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**The ICFAI Foundation for Higher Education (IFHE),
Hyderabad**

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**Proceedings of National Conference
on
“Evolving Trends in Finance & Accounting”**

Organized by:

DEPARTMENT OF ACCOUNTING & FINANCE

On

19- 09-2021

IBS
ICFAI BUSINESS SCHOOL
Hyderabad

**A constituent of the ICFAI Foundation for Higher Education
(Deemed to be University u/s 3 of the UGC Act, 1956)**

Message from the Vice Chancellor

Greetings!

It gives me immense pleasure to inform you that the Department of Finance & Accounting is organizing its **conference on Evolving Trends in Finance & Accounting (Virtual)** on 19-09-2021 at IBS Hyderabad on the theme “**Managing Finance in Volatile and Uncertain Times**”



The conference aims at bringing together academics and scholars to discuss, deliberate and analyze the evolving challenges in Corporate Finance, Accounting, Risk Management and Financial Markets. The year 2020 and 2021 has been a dramatic year for economies, corporates, financial markets and BFSI. While the economies slumped based on the back of fall in GDPs, the lowering of the interest rates by the Central Bankers to infuse liquidity kept the money spigot moving. The financial markets which saw a massive fall in March 2020, rose steadily reaching all time highs towards the end of 2021. While the world was still suffering with the different variants of the Virus, no one could say with certainty when normalcy would return. This dichotomy in the performance of the financial markets and the stark reality of the economy raised many questions which gave a setting for the conference.

The contributions came from a diverse spectrum of representatives encompassing faculty members, research scholars and students from India and abroad. The submissions have captured diverse issues in the field of Corporate Finance, Asset Pricing, Market Microstructure and Corporate Governance.

Prof. J. Mahender Reddy

The ICAFI Foundation for Higher Education, Hyderabad.

Message from the Dean-Academics, IBS Hyderabad

Greetings!

ICFAI Business School, Hyderabad is proud to organize its conference on recent trends in operations management on 19-09-2021. IBS Hyderabad is one of the most prominent and premier B Schools in India accredited with AACSB. Espoused to its three-pronged mission: To provide 'Right Knowledge', develop 'Right Skills', and build 'Right Attitude', the school's research orientation coupled with industry focused pedagogy and courses provide students, faculties and practitioners with rich learning experience.



Economies, organizations and individuals are facing tremendous challenges from the volatile and uncertain environment caused by the onset of the Covid pandemic in early 2000. Forecasting of cashflows have become difficult which makes valuation of any asset difficult. The pandemic calls for putting in place effective risk management systems in place to prevent abnormal losses. The conference aims to explore the changing role of finance and business in helping organizations transition during and beyond the pandemic. We, at IBS Hyderabad, have a vibrant department of Finance & Accounting, which constantly strives to bridge the gap between practice and academia. This conference is another such attempt at opening the thinking minds around corporate finance, market microstructure, corporate governance and asset pricing bringing forth numerous potential solutions to manage risk and uncertainty in business and financial markets.

The conference on Evolving Trends in Finance and Accounting has been organized around the theme “Managing Finance in Volatile and Uncertain Times” Academic research and practitioners' insights have been collated into this conference Proceedings.

I take immense pride and pleasure in inviting all of you to the conference on Evolving Trends in Finance & Accounting, 2021 and hope each participant will reap the maximum from the event.

Prof. C.S. Shylajan

ICFAI Business School (IBS)-Hyderabad

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Debt Heterogeneity and Firm performance: Firm Life Cycle Approach

Akanksha Saxena

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Firms use various sources of debt that are different in many aspects, i.e., heterogeneous debt. The extant literature suggests that debt heterogeneity exists because of agency issues and information asymmetry. These two forces are found to vary with the stage of the life cycle of the firm. Thus, it is important to examine whether there is any relationship between debt heterogeneity and life cycle stages of the firms? This is the main objective of the proposed study. Using an unbalanced panel data of Indian listed firms for the period 2001-2019, this study examines: First, debt heterogeneity pattern of Indian firms, second, the relationship between debt heterogeneity and firm life cycle and finally the impact of debt heterogeneity on firm performance. The study also examines these aspects in the context of business groups affiliation.

Keywords: Debt heterogeneity, Firm life cycle, Group affiliation, Firm performance

Cost Driver and Cost Allocation

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Abstract: The case describes Bhart, owner of Coco's pure coconut oil (PCO) manufacturing company, who is trying to estimate the cost per litre of his core product PCO. The analysis requires performing cost allocation by examining the role of different cost drivers. The focus of the case is to appreciate the subjectivity involved in allocating overheads under different costing methods i.e. traditional and activity-based costing. The analysis reveals the interplay of cost allocation by using different cost drivers leading to different predetermined overhead rates under traditional costing. The case also enables students to identify a different set of activities involved in the production of PCO, identify activity-based cost hierarchies and apply activity-based costing to allocate overheads to the cost object. It also enables us to understand the role of cost drivers in allocating overhead costs.

Keyword: Case study, Cost drivers, PCO

Board Diversity and Performance of Banks in India

T Sita Ramaiah

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The present study investigates the board diversity impact on the financial performance of banks in India. The study assesses the impact of board characteristics on the financial performance of banks using panel data of 20 banks consisting of the public sector and private sector for the period of 2011-2019. The financial performance is assessed using ROA, ROE and Tobin's Q. In this study, Pooled Ordinary Least Square (OLS) and Generalized Least Square (GLS) estimation are used. Generalized Method of Moments (GMM) estimator is used to know the dynamic nature of financial performance and board characteristics relationship. The results confirm the significant negative relationship between board size and financial indicators. The result shows a positive and significant relationship between women on board with the performance of the bank.

Keywords: Board diversity, Banks in India, Board size, GMM

Performance Evaluation of Indian Banks

Koya Raghunadh

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The performance of the Indian banking system for the period ended June 2019 was examined with the needed focus on the banks and NBFCs. The study was based broadly on the publication of the RBI titled "Trend and Progress of Banking in India" for the period ended June 2019. The principal theme of the study was that Indian banking was virtually at the crossroads, plagued by the stress in the banking operations, particularly loan products. However, there was a silver lining since the gross and the net-NPA levels of various bank groups are showing signs of improvement. It is expected that the banking industry as a whole is expected to weather the storm of the NPAs. It was noted that the various bank groups (PSBs, PvSBs, Foreign Banks, NBFCs) are showing an expected divergence in their performance in tackling NPAs. Overall, the RBI had concluded the study on an optimistic note that despite severe stress in the banking industry, the industry itself is healthy as regards its preparedness to weather the NPA storm. However, PSBs as a group were in immediate need of an infusion of substantial capital.

