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An Empirical Investigation into Volume-Based Price Momentum Strategy in Indian Stock Market

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This study examines the profitability of volume-based price momentum strategies for equities included in BSE-100 index from 2004 to 2012. It is an attempt to investigate whether there exist any relationship between momentum profits and historical trading volume in the immediate horizon. To measure the effectiveness of volume-based price momentum strategies in the immediate horizon we adopted the methodology used by Lee and Swaminathan (2000) and Naughton et al. (2008). The performance of Volume-based winners and losers portfolios were analysed in Indian context for eight years. Our results show that historical trading volume has no role in boosting the magnitude of momentum return. However, the analysis of the results indicates that winners portfolios have higher turnover than their counterparts. Finally, by testing the relationship between two informational apparatus used by technicians, i.e. volume and price, we could not find any substantive evidence of strong relationship between them, thereby subscribing to the weak form of efficiency of Indian stock market.

Keywords: Price Momentum Strategies; Trading Volume; Abnormal Return; EMH; Indian Stock Market
JEL: G14, G23

Credit Risk Management Capability Maturity Model for Commercial Banks

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Identification of suitable Credit Risk Management policies and practices and their effective implementation can strengthen the credit risk management processes, which in turn can mitigate credit risk in advances portfolio. Most of the research on Credit Risk Management (CRM) has focused either on assessment of credit risk or on modeling the credit risk. Very few studies have focused on evaluation of the CRM processes that could strengthen the CRM framework. This paper proposes application of Capability Maturity Model in credit risk management, based on CRM index scores computed on the basis of adoption of benchmark CRM practices relating to organization, policies and operations and systems. It also uses the model for profiling select Indian banks into four categories based on their level of maturity of CRM framework. The suggested CRM- Capability Maturity model is expected to help banks in benchmarking their CRM framework, identifying areas for improvement and monitor the improvement progress as their CRM frameworks mature overtime.

Keywords: Capability Maturity Model, Credit Risk Management

JEL: G30, G32

Productivity Growth of Indian Commercial Banks during 1995-2007: Malmquist Productivity Index Approach

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This paper investigates the productivity growth of Indian commercial banks for the period from 1995 to 2007. Productivity is measure through DEA (Data Envelopment Analysis) based malmquist productivity index using the sample of 60 banks. For this purpose, the inputs and outputs of a commercial bank are specified in light of intermediation approach, value addition approach and income approach. The results indicate that value addition based productivity growth is observed for highest rate followed by the rest of the two approaches. In all the approaches, the overall productivity growth is the result of technical progress. The old private banks followed by nationalized banks had attained the highest growth in the overall productivity and in its components under all the approaches. The banks with larger size, dominated in the gains/increase in total productivity.

Keywords: Data Envelopment Analysis, Malmquist Total Factor Productivity and Indian Commercial Banks.

Financial Inclusion in Uttar Pradesh: The Case of Urban Cooperative Banks

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Financial development plays an important role in economic development through forward linkages. In a developing country like India, a distinct transformation of far reaching significance occurred in the financial sector as it assumed a broad mass and emerged as an important instrument for socio-economic changes. A number of revolutions have been made in this regard such as expansion of bank branches, credit-deposit facility, loan facility, etc. However, the country has not been able to reduce poverty and inequality due to poor performance of services and overall poor development of financial sector. The paper is an empirical analysis using different indicators related to financial development and compared inter-district variation in 'Index of Financial Inclusion' (IFI) for Uttar Pradesh. On the basis of composite index an attempt has been made to identify the financially backward regions/districts in the state. Further, the study analyses the role of cooperative banks in avoiding financial exclusion in the western region of Uttar Pradesh. The study concludes that different districts of state are in different level of financial inclusions, i.e. they are heterogeneous in terms of attainment of IFI score. It has been found that Western Uttar Pradesh region has better financial inclusion as Urban Cooperative Banks (UCBs) played an important role in terms of technical efficiency.

Keywords: Financial Development, Inter-district, Bank Efficiency

JEL: E1, E2

Book Reviews

Easy Money: Evolution of Money from Robinson Crusoe to the First World War

Vivek Kaul

New Delhi, Sage Publications India Pvt. Ltd., 2013, xxiii + 277 pp., Rs. 395.00.

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