Impact of Financial Inclusion in India: Village Studies in Punjab & Haryana

*S S Sangwan*

Realising the importance of financial inclusion (FI), the Government of India and the Reserve Bank of India (RBI) have taken a number of initiatives since 2005 for opening saving accounts of weaker sections. In order to study the implementation and impact of the FI programme, 992 households of five villages in Punjab and Haryana were surveyed in 2013 and 2014. Our study finds that only 5 per cent families in Punjab and 9 per cent in Haryana were not yet linked for banks for basic banking service like savings. In addition, the formal access to credit is very weak for the landless households. The study also finds that rural households would prefer banking through commercial banks even though cooperative banks were operating in the nearby area. Access to banks (distance from villages) was found to be one of the major barriers for operating a bank account.

# Book Reviews

## The Essential Book of Corporate Governance

### G N Bajpai

New Delhi, Sage Publications India (P) Ltd., 2017, xxi + 335 pp, Rs 595.00.

*Reviewed by* **Prof B V Chaubal**, Visiting Professor, National Institute of Bank Management, Pune and former Deputy Managing Director, State Bank of Indi.

## Lean Customer Engagement

### Shil Niyogi

New Delhi, Sage Publications India (P) Ltd., 2016, xx+179 pp, Rs 350.00.

*Reviewed by* **Dr Sarita Bhatnagar**, Assistant Professor, National Institute of Bank Management, Pune