# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>ii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
</tbody>
</table>

## CHAPTER 1: INTRODUCTION

1.1. Background of the Study                                   1
1.2. Rationale of the Study                                    5
1.3. Objectives of the study                                   8
1.4. Testable Hypotheses                                       9
1.5. Data                                                      11
1.6. Methodology                                               13
1.7. Summary of Empirical Results                              16
1.8. Relevance of the Study                                    20
1.9. Organisation of the Study                                 21

## CHAPTER 2: ASSET PRICING AND EQUITY MARKET ANOMALIES: THEORETICAL FRAMEWORK

2.1. Introduction                                              23
2.2. Modern Portfolio Theory and Capital Asset Pricing Model   23
2.3. Fama and French Three Factor Model                       28
2.4. Equity Market Anomalies                                   31
2.4.1. Size Anomaly                                            32
2.4.2. Value Anomaly                                           34
2.4.3. Prior Return Patterns                                   37
2.4.4. Liquidity Anomaly                                       42
2.4.5. Accruals Anomaly                                        46
2.4.6. Profitability Anomaly                                   51
2.4.7. Stock Issues and Stock Repurchases Anomalies            52
2.5. Summary and Concluding Remarks                            55
CHAPTER 3: SURVEY OF LITERATURE  

3.1. Introduction 57

3.2. Size anomaly, Value anomaly and Prior Return Patterns 57
   3.2.1. Mature Markets 58
   3.2.2. Emerging Markets 61

3.3. Liquidity Anomaly 67
   3.3.1. Mature Markets 67
   3.3.2. Emerging Markets 71

3.4. Accruals Anomaly 72
   3.4.1. Mature Markets 72
   3.4.2. Emerging Markets 75

3.5. Profitability Anomaly 76
   3.5.1. Mature Markets 76
   3.5.2. Emerging Markets 77

3.6. Stock Issues and Stock Repurchases Anomalies 78
   3.6.1. Mature Markets 78
   3.6.2. Emerging Markets 80

3.7. Research Gap 81

CHAPTER 4: TESTS OF EQUITY MARKET ANOMALIES FOR INDIAN STOCK MARKET  

4.1. Introduction 83

4.2. Data 83

4.3. Methodology 85

4.4. Empirical Results 90
   4.4.1. Size Anomaly 91
   4.4.2. Value Anomaly 92
   4.4.3. Short term prior return patterns 92
   4.4.4. Liquidity Anomaly 93
   4.4.5. Accruals Anomaly 94
   4.4.6. Profitability Anomaly 95
   4.4.7. Stock Issues and Stock Repurchases Anomalies 96

4.5. Unexplained Anomalies 97
CHAPTER 5: ACCRUALS AND CASH FLOWS ANOMALIES: EVIDENCE FROM INDIAN STOCK MARKET

5.1. Introduction 117
5.2. Testable Hypotheses 118
5.3. Data 119
5.4. Methodology 120
   5.4.1. Test of Persistence of Earnings and its Components 120
   5.4.2. Market Efficