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Behaviour of Asset Pricing Models in Pre and Post Crisis Period : An Evidence from India

PANKAJ SINHA*
PRIYA SAWALIYA**

Abstract

The study endeavours to confirm whether size, book to market, investment, momentum and profitability effects exist in Indian equity market. It attempts to compare empirically the behaviour of standard capital asset pricing model, three and five-factor model of Fama French and four-factor model of Carhart as well as also examine whether these models of asset pricing are valid and are able to explain the stock returns during the pre-crisis, crisis and post-crisis period. The study adopts Fama French methodology of time series regression for examining the influence of different risk premiums on excess portfolios' return. The results exhibit that three-factor model is an effective model which brings a lot of improvements over CAPM and suggests that market premium and size factors are the most effective and strong factors explaining the variation in returns, throughout the study period. It is a comprehensive study in itself. It contributes to the existing literature related to performance of extended forms of asset pricing.

JEL Code : G-12, C-52, D-23, D-63

Key words : Asset Pricing Models, Investment, Profitability, Fama Model, Four factor Model, CAPM

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Empirical Analysis of Relationship between FPI and Nifty Returns

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Abstract

This study is an attempt to evaluate and analyze relationship between Foreign Portfolio Investors (FPI) and the Indian stock market returns. With the stable economy, better growth prospects, liberal government policies and many more profitable opportunities, India has become a hot destination for FPI investments. Thus, there is a need to study the impact of these investments on the market returns. Daily data of Foreign net investment and Nifty returns, for the period starting from January 2000 - December 2016 has been used for evaluating the presence of Feedback Trading among the Foreign investors. Granger Causality, ARIMA and GARCH have been used to establish the cause and effect relationship among the variables and test the presence of Feedback trading hypothesis. The results suggested that FPI were influenced by the Nifty returns but the relationship was not vice versa. FPIs box their investing decision on the previous period returns.

JEL Code : F-21, C-55, D-23, D-61, D-91, E-22

Key words : FPI, Nifty, Policy, Profitability, Granger Causality, ARIMA, GARCH

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Effect of International Stock Markets and Exchange Rates Movement on Indian Stock Market

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Abstract

The study proposes to analyze co-movement and causal relationship between International Stock Market, Exchange Rates and Indian Stock Market using the Johansen Co-Integration Test and Granger Causality Test. Totally seven variables used in this study like BSE SENSEX, NYSE Composite, Nikkei 225, SSE Composite, USD, YEN and YUAN. The study period was from 1st April 2004 to 31st March 2014. The paper found that there is Co-movement and Casual relationship between International Stock Market, Exchange rates and Indian Stock Market. This paper suggested that investors should plan for long- run investment for future profits. Global investors should know the movements of Indian stock market for good profit because it has unidirectional casual relationship with international markets during the study period.

JEL Code : F-21, D-23, F-31, D-81, C-52

Key words : Stock Markets, Johansen Co-Integration Test, Granger Causality Test, Global Investment, International Markets.

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Submitted June 2015; Accepted April 2019

Time Varying Volatility of Size-based Market Indices : Evidence from India

NISHI SHARMA*

Abstract

The present study attempts to analyse the volatility of five size-based micro indices of S&P Bombay Stock Exchange viz., Small Cap, Mid Cap, Large Cap, Large-Mid Cap, Mid-Small Cap indices. The study covers a span of 10 years from 2007-2017. The findings of the study report that daily return of indices follow a non-normal distribution with positive skewness and kurtosis. Returns are found to be stationary and heteroscedastic therefore ARCH based model have been applied to capture volatility. GARCH model reports low reaction and high persistence of market to shocks. AIC and SIC recommend the use of asymmetric i.e. EGARCH, TGARCH and A-PARCH models for volatility estimation. The results indicate that due to higher modulus gamma Large Cap and Large-Mid Cap indices should be carefully analyzed during the period of downturn. Mid Cap funds found to be relatively lesser affected by negative shocks and may be taken as cushion during odd timings.