Keyword: NBFC, Indian Banks, RBI, Non-performing assets

Institutional Ownership and Earnings Management

P Srikanth

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Corporate social responsibility (CSR) has received greater attention from finance practitioners and academics over the last decade. Many firms devote a significant portion of their annual reports to describing their CSR activities like how they benefit consumers, employees, and society. This has prompted growing demand for CSR research. CSR spending by the investee firms signals the strength of the investment decisions made by the institutional investors indicating that they are prudent and reliable. It motivates the institutional investors to prefer the stocks of the companies which spend heavily on CSR. Against this backdrop, the present study tests the relationship between Institutional ownership and CSR spending on the Indian companies which are reporting CSR related information in their annual reports from the year 2014-15 to 2018-19. The results of the study reveal that institutional investment has a significant positive impact on CSR spending while controlling the other firm and industry specific variables influencing CSR spending. The study also reveals that in the Indian context, the impact of foreign institutional investment is more compared to domestic institutional investment on CSR spending. Moreover, the study disclosed that group affiliated firms spend more on CSR compared to standalone firms.

Keywords: Ownership structure, earnings management, CSR,

Factors of the Term Structure of Realized Risk Premiums in Currency Forward Markets

Satish Kumar

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: We examine the term–structure of realized risk premiums in the Australian Dollar–US Dollar forward market. We find positive and time-varying risk premiums, while the magnitude of the premiums increases with the maturity of the contracts. We then examine the relationship between realized risk premiums and explanatory variables and find in particular, the realized variance, and to some extent realized skewness and kurtosis of spot currency returns to be important determinants of the risk premiums. To investigate common factors of the term structure of risk premiums, we further apply principal component analysis. We obtain a four-factor model that explains over 90% of the total variation in the term structure of risk premiums. Interestingly, the factors can be suitably labelled as ‘level’, ‘slope’ and ‘curvature’ and can be related to the realized variance, kurtosis and skewness of spot exchange rate returns.

Keyword: Forward Currency Market, Risk Premium

Effect of Environmental Concern on Adoption of Organic Farming in India

Md. Sikander Azam

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The concept of organic agriculture is the most viable approach to protect the environment, human health, soil health, and animal welfare during the farming process. This study attempts to examine the environmental concern among organic and conventional farmers and analyze the impact of environmental factors in adopting organic farming. The primary data was collected through a structured questionnaire from 200 organic and conventional farmers, and statistical tools such as ANOVA, paired sample T-Test, and Logistic Regression model has been applied. The study revealed that Natural Food and Chemical Free Farming were the most important environmental issues among the organic producers whereas, conventional farmers resulted in overall Environmental benefits in practicing organic farming. Further, the logistic regression model shows that Less Irrigation is required, Soil Fertility improve and Sustainable Climate were more influencing factors to adopt organic farming. The result suggests that there is a need for proper training and permanent advisors to sensitize the more environmental concern which influenced farmers to adopt organic farming. The growing worldwide demand for organic food has led to numerous opportunities for the small farmers to gain organic price premiums too which could ensure their sustainable livelihood along with the environmental protection and economic growth of the nation.

Keywords: ANOVA, Environmental Concern, Organic Product, Logistic regression

Corporate Social Innovation: A Literature Review

Pavana Jyothi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The debate on the impact of corporate social responsibility (CSR) on firm value is still unsettled. Empirically, research designs cannot unequivocally prove that CSR affects firm value because CSR and firm value could be predetermined. Using a natural experiment we prove that CSR positively affects firm value. In this study, we use the mandatory CSR spending regulation implemented by India in 2015, as a natural setting. We compare the changes in the firm value during the pre and post-regulation period. Our results show that market value increases for firms that were forced to spend on CSR during the post-regulation period.

Keyword: CSR, Literature review, CSR- Spending

Hub and Spoke Model in Indian Trucking Industry

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(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Due to their operational benefits, as trucks engaged in long haul applications are growing heavier and their routes are getting longer across developed countries, these bigger trucks suit hub to hub movement in supply chains which largely conform to hub & spoke models. As demand across various sectors have been increasing in India, the de facto hub and spoke system has come into effect. Clustered large warehousing zones have become a reality in India, fuelled largely by Mega Food Parks and Free Trade Warehousing Zones, also smoother freight movement under new taxation structures have made it conducive to make zone based warehousing clusters that form the hubs. In light of such developments this paper addresses, through the econometric concept of cointegration, whether over the past two decades, the cost-sensitive Indian truck industry has shifted its preference towards the purchase of bigger multi-axle trucks while moving freight from hub to hub while simultaneously purchasing a greater number of small trucks to facilitate freight dispersal to the end node . Also, in this paper, we address the question of whether the bigger heavyweight category of multi axle trucks is becoming more popular among truck owners against relatively smaller two-axle medium weight capacity trucks in long haulage routes.

Keyword: Truck industry, Hub & Spoke, Warehousing

Impact of Covid-19 Second Wave on Indian Stock Market

K. Hema, Preethi Divya.A

Department of MBA, CBIT

Abstract: From United States to Japan, over 180 geographies have reported a confirmed case of coronavirus and almost everyone on this planet is adversely affected by this virus. An event of this scale would bring along many catastrophic consequences- social and economic. Many pundits have already declared COVID-19 as the “Black Swan” of 2020 with global economies starring at one of their worst recessions ever. There is something strange happening in the stock markets across the globe, especially India. It states that the markets are either not paying adequate seriousness to the pandemic or anticipating the discovery of a vaccine more optimistically when compared to the rest of the world. The bounce back to pre-COVID levels has left many investors in ambiguity. This piece is not about predicting what will happen to the markets going forward rather it talks about what could be a possible explanation to the path markets followed since the announcement of lockdown in India. In this context, the paper tries to examine the impact of covid 19 on Indian stock market.

Keywords: Indian market, Covid, lockdown, impact

Impact, Trend, and Determinants of Idiosyncratic Volatility Affecting Stock Returns: An Empirical Study on Indian Market

Saumita Roy

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: According to the traditional capital asset pricing model (CAPM by Sharpe-Linter-Black (1964, 1965)), the expected stock return on securities can solely be explained by the systematic risk (market risk) hence idiosyncratic volatility (firm-specific/ IVOL) should not have any return predictive power as it can be eliminated by diversification (i.e. investing in a portfolio). However, in the practical scenario in absence of optimal diversification (assets chosen for the portfolio are not nullifying the firm-specific/ idiosyncratic volatility of each other), investors can be exposed to firm-specific/ idiosyncratic volatility (IVOL) and hence should be compensated with additional returns for bearing additional risk (proposed by Metron 1987: limited information hypothesis). In contrast, Ang et al. (2006, 2009) report a negative (puzzling) relation between idiosyncratic volatility and stock return for a multi-country sample of 30 countries stimulating an unresolved puzzle regarding the role and direction of idiosyncratic volatility in return prediction. Further, IVOL doesn't remain constant across periods and reveals significant upward trends in the US market (period: 1963 to 2000). Although idiosyncratic volatility depends on fitting the asset pricing model with the stock return, its determinants need to be identified and studied. On the other hand, the proposed study intends to fit identified determinants (proposed for the study: earnings, earning variances, earning quality, and product market competition) into the existing asset pricing to bring down the impact of idiosyncratic volatility on stock return. This proposal builds on the above arguments and attempts to explore the role of idiosyncratic volatility in determining stock return separately for a business group affiliated (BG) and stand-alone (SA) firms, its trend, and factors affecting it for the Indian stock market from April 2000 to March 2010 using an unbalanced panel.

Keywords: IVOL, GARCH, Asset pricing, group affiliation, the Indian market

Capital Structure, Competitive Intensity and Firm Performance: An Analysis of Indian Pharmaceutical Companies

Satish Chandra Tiwari

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This research paper aims to explore the relationship of financial performance and capital structure of Indian pharma firms of BSE 500, the impact of research and development (R&D) expenditure on financial performance and also explores the moderating role of competitive intensity between the existing relationship of capital structure and firm performance. The balanced panel data of listed pharma firms of BSE 500 are used for the research study, and the present study adopts both the panel and ordinary least square (OLS) estimation techniques to draw the results. The results exhibit that the high debt ratio is harmful to the accounting performance of the selected sample of pharma firms of BSE 500. Besides, market competition negatively moderates the relationship between capital structure and firm performance. The research findings provide evidence for the policymakers/regulators that the sample firms should discourage the high debt financing in the presence of competitive intensity in the product marketplace.

Keywords: Capital structure, Competition, BSE 500, OLS

Performance of Arbitrage Mutual Funds

V D M V Lakshmi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The study attempts to investigate if fund size affects the performance of portfolios of arbitrage opportunities funds. The author opines that the fund manager of arbitrage funds with large fund sizes tend to hold cash or cash equivalents resulting in underperformance, as they may find it difficult to identify arbitrage opportunities to deploy funds efficiently and productively. The study formulates equally weighted portfolios of selected arbitrage opportunities schemes of various mutual fund houses based on fund size and applies a dual beta model to differentiate the performance of portfolios with different fund sizes in bear and bull market conditions. The results show that there is no significant difference between the performance of the portfolios of arbitrage funds with large fund size and small fund size. There is evidence that small-sized funds are more exposed to systematic risk than large-sized funds in the bear market. The Benchmark arbitrage index has significant explanatory power over the returns of the portfolios irrespective of the market condition. It is found that arbitrage portfolios irrespective of size are exposed to less systematic risk in the bull market compared to the bear market. The results also show that there is no significant difference between the returns of arbitrage portfolios and the risk-free rates.

Keywords: Mutual fund, Arbitrage, Benchmarking, Fund performance

Speed of Adjustment for Energy and Metal Prices: Evidence from India

Satish Kumar

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: In this paper, we empirically estimate the time-varying speed of adjustment (SOA) in commodity (crude oil, natural gas, aluminum, copper and zinc) prices in the Indian context. Using a price adjustment model based upon the theory of storage, we also investigate the factors affecting the speed of adjustment in commodity pricing. We further argue that the commodity prices exhibit bubbles similar to asset price bubbles. Our results indicate that the SOA for energy prices is around 41.8% while it is around 31.6% for metals' prices. Our results further indicate that on an average, during bubbles the SOA is lower than days with no bubbles. Finally, we show that bubbles help explain 4.2%, 6.1%, and 3.8%, and of the SOA for aluminum, oil, and gas prices, respectively. Our results are also robust to a range of additional tests.

Keyword: Speed of adjustment, Commodity price, Energy, Metal price

CEO's Compensation and Their Managerial Ability and Power- Moderating Effect of Group Affiliation of the Company

P Srikanth

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The present study aims to test whether rent extraction or efficient contracting significantly influences the compensation of CEOs in Indian companies. By drawing the sample from all the listed companies providing data on CEO characteristics from the year 2006 to 2018, the study tests the empirical model using ordinary least squares regression and quantile regression. The results of the analysis reveal that CEO compensation is tenure-variant and there is a trivial difference between the impact of CEO power and CEO tenure. It is in line with the bargaining theory of managerial ability view on CEO compensation. It supports efficient contracting in CEO compensation. The results of the analysis also reveal that impact of CEO power is comparatively less for long-tenured CEOs. It implies that managerial ability is maintained, and CEO compensation is influenced by their bargaining power. The results also prove that the power premium is more in the case of group companies compared to non-group companies.

Keywords: Compensation, CEO, Group affiliation, Indian firms

Mutual Fund Performance: A Study on Public and Private Sectors

Dr. K.S. Shaileshwara Rao

Associate Professor, Department of MBA, MGIT

Abstract: In this study, an attempt has been made to analyse the performance of equity mutual funds industry against risk free rate and benchmarks return over one year before and after the implementation of GST. The samples consists 10 growths oriented- open ended- equity mutual fund schemes belong to 5 public and 5 private mutual fund companies. Results are tested through risk-return analysis, Coefficient of Variation (Beta), Treynor's ratio, Sharp's ratio, Jensen's measure. The data used is monthly closing NAVs and benchmark market index closing for the study period of October 2016 to October 2017. The risk return analysis revealed that out of 10 schemes Baroda Pioneer Mutual Fund and Canara Robeco Mutual Fund in Public sector Reliance and Aditya Birla Mutual Fund in Private sector resulted in good returns. The Treynor ratio of all the mutual funds scheme are under perform the benchmark market index and Sharpe ratio of all mutual funds scheme underperform the benchmark market index

Keywords: Mutual Funds, Equity, Risk-Return Analysis, Public and Private Sector

Taxonomical Grouping of Firms Based on Performance: A Study on Listed Banks in India

Naseem Ahmed

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The objective of this article is to categorize homogeneous stocks using cluster analysis methodology. It is easier for investors to deal with a small number of clusters of stocks compared to dealing with thousands of stocks. This has aroused their interest in comparing stocks concerning different variables based on their risk appetite. Notwithstanding the widespread availability of high processing power computing devices, investors get overwhelmed by a large number of stocks available at their disposal. Categorizing a large number of stocks into a few distinct clusters would not only make the task easier for investors by letting them deal with less data but would also give them the option to pick stocks from different clusters based on their preference. This article uses the cluster analysis methodology to group homogeneous stocks from a dataset of 33 listed Indian banks. This method provides a useful tool for interpolation and extrapolation of statistical data and sets up a measure to compare the performance and profitability of a company.

Keyword: Taxonomical grouping, Indian banks, Performance

Indiabulls Housing Finance -KVB Merger: An Analysis

Koya Raghu Nadh

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Abstract: The paper scrutinises the motives for the merger from the angle of both the entities, and whether there would be any synergies that might materialize on account of this merger. The paper also examines the ripple effects this merger will have on the Indian banking and NBFC sectors. It was observed that LVB was in fact in dire straits with the relentlessly rising NPAs and resultant depletion of regulatory and growth capital. On the other hand, IBHF was in no better position with their repeated attempts to get a commercial banking license yielding no result, and NBFC sector's increasing inability to raise fresh capital on account of the general lack of credibility for the NBFC sector in the capital markets. In view of these compelling situations, it was felt that the proposed merger between LVB and the IBHF was going to be extremely crucial for both the entities without which the very survival of both the entities would take the centre stage facing an existential threat.

Keywords: NBFC, Housing-Finance, Indian Banks, LVB

Corporate Governance and Firm Performance: An Empirical Study

T Sita Ramaiah

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This study aims to examine the relationship between corporate governance and firm performance of S&P BSE-100 indexed companies from 2011-2018. A part of this study, the authors undertook an intensive review of the literature to identify a range of elements that contribute to overall corporate governance. Using the LSDV panel data model and 2SLS model the study reveals that the good corporate governance practices adopted by companies are positively related to financial performance. We use board size, board independence, board remuneration and promoter holding as corporate governance indices and Market to book value (M/B Ratio) and Tobin's Q as firm surrogates. Board independence and board remuneration are found to have a positive relationship while board size, promoter holding and financial leverage have a negative relationship with the performance of firms. There is an existence of a bi-directional relationship between corporate governance and financial performance. Companies with sound financial performance are more likely to conform to corporate governance norms and standards and implement a good corporate governance system. The result shows that corporate governance practices adopted by the S&P BSE-100 listed firms depend on their ownership structure. Ownership structure concentration is found to affect corporate governance negatively.

Keywords: Corporate governance, firm performance, 2SLS, Board Characteristics

Women Empowerment in Rural India: Through Co-operative and Mutual Ownership - A Qualitative Framework

C Anita

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Rural women were deprived of social, economic, political status in India due to the existence of gender inequities. In this backdrop, empowering rural women is one of the major challenges encountered by the Government and more so for a Non-Government Organization (NGO) Our study is documentary evidence of exploratory research of an NGO - Gram Abhyudaya Mandali (GRAM); the data collection was made through field visit to the remote locations of the society. The GRAM's (Society's) transparent practices, governance and advocacy had enabled it to build the trust among 50,000 women members approx. GRAM stands out as a good model, and could be an inspiration for any organization working in a similar area. Based on the ground observations, field interactions with women members, authors recorded relevant information and drew inferences to arrive at the proposed qualitative framework to improve or enhance and empower rural women

Keywords: Women empowerment, Mutual ownership, NGO, Indian rural women.

Domestic Institutional Ownership and Firm Performance in India

Pranati Mohapatra

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Abstract: The objective of this paper is to investigate the interdependence and interaction of institutional ownership and firm performance in an emerging market using Indian panel data. Two-stage simultaneous equations – pooled and panel instrumental regression analysis is applied to the dataset that includes publicly listed Indian non-financial firms listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) as of 31 March 2014. Strong evidence of interrelation between institutional ownership and firm performance is evidenced in the Indian context. The results of the fixed effect model confirm the relationship between firm performance and institutional ownership. Leverage and asset structures are joint determinants of firm performance and institutional ownership. However, firm performance impacts institutional ownership in the Indian context and not vice versa. The findings of the study could serve as guidelines for policymakers, institutional investors and the Indian corporate.

Keywords: Ownership structure, Indian stock market, Emerging economy

Does Firm Performance Impact Executive Turnover? An Empirical Analysis of NSE listed Companies in India

Naseem Ahmed

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This paper examines the effect of firm performance on the likelihood of CEO turnover in the Indian scenario. Indian firms are placed in a unique position where they have some characteristics of Anglo Saxon countries and others from Civil law countries. It offers strong legal protection for the investors from expropriation but suffers from the weak implementation of regulations. Using data from NSE listed companies, it was found that there is a modest inverse relationship between firm performance and CEO turnover because it was statistically significant for three out of five performance variables. Other variables such as the size of the firm, degree of leverage etc were also found significant in explaining this relationship. Both pre and post CEO turnover relationships with firm performance are analyzed and found a decline and improvement in performance pre and post turnover respectively.

Keywords: Firm performance, Executive turnover, Civil law country, NSE

Factors Effecting Volatility in Indian Stock Market with Reference to Nse Nifty

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Abstract: Stock Market is one of the most versatile sectors in the financial system, and it plays an important role in economic development. Stock Market is a platform for trading various securities without any barriers. In stock market various companies are listed to their business venture through public issues. In the current scenario, long term investors are investing in the companies through Stock Market to attain profit. The study confines to selected securities in National Stock Exchange (NSE), this largest turnover in Indian capital market. Volatility is a statistical measure of the dispersion of returns for a given security or Market Index. Commonly, the higher the volatility greater the risk associated with the security. Volatility estimation is important for several reasons associated with different people in the market. Developed markets continue to provide over long period of time with higher returns constituting low volatility. The study covers factors and cause impact of volatility in selected stocks in NSE using statistical measures. The study would facilitate to understand the past, current and future aspects of Indian Stock Market.

Keywords: Stock markets, NSE, Volatility

Mission Statement Quality and Financial Performance of Nifty 50 Companies: A Content Analysis

Richa Gupta

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Abstract: The study aims to assess the impact of directors' reports on the stock returns of selected firms. The sample considered for the study includes Nifty 50 companies, excluding 12 banking and financial firms for five years, i.e., from 2013-14 to 2017-18. Five parameters from the directors' report, i.e., Activity (AC), Optimism (OP), Certainty (CE), Realism (RE) and Commonality (CO), are considered as independent variables, whereas stock return is considered as the dependent variable. Beta, market capitalization and debt-equity ratio are control variables. The study applies the panel fixed and random effects model and Panel Vector Auto-Regression (PVAR) to examine the impact of directors' reports on stock returns. The study observes unidirectional causality from OP and CE to stock returns. Reverse unidirectional causality is observed from stock returns to CO. The study further reveals that CO and CE negatively impact stock returns. The implications of the study for the stakeholders of the companies are: first, they need to follow the directors' report in addition to financial statements and second, the kind of information which is important for them is related to CO and CE features of the report. The study contributes to the existing literature by using content analysis on directors' reports and their impact on the stock price. It also analyzes the informational dynamics between the content analysis parameters and stock returns.

Keyword: Content Analysis, Financial performance, Panel Vector Auto-Regression (PVAR)

Do More Arbitrage Opportunities Exist in High Volatile Market? An Evidence from India

V D M V Lakshmi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The study attempts to examine if there is any scope for more arbitrage profits during high volatile markets compared to low volatility times. It also examines if there is any availability of more arbitrage opportunities during the bearish phase compared to the bullish phase. An effort is also made to test if the one-day percentage change in VIX from the previous day is a better predictor of arbitrage opportunities than the one-day percentage change in VIX from 20 days moving average. The period considered in the study is from March 2, 2009, to October 31, 2018. Daily prices of the Indian Volatility Index, Nifty 50, Nifty 50 Futures, Nifty 50 Arbitrage Index are sourced from the website of the national stock exchange (www.nseindia.com). There is clear evidence of a negative relationship between Nifty 50 & Nifty 50 Futures and VIX irrespective of market conditions. However, the positive relationship between the arbitrage index and VIX is observed in a few cases. Evidence is the same even when tested the relationship between the returns from arbitrage trading strategy involving long Nifty 50 spot and short Nifty 50 futures and VIX. There is no clear evidence that more arbitrage profits are possible during high volatile markets and bearish markets. There is no evidence that one-day percentage change in VIX from the previous day is a better predictor of arbitrage opportunities than the one-day percentage change in VIX from 20 days moving average.

Keywords: VIX, Arbitrage, Nifty 50, Volatility

Decisional Factors Driving Farmers to Adopt Organic Farming in India: A Cross-Sectional Study

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Abstract: The purpose of this paper is to carry out an empirical investigation of the role of various factors such as economics, social, marketing, cultivation, and government in adoption of organic farming. Further, this study examines the factors that influence farmers' choice of adopting organic farming, based on their demographic classification such as education level, farm size, farming experiences, and land ownership of the organic farmers. To address the research objectives, the primary data were collected with the help of a structured questionnaire. In this study, the QUAL–QUAN sequence of mixed-method design was used. Four focus groups were conducted to identify the factors of organic farming adoption. Further, multinomial logistic regression analysis was applied to analyse the differential impact of these factors in relation to the farmers' demographic classification. The study found five major factors that affect the adoption of organic farming (economic, social, marketing, cultivation, government policy) in India. The study also observed that marketing and government policy factors were most crucial in influencing all types of farmers irrespective of their educational level. The farmers with more farming experience were more concerned about social factors. Similarly, the farmers using lease farms were found to be concerned about the economic viability of organic farming. This study suggests that without government support, the adoption of organic agriculture seems to be a highly challenging task in a situation, where the majority of the farmers fall under the small and marginal category. Hence, to promote organic farming in a developing country like India, the government has to invest more in schemes where farmers should get exclusive training and support to strengthen their intention behind the adoption of organic farming. Based on the collective insights from the studies, the different stakeholders with an interest in organic agriculture may frame necessary strategies to promote organic farming.

Keywords: Organic farming, Adoption, QUAL–QUAN sequence, Developing country

Determinants of Capital Structure

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Abstract: It is well predictable that capital structure is cosmic in choice and varies country wise. Many authors found in their study that investigation of new determinants in current emerging economies has a vast scope. Though, the significant determinants of capital structure are still observable which will impact on a firm's value. As many of the studies have been done in the different developing and developed countries which cause the dissimilarity of the determinant of capital structure. The aim of this paper is to explore the empirical evidence on the determinants of capital structure of manufacturing firms in India. Capital structure matters to most firms in free markets, but there are variances. Companies in non-financial industries need capital mainly to support funding such as to acquire business assets and to build production facilities and equipment to chase new areas of business. Previous studies have left scope for further investigation which may affects the performance of the firm and our paper shed light on major determinants of capital structure especially in the manufacturing sector of India. We anticipate that the empirical finding of our study will help for a new evaluation methodology of determinants of capital structure.

Keywords: Capital structure, Debt market, Emerging Economies, Determinants

Earnings Quality and Value Relevance: Evidence from Business Group Firms and Crisis Period

Ranajee

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Abstract: We investigate the existence and extent of earnings management for Indian firms through different measures of earnings quality i.e. discretionary accruals, the value relevance of accounting information and earnings persistence. We further examine the issue for group-affiliated firms as compared to standalone firms and earnings quality during crisis and non-crisis periods, amid controls for idiosyncratic factors. We observe the significant existence of bidirectional earnings management for Indian firms. Moreover, we report that group affiliated firms engage in more opportunistic earnings management compared to standalone firms. Nonetheless, earnings manipulation slightly increases during a crisis period. Group firms, though, are involved in more accounting manipulations compared to standalone firms even during a crisis, yet the extent of manipulation drops compared to non-crisis periods. We find that the explanatory power of earnings and book value continues to improve in recent years implying improved reporting quality of Indian companies with time however, the value relevance also drops during crisis periods confirming deterioration of quality of earnings in bad times. In consistency, we report the worse earnings persistence for business group firms than that of standalone firms.

Keywords: Earnings quality, Accruals, Group affiliation, Crisis period

Do Arbitrage Funds Perform Better Than Liquid Funds? Indian Experience

V D M V Lakshmi

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Abstract: The study examines the impact of listing equity futures on spot market volatility. Time period considered is 210 days before and after the listing announcement day and the actual listing day of futures on the derivatives segment of NSE. The study uses, F test, OLS model, GARCH and EGARCH models to examine if there is any significant difference in volatility between pre-listing and post-listing periods. It is found that derivatives did not cause any destabilization effect by increasing spot volatility. Instead, after the launch of derivatives, volatility came down in the majority of the stocks.

Keywords: Mutual fund, Arbitrage Fund, Liquid Fund, EGARCH

Political Connectedness and Leverage: An Empirical Study of Indian Firms

Nityanand Tripathi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: We examine the effect of politically connected firms on the firms' leverage. We classify the politically connected firms through event study methodology. We take four Indian General Elections (Lok Sabha) results in announcement dates for the years 1999, 2004, 2009 and 2014 to determine the politically connected firms. We report the difference in the means of cumulative abnormal returns (CAR) between politically connected and non-politically connected firms is statistically significant. We also test the effect of the political connection on the leverage of the firms.

Keywords: Political connectedness, Leverage, Indian General Election, CAR

Impact of Covid-19 on Asian Economy

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Abstract: Covid-19 has impacted all the sections of society, which is a matter of serious concern. The economies of more than a hundred countries have been deeply affected, which will take years to recover; thus, many countries have asked for monetary help from the International Monetary Fund. Businesses across the world, like entertainment, aviation, hospitality, etc., have seen a significant negative impact. Various sports events, such as the Olympics, Cricket 20-20 World Cup, have been postponed. It has also impacted the functioning of various online giants such as Amazon, Flipkart, etc. Countries like the USA, India, Brazil, Italy, and Spain suffer the most since their death toll is very high. There is a significant change in the world economy. Restaurants, pubs, markets, Universities, and Colleges, etc. were closed. The fear has limited the movement of individuals. People were not buying the daily use products; all these are impacting the economy of the world. The organization for economic co-operation and development has reported that the expectation for global growth has been cut to 2.4% from 2.9%, and it could fall as low as 1.5%. India faces a massive decline in government revenues and growth of the income for at least two quarters as the coronavirus hits the country's economic activity. The fall in investor's sentiments impacts the privatization plans, industry, government. The lockdown in India has impacted the economy, mainly consumption, which is the most significant GDP component. This paper focuses on analysing the impact of covid on various sectors of Indian Economy.

Keywords: Indian, economy, Covid, lockdown, impact, sectors,

Impact of New Generation Banks on the Public Sector Banks- A Ratio Analysis Approach

D Sreenivasa Chary

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Abstract: This paper investigates whether a shift toward non-interest income activities improves the profitability of Indian banks and, if so, how it varies across ownership groups and banks with different asset qualities. Our findings show that a higher share of non-interest income yields higher profits and risk-adjusted profits; in particular when banks are involved in more trading activities. The results indicate that private foreign banks earn more risk-adjusted profits compared to public sector and private domestic banks. Furthermore, we also find that income diversification benefits more to the banks that have lower asset quality compared to the banks that have higher asset quality. The findings are insensitive to dynamic panel data estimations and alternative sample specifications. The results of this paper provide valuable insights for policymakers and conclude that ensuring diversification activities enhances bank profitability, in particular for the banks that have lower asset quality.

The Impact of Ownership Structure and Business Group Affiliation on Corporate Cash Holdings: Evidence from India

Rajneesh Ranjan Jha

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Researchers report a high level of cash holding (high level of cash holding refers to cash in excess of optimum level) on an average around the world (Bates, Kahle and Stulz, 2009; Fernandes and Gonce, 2016). As per extant literature, this high level of cash holding is explained by various reasons such as the transaction motive, the precautionary motive, and the agency problem. Is a high level of cash holding in India an outcome of precautionary motive or agency problem? We address this question by examining the value of corporate cash holdings. Furthermore, there is a paucity of research that examines the cash policies of firms in the presence of controlling shareholdings (promoters' holding)/family ownership and business groups. We intend to examine this relationship by using the dataset of listed firms in India. We propose to examine the impact of excess cash holdings on tunnelling. As cash is the most flexible asset which can be easily tunnelled in the presence of controlling shareholdings/family ownership and business group affiliation, the role of monitoring by board becomes more important. Thus, we propose to examine the impact of board structure on cash holdings, which is not extensively studied in the extant literature. In addition to the above, we intend to extend the literature on the speed of adjustment of leverage to the speed of adjustment of cash holdings. We propose to use all the listed firms during the time period 2001 to 2016. We propose to use regression to examine the impact of ownership structure and business group affiliation on corporate cash holdings. This study is expected to help policymakers in developing a better code of governance which may be different for the firms with different ownership structures and evaluate the boards' effectiveness in an emerging economy like India; where ownership structure is concentrated (promoter's holding) and business groups dominate the corporate landscape.

Keywords: Ownership structure, Cash holdings, Indian business group, Corporate governance

Related Party Transactions, Corporate Governance and Firm Performance: An Empirical Analysis of Indian Firms

Nityanand Tripathi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This paper investigates the effect of the corporate governance mechanism on various types of related party transactions (RPTs). We examine whether the corporate governance mechanism helps to restrict the management's opportunistic behaviour of transferring resources from the company through RPTs or not. The empirical findings show that some of the related party transactions seem as opportunistic transactions in such cases corporate governance proxies are negatively related to those RPTs. These empirical findings can be used by all types of stakeholders of a company, and they can form a basis for regulators to make necessary decisions to improve the effectiveness of the corporate governance mechanism, which can mitigate opportunistic transactions in terms of RPTs. Overall, this study mainly contributes by reporting the relationship between RPTs and the corporate governance mechanism in India.

Keywords: RPT, Corporate Governance, Agency problem, Opportunist manager

Providing Security to Land Record with the computation of Iris, Blockchain, and One Time Password

T. N. Shankar

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Abstract: Out of many problems regarding land recording, so many fraudulent methods can be applied to obtain the records from the virtual storage system. The factors related to it might vary from time to time and place to place, but one of the common and vital ones would be the lack of security for such sensitive records. To reduce the severity of a secure storage system for these records, implementation of user authentication can assist as an additional security policy in case of land details theft. Unlike these conventional methods, the land record would be encrypted with an asymmetric algorithm, where the implementation of common reformations in technology, especially in security can be referred blockchain for data safety, iris recognition and OTP for authentication can notify the record owner about any kind of illegal activities on the secured records. And in terms of encryption, the asymmetric key policy is referred to with blockchain technology to encrypt the land records.

Keywords: Blockchain, Iris Recognition, Biometric authentication, OTP, Land Record Management.

Firm Performance and Top Executive Turnover: An Empirical Analysis of MSE Listed Companies in India

Naseem Ahmed

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This paper examines the effect of CEO turnover on the subsequent firm performance in the Indian scenario. CEO turnovers lead to improvements in the overall firm performance indicating that the turnover was involuntary. The removal of the incumbent CEO helps the new CEO unlock the potential that leads to firm performance improvement. Using Wilcoxon sign rank test and regression analysis, it was found that firm performances improve for Indian firms after the removal of the CEO.

Keywords: CEO turnover, Wilcoxon sign rank test, NSE, Top executives

Ownership Structure and Product Market Competitiveness

Pavana Jyoti

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Abstract: Existing literature shows that the monitoring effect of concentrated ownership has a positive impact on firm value. However, the economic channel of such positive impact has not been examined. In this study, we offer a possible economic channel and test it empirically using a panel of Indian firms. It is our hypothesis that concentrated ownership increases the competitiveness of the firms, through efficient monitoring of firm activities, in their product markets thus increasing the growth rate of firms. Our results show that both institutional and promoter ownership has a positive impact on firm competitiveness. However, foreign concentration has an insignificant impact. Moreover, for business group affiliated firms, only institutional concentration has a positive impact. The results remain robust for different specifications and endogeneity issues.

Keyword: Product market competition, ownership structure, Indian business group

Stock Momentum and Idiosyncratic Volatility: Further Evidence

Ranajee

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: We find that returns to momentum investing are higher among high idiosyncratic volatility (IVol) stocks, especially high IVol losers. Higher IVol stocks also experience quicker and larger reversals. The findings are consistent with momentum profits being attributable to an underreaction to firm-specific information and with IVol limiting arbitrage of the momentum effect. We also find a positive time-series relation between momentum returns and aggregate IVol. Given the long-term rise in IVol, this result helps explain the persistence of momentum profits since Jegadeesh and Titman's (1993) study.

Keywords: IVOL, momentum, winners-loser, Firm performance

An Empirical Examination of Ownership Concentration and Firm Performance: Indian Evidence

D Satish

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: In India, promoters own a significant portion of the shares of the listed firms. The investors also swear by the names of the promoters behind the firms. In this context, the paper studies the relationship between promoter ownership and firm performance among NSE listed companies by treating promoter ownership variable to be endogenous as well as non-endogenous. The paper also studies the Impact of Deferential promoters' holding on performance of these firms. The paper uses the 2SLS model to study the relationship while taking Tobin Q as a proxy for firm performance. The results showed the existence of a strong relationship between promoter ownership and firm performance while the nonlinear study showed a U Shaped relationship indicating a reduction in performance of the firm to a the certain point with an increase in promoter ownership and then a gradual increase in firm performance with an increase in promoter ownership after that point.

Keyword: Ownership structure, Promoters' holdings, 2SLS, Tobin's Q

Impact of Technological Innovations on Agricultural Output

Md. Sikandar Azam

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: In modern India, only 0.7% of the cultivable agricultural land is used for organic farming. One of the many reasons that could be attributed to less number of organic farmers is the marketing challenges faced by them in selling and distributing organic produce. This study seeks to find out whether the marketing problems differ between organic farmers and conventional farmers, according to land size and derive policy implications specific to fostering organic farming in India. In this study, a sequential form of mixed method design has been used. In the first phase, an exploratory study was convened to first hand comprehend the different kinds of marketing challenges experienced by farmers during the selling and distribution of their produce. Six marketing challenges emerged from this study. In the second – quantitative phase, we sought responses on organic as well as conventional farmers on the perceived intensity of these problems. Two-way ANOVA has been used to find out whether the farmers experience marketing problems differently based on their method of cultivation and land holding pattern. In the third phase, focus group discussions have been conducted to qualitatively explain the significant mean differences that were found in the second phase. Based on the collective insights from three studies, policy implications to promote organic farming in India are derived.

Keywords: Agricultural output, Organic farming, Two-way ANOVA, Technology

Women Directors and Firm Performance: Emerging Market Evidence

Pavana Jyoti

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: The purpose of this article is to examine the impact of women directors on the firm performance of Indian companies and to check the impact after controlling their firm-specific and corporate governance variables. Further, the study explores the impact of women directors on firm performance of group firms and standalone firms. Regression models used in the study reveal that women directors create a positive and significant impact on firm performance as measured by return on assets (ROA) and Tobin's Q. Further, the study found that the relationship becomes stronger if a firm belongs to the business group. This article adds to the existing literature on gender diversity at the board level, by analyzing the impact of women directors on firm performance in the Indian context. This study is the first to examine the aspect of gender diversity in the Indian context.

Keywords: Gender diversity, Women directors, ROA, Tobin's Q

CEO Turnover and Firm Performance: An Empirical Evidence

Naseem Ahmed

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This paper examines the effect of firm performance on the likelihood of CEO turnover in the Indian scenario. Indian firms are placed in a unique position where they have some characteristics of Anglo Saxon countries and others from Civil law countries. It offers strong legal protection for the investors from expropriation but suffers from the weak implementation of regulations. Using data from NSE listed companies, the firm performance of companies were analysed those experienced CEO turnover vis a vis those that didn't. There was a statistically significant difference between the two types of firms for most of the years.

Keywords: CEO turnover, Firm performance, Indian firms, Board structure

Conceptual Understanding of Blockchain: Implications for Supply chain, Finance and Accounting

Dr Nikita Singh

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Abstract: Blockchain is a term widely used to represent a suite of technologies. Much like the early internet, blockchain has the potential to fundamentally change the way the industry works, causing a big paradigm shift in how money, goods and digital assets move around the world. Right from its initial use case as an underlying technology for various cryptocurrencies, it is now being used in a plethora of application domains. The biggest challenge here is to identify the application domains where –blockchain-based solutions would be a good fit. Blockchain technology will benefit areas where information is distributed and decentralized, information stored is time-sensitive, and the security of data is important. Given these challenges, the two areas that emerge as good candidates and could benefit greatly from the technology include – Supply Chain, and Finance and Accounting. All these domains generate thousands of transactions each day. All the transactions require some form of verification and auditing. This paper suggests how the use of blockchain technology could reconcile transactions at a lower cost and can also be used to generate immutable audit trails to create a better identity system to improve the tracking of goods. This paper proposes a framework of how leveraging the power of blockchain technology could enable businesses to perform *costless verification* and in the long run reduce the cost of running a secure network.

Keywords: Audit-trail, Blockchain, Costless-verification, Immutability, Reconciliation, Supply chain, Transactions.

Cash Holding and Business Groups: An Empirical Evidence from India

Rajneesh Ranjan Jha

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Researchers report a high level of cash holding (high level of cash holding refers to cash in excess of optimum level) on an average around the world (Bates, Kahle and Stulz, 2009; Fernandes and Gonec, 2016). As per extant literature, this high level of cash holding is explained by various reasons such as the transaction motive, the precautionary motive, and the agency problem. Is high level of cash holding in India an outcome of precautionary motive or agency problem? We address this question by examining the value of corporate cash holdings. Furthermore, there is a paucity of research which examines the cash policies of firms in the presence of controlling shareholdings (promoters' holding)/family ownership and business groups. We intend to examine this relationship by using the dataset of listed firms in India. We propose to examine the impact of excess cash holdings on tunnelling. As cash is the most flexible asset which can be easily tunnelled in the presence of controlling shareholdings/family ownership and business group affiliation, the role of monitoring by board becomes more important. Thus, we propose to examine the impact of board structure on cash holdings, which is not extensively studied in the extant literature. In addition to the above, we intend to extend the literature on the speed of adjustment of leverage to the speed of adjustment of cash holdings. We propose to use all the listed firms during the time period 2001 to 2016. We propose to use regression to examine the impact of ownership structure and business group affiliation on corporate cash holdings. This study is expected to help policymakers in developing a better code of governance which may be different for the firms with different ownership structures and evaluate the boards' effectiveness in an emerging economy like India; where ownership structure is concentrated (promoter's holding) and business groups dominate the corporate landscape.

Keyword: Group affiliation, Cash holdings, Tunnelling effect, Agency Problem

Multiple Banking Relationships, Firm Performance and Firm Value: Evidence from India

Bhanu Sireesha

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Previous studies in the finance literature argue that banks are the efficient monitors of firm activities on account of their access to information. But empirical evidence suggests that multiple banking relationships have a negative impact on firm performance as they face free-rider problems. In this study, using panel data of Indian firms that extends from 2001 through 2014, we show that the relationship is conditioned on the amount of debt that banks have financed. The negative impact is observed only for those firms in which the average bank lending is low, while for the firms with higher average bank lending, the impact of multiple bank relationships is positive on firm value.

Keywords: Banking relationship, Free rider issue, Indian banks.

Related Party Transactions and Corporate Governance: An Empirical Examination of Business Groups in India

Nityanand Tripathi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: This paper examines the empirical relationship between RPTs, firm performance, and corporate governance in the business group firms vis-à-vis stand-alone firms. India has a set of different corporate governance mechanisms being operated as compared to other countries. The introduction of Clause 49 of the listing agreement emphasizes the requirement of prior approval from the audit committee, in the case of each related party transaction (RPT). However, the magnitude of RPTs varies across the Indian firms, which are broadly classified as business group companies and stand-alone companies. The study provides evidence that Indian listed companies use recurring RPTs at high magnitude with their related parties and suggests that all of the stakeholders and regulators should be concerned about the loan given to related parties because this area of RPTs does not support efficient transactions.

Keywords: Corporate governance, RPT, Firm performance, Indian firms.

An Empirical Analysis of Merger Performance of Indian Mergers

Richa Gupta

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: Mergers and acquisitions are being increasingly used the world over as a strategy for achieving larger size, faster growth in market share and reach, and for becoming more competitive through economies of scale. This paper has attempted to study the impact of different types of mergers on the operating performance of acquiring/merging corporates in India in the post-economic reforms period of 1991-2003, by examining some pre-and post-merger financial ratios, in the sample of firms involving all mergers by public limited and trading companies in the period. The results suggest that there are minor variations in terms of the impact on operating performance following mergers of different kinds.

Keywords: Indian merger, financial ratio, Operating performance

A Study of Cointegration and Forecasting of Returns on Indian Stock Market

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Department of MBA, MGIT

Abstract: Stock Market is the place where the equities of public listed companies are traded. It is a meeting place of buyers and sellers of equities. In India the premier stock exchanges are the Bombay Stock Exchange and the National Stock Exchange and their Indices are Sensex and Nifty. As there are 2 indices exhibit a speculative nature, the investors and researchers may get confused in investing their money due to their inherent relationship for short run and long run, which has become research question to be answered. Hereby, the major objective of the study is to examine the short term and long-term relationship effect of SENSEX and NIFTY on each other to guide the investors properly. The study moved with a stationarity test named Augmented Dickey–Fuller test to test the stationarity of time series in NIFTY and SENSEX. Further, the study verified causality with the help of Granger causality test. After meeting the criteria, the study examined the effect of one on the other i.e., SENSEX and NIFTY as well as NIFTY on SENSEX using ARIMA model. Overall, the result of the study states that NIFTY effects SENSEX but not in the other way. The study can be further extended to analyse the effect of NIFTY and SENSEX on other stock indices too.

