

**January – March 2013**  
**Volume XLI**  
**Number 4**

**Public Limited Companies in India Using Structural KMV Model**

Vandana Gupta  
R K Mittal  
V K Bhalla

This paper attempts to combine financial factors and market valuation of firms to predict the default risk of publicly traded companies in India. The authors have extended the works of KMV model in developing a suitable algorithm for determining probability of default of Indian listed companies. The authors use the continuous observations of default probability obtained from KMV and balance sheet ratios (as the reduced form) to obtain a simple default probability model that Financial Institutions can use. Then in a set of logistic regressions, efforts have been made to establish linkage between the implicit default probability and financial ratios of these firms and assess their predictive power. We observe that the correlation of what our model predicts and what CRISIL rates these firms is very high implying our model is an efficient predictor. The paper recommends that inclusion of market data makes the default risk quantifiable and recommend a hybrid type of model that combines both market specific and financial factors in predicting default risk of firms.

**Financial Inclusion in Urban India: A Study in the State of Assam**

Subhrangshu Sekhar Sarkar  
Ajanta Phatowali

The paper emphasizes the importance of empirical research on issues of urban financial inclusion due to the increased pace of urbanization in India. Authors use the available supply side data to analyse the trend and measure the extent of financial inclusion in the country as well as in the State of Assam during 1996-2010. Indices of Financial Inclusion have been calculated and analysed. It is observed that there is mixed contribution of individual indicators towards the overall financial inclusion over the years without any particular trend or pattern for India as well as for Assam. Therefore, it necessitates importance to be given to each attribute to develop inclusion further.

*Brief Articles, Notes and Comments*

**Return, Volume and Volatility Relationship in the Indian Stock Market:  
Pre- and Post-Automation Analysis**

Sarika Mahajan  
Balwinder Singh

The present study examines the impact of introduction of automation on contemporaneous and causal relationships between return, volume and

volatility in Indian stock market using daily data of closing prices and volume of SENSEX index from 1992 to 2007. The results of Correlation analysis, GARCH (1,1) and Granger causality test indicate that the quality of information flowing to the Bombay Stock Exchange has improved after the introduction of automation. Although volatility clustering has been found in both periods there is little improvement in speed of discounting information in prices as order of autoregressive terms is declined in post-automation phase. Thus, automation leads to more flow of information to investors, which helps drive the market. This information was earlier available only to brokers.

### **Potential Business Applications of Quick Response (QR) Codes**

Irfan Bashir  
J Rama Krishna Naik  
C Madhavaiah

"Technology and technological systems are integral to everything we do and can do" (Pearson & Young, 2002)

Technology is transforming the way people interact. Millions of people are impacted by advances in technology. Business organizations gain competitive advantage by early adoption of technology. Technology adoption posits many advantages to organizations and people, who use them, such as, reducing costs, availability, timelessness, usefulness and ease of use. At the end of every decade, a new technology has thrust us into the next era. Quick Response (QR) code radically ousted the bar code era. QR code is a classic example of technology advancement, which transformed the way consumers interact with sellers and service providers. Internet-enabled mobile phones have become an increasingly popular platform for use of quick response codes. These small codes are changing the way we interact with products whether it is with magazines, books, advertisements, signage or even disposable cups at fast-food restaurants. The QR codes changed how the contents are created and delivered to users. The present paper is an attempt to examine the applications of quick response codes in different industries and the paper also presents the limitations of using quick response codes and provides future direction of research.

### **Book Reviews**

#### **The Global Economic Crisis through an Indian Looking Glass**

**Adarsh Kishore**  
**Michael Debabrata Patra**  
**Partha Ray**

Sage Publications, 2011, New Delhi, xx+319 pp, Rs. 795.00

*Reviewed by Dr Smita Roy Trivedi, Faculty Research Associate, National Institute of Bank Management, Pune, India.*

**Leadership: Theory and Practice**

**Peter G Northhouse**

Sage Publications, Fifth Edition, 2010, New Delhi, xvi+435 pp, Rs. 495.00

*Reviewed by Ms Anagha P Sharangdhar, Research Associate, National Institute of Bank Management, Pune, India.*

**Index to Vol. XLI: 2012-13**

**Referees of Prajnan: 2012-13**