JEL Code : E-44, C-52, D-53, D-61, G-21

Key words : Volatility, Small Cap, Mid Cap, Large Cap, Large-Mid Cap, Mid-Small Cap, Indices, EGARCH, GARCH Model, TGARCH Model, A-PARCH Model

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Pattern and Determinants of Long-Run Performance of IPOs in India

NEETA JAIN*

Abstract

The scope of the present study is to find out how far the publicly available information is being used by the IPO firms and IPO investors. The models designed in the study all are based on publicly available information. The study period is from the year 2004 to 2013. It is based on a sample of 200 IPOs issued during the study period. The objectives of the study are to see the relationship between long run and short run returns of IPOs and find out the determinants of long run returns of IPOs. The study used Average Adjusted Returns (AAR) Cumulative Average Returns (CAR) and Buy and Hold Adjusted Returns (BHAR) it is formed that mean of AAR is significant up to 11 months after Listing and then continuously declining and goes negatives for 34, 35 and 36 months. CAR is significantly increasing up to 11 months after listing after up to 19 months they are constant and then after 20 months they stated falling and turn negative in 34, 35 and 36 months. BHAR is significant for 1 to 36 months.

JEL Code : E-22, G-21, D-22, D-61, C-54

Key words : IPOs, Performance, Investors Models, AAR, CAR, BHAR

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Evaluating the Performance of Indian Banks : EAGLES Model Approach

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ARUN KRISHNAN P**

Abstract

Sound financial health of a bank is the guarantee not only to its depositors but is also equally significant for the shareholders, employees and whole economy as well. Various steps and policies have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. The introduction of new banking policies and technological advances put banks into more complex and risky situations. CAMEL model is widely used tool for measuring the efficiency and performance of banks which has been proved to be outdated. 'EAGLES' model is a proper tool to measure the financial performance as well as the soundness of banks in a more determinate, objective and consistent manner, as the banks are being analyzed on the output ratios. The present study aimed at finding out the financial performance and soundness of selected Indian commercial banks, analyzing six major parameters which are key success factors of every bank today.

JEL Code : G-21, C-51, D-61

Key words : Banks, EAGLE Model, Policies CAMEL Model, Performance

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Causality Analysis between Indian Stock Price Returns and the Real Economic Growth

SUPRIYA DUTTA*

Abstract

This study investigates the relationships between the Indian stock market index (BSE Sensex) and five macroeconomic variables, namely, industrial production index, wholesale price index, money supply, exchange rate and call money rate over the period March-1992 to June-2015. Brief theoretical justifications capture the inter-relation between financial sector and real economy. Vector Auto Regressive (VAR) model have been applied to explore causal relationship between stock market index and macroeconomic variables. Analysis reveals that relationship exists between the stock price return and industrial production. Previous period stock price return and past industrial production affects the performances of current period industrial production. There is bidirectional relationships between stock price return and exchange rate. Financial Sectors performance influence development process.

JEL Code : G-40, G-21, O-16, C-52, D-23, E-44

Key words : Stock Prices, Economic Growth, Money Supply, Exchange Rate

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Abstract of Doctoral Dissertation

Stock Market Spillovers : Evidence from BRICS Countries¹

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JEL Code : Y-40, E-22, O-57

Key words : Stock Market, Spillovers, BRICS

¹ The Thesis was submitted to University of Mumbai, SEBI Road, Raigad, Maharashtra in December 2018, for the award of Ph.D. Degree awarded in June 2019, under the supervision of Dr. M. Thiripalraju, Former Director, Indian Institute of Capital Markets (IICM) and former Economic Advisor to Securities and Exchange Board of India (SEBI), Flat No-303, Balaji Residency, Sector 15, Nerul, Navi Mumbai, Maharashtra 400706, INDIA

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Abstract of Doctoral Dissertation

Foreign Institutional Investor : Its Impact on Indian Economy with Special Reference to Indian Capital Market¹

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JEL Code : Y-40, F-21, D-23, E-44

Key words :

1 The Thesis was submitted to Acharya Nagarjuna University, Guntur, Andhra Pradesh in July 2019, for the award of Ph.D. Degree awarded in December 2019, under the supervision of Prof. R. Sivarama Prasad, Dean and Head of the Department, Acharya Nagarjuna University, Department of Commerce and Business Administration, Nagarjuna Nagar, Guntur, Andhra Pradesh 522510, INDIA

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