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Shares Repurchase and Liquidity: An Examination of Indian Firms

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Investment decisions, to a large extent, depend upon the availability of excess cash within the firm. The excess cash, in turn, affects the corporate payout policy of the firms to distribute their excess cash via shares repurchases. The liquidity aspect related to share repurchases is of concern to the firm managers. Investors generally prefer stocks with higher trading volumes as these are susceptible to less price manipulation and speculation. The impact of shares repurchase announcements on liquidity has mixed evidences of both liquidity increase/decrease being reported. The studies related to the impact on liquidity subsequent to the announcements of shares repurchase have predominantly been conducted in the US. The paper has examined the impact of shares repurchase announcements on changes in liquidity in Indian context (represented through the BSE 500 index firms) using one-group pre-test post-test' research design. It has been observed that during the event window period, liquidity has declined consequent to shares repurchase announcements for the sample firms. Liquidity in the estimation window period has improved due to reduction in volatility and an overall share price improvement.

Diversification Impact on Bank Efficiency: A Panel Data Analysis

Joyeeta Deb

Indian banking sector has undergone major transformation especially in post 1990s following the series of reforms initiated for the entire financial sector in general and for the banking sector in particular. Consequently, research studies have also been directed to evaluate the impact of reforms on performance of the banks. The present paper contributes to the existing literature on banking efficiency. The paper evaluates the level of efficiency of Indian banks at a deregulated era for the period 2000 to 2014 using Data Envelopment Analysis (DEA) and also estimates the determinants of efficiency with the help of Tobit Model. It considers the special case of diversification (income and geographical) and its impact on bank efficiency. Results of analysis reveal no significant impact of Income Diversification on

efficiency whereas geographical diversification was found to be having a significant negative impact on Technical Efficiency.

Factors Affecting Profit Efficiency of Scheduled Commercial Banks in India: A Panel Tobit Regression Analysis

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The main aim of this paper is to investigate the internal (bank-specific) and external (macroeconomic and industry-specific) factors which affect the profit efficiency of banks during 1991-92 to 2012-13. Profit efficiency of banks is calculated by employing Data Envelopment Analysis (DEA). Afterwards, Panel Data Tobit Regression has been applied to identify the factor including CAMEL rating which affects profit efficiency. Results reveal that Indian Scheduled Commercial Banks have been facing chronic problem of NPAs. This forces them to maintain high capital adequacy ratio beyond the prescribed limit and also make safe product portfolio. This generates mismatch between inputs and outputs resulting into negative impact on profit efficiency of banks. Contrary to the expectation, profitability also had a significant negative impact on the profit efficiency of Indian banks. In order to earn maximum profits, Indian bank managers need to match the inputs and outputs, to improve profit efficiency. The study also controls for industry specific and economy specific variables.

Invited Article

Understanding Relationship Between Indian Equity Index, Nifty and Currency Market: An Elliott Wave Based Time Cycle Analysis

Ashish Kyal

In this research, the author has shown how one can conduct Advanced Technical analysis by combining Elliott wave, Time cycles, moving average along with fundamental parameters to predict equity price movement. In addition, a detailed research can be seen on – correlation between Nifty and Crude Oil price. The findings of the paper has many practical implications in understanding the equity market trends.

Book Reviews

Rise like a Phoenix – Scripting Corporate Turnarounds

Pradip Chanda

New Delhi, Sage Publications India Pvt. Ltd., 2017, pg. xii+171, Rs. 395.

Reviewed by **Dr Kaushik Mukerjee**, Associate Professor, National Institute of Bank Management, Pune.

Rise of Rural Consumers in Developing Countries

Vijay Mahajan

New Delhi, Sage Publications India Pvt. Ltd., 2016, pg. xxv+168, Rs. 795.

Reviewed by **Dr Naveen Kumar K**, Assistant Professor, National Institute of Bank Management, Pune.