Keywords: Investor, Researcher, Granger Causality Test, SENSEX, NIFTY, Augmented Dickey–Fuller test

Women CEOs and Executive Compensation

Pavana Jyothi

(Dept. Of Finance & Accounting, ICFAI Business School, Hyderabad, IFHE)

Abstract: In this study, we examine the impact of CEO gender on the compensation of Indian corporate employees. Based on the theoretical and empirical research in business ethics and leadership styles, which argue that females are ‘care’ and ‘relationship-oriented, we hypothesize a positive impact on compensation. Our results show that the average compensation increased by about 14% when females took over the leadership and they paid significantly higher compensation as compared to the industry averages. This increase is observed irrespective of the size, performance and growth of firms. However, the positive impact is weaker for highly levered firms.

Keywords: CEO gender, board diversity, Indian firms, Compensation

Cash Holdings: Determinants, Value and Speed of Adjustment

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Abstract: We investigate whether institutional determinants, especially corporate governance and investors' rights protection, affect cash holdings deviation from target and adjustment speed. Using a large, international sample of firms, we find that institutional determinants, including corporate governance, influence the amount of excess cash (deviation from target) and the speed with which firms in different countries adjust their cash holdings. The findings are robust after the inclusion of a wide range of firm-level characteristics and economic and financial development variables.

Keywords: Cash holdings, Corporate governance, Investors' right protection, Speed of adjustment

Controlling Non-Autonomous Matter Waves in ``Smart'' Transient Trap Variations

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Abstract: In this paper, we study the controllable behaviour of non-autonomous matter waves in different "smart" transient trap variations in the context of the cigar-shaped Bose-Einstein condensates. By utilizing a novel self-similarity transformation, we reduce the non-autonomous Gross-Pitaevskii (GP) equation, to the familiar elliptic equation with soliton solutions. This process leads to a consistency equation which is in the form of a Riccati equation. The connection between the Riccati and the linear Schroedinger equation through the Cole-Hopf transformation is exploited here to introduce temporal trap variations. For our study, we explore the possibility of using one dimensional exactly solvable potentials and their newly constructed rational extensions, as functions of time, to introduce interesting temporal trap modulations. The regular potentials and their rational extensions being structurally different, leads to different temporal modulations. It is exhibited that the soliton behaviour with respect to compression/amplification etc., in both these cases is different.

Momentum in Indian Stock Market: A Cross-Sectional Analysis

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Abstract: The notion of market efficiency and instantaneous diffusion of new information in stock prices is highly debated. Momentum as an investment strategy is based on finding the strongest stocks riding them till the time it trends higher and selling them off, once the stocks lose positive momentum. The objective of the study is to identify, decompose and study the dynamics of momentum profit, issues faced while implementing the momentum strategy. The study uses secondary data gathered from major sources like the National Stock Exchange, Reserve Bank of India, Ministry of Finance, and Centre for Monitoring Indian Economy data repositories for a period of 18 years ranging from April 1995 to March 2013. Momentum is present in the Indian market and price momentum is not subsumed by earnings momentum. The study provides implications for portfolio theory, market efficiency and active portfolio management and investing literature.

Keywords: Asset pricing, Momentum, cross-sectional stock returns, market efficiency

Contrarian Trading and Behavioral Issues in India Markets

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Abstract: Recently, several behavioural finance models based on the overconfidence hypothesis have been proposed to explain anomalous findings, including a short-term continuation (momentum), a long-term reversal in stock returns, high levels of trading volume and excessive volatility. Using data from the Bombay Stock Exchange, we find empirical evidence in support of the overconfidence hypothesis. First, based on a restricted VAR framework, we show that overconfident investors overreact to private information and under-react to public information. Second, based on EGARCH specifications, we show that self-attribution bias, conditioned by right forecasts, increases investors overconfidence and trading volume. Third, the analysis of the relation between return volatility and trading volume shows that the excessive trading of overconfident investors makes a contribution to the observed excessive volatility.

Keywords: Behavioural finance, EGARCH, Private information, Investors' confidence

Venture Capital and Implications

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Abstract: We analyze the impact of venture capital finance on the growth and innovation of young Indian firms. On the basis of statistical matching procedures, we confirm findings that venture-funded firms have a higher number of patent applications than those in the control group. However, these are obtained even before the venture capitalists' investment, hence venture capitalists choose firms with demonstrated innovative output. After the investment, the number of firms' patents does not differ significantly anymore, however, their growth rates are significantly larger. This suggests that the higher innovativeness of venture-funded firms is due to the selection process of the venture capitalist prior to the funding rather than to the venture funding itself. Venture capitalists seem to focus rather on the commercialization of existing innovations and the growth of the firm.

Keywords: Venture capital, Investment analysis, Young Indian firms, Patent

A Systematic Literature Review on Malware Analysis

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Abstract: Malware is a significant security danger on the Internet nowadays. Hostile to Virus organizations get a huge number of malwares tests each day. It is intended to harm PC frameworks without the information on the proprietor utilizing the framework and method headways are presenting enormous difficulties for scientists in both the scholarly world and the business. Malware tests are arranged and gathered for additional investigation. In this literature review, we did the manual research on the publications from the year 2014 to 2020. We selected about 27 articles out of 55 articles as primary studies and applied quality evaluation criteria and deducted research questions from them. The motivation behind this SLR is to inspect the accessible literary works on malware examination and to decide how exploration has developed and progressed regarding the amount, substance, and publication outlets. We also discussed the issues and challenges we are facing in malware analysis along with detection system requirements. Large numbers of the malicious programs are tremendous and confounded so it is difficult for researchers to fathom its subtleties. Scattering of malicious data beyond clients of the web and furthermore preparing them to effectively utilize against malicious items are critical to shielding clients from malicious attack. This review paper will give a comprehensive book index of techniques to help with battling malicious data.

Keywords: Malware, Malware analytics, Malware code, Taxonomy, Signature-based, Anomaly-based, Malware system requirements

Analysis of Mergers and Acquisitions in Indian Banks

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Abstract: The fact that India could well be the next financial hub of the globe, and the fact that the banking sector will play a major role in facilitating this transformation, served as the motivation for the study. Post-liberalisation, the sector has seen a lot of mergers and acquisitions in the country. However, to add value, M&A must lead to the improved financial performance of the merged entity. This research paper analyzes the post-merger financial performance of private and public sector banks, and also compares the same. The study reveals that, individually, private and public sector banks have shown post-merger improvement in financial performance with respect to a few parameters of the CAMEL model. However, overall there is no statistically significant improvement in the financial performance of the banks, post-merger. Also, there is no significant difference when the post-merger financial performance of private sector banks is compared to that of public sector banks.

Keywords: Indian Banks, Merger, CAMEL model, Public and private sector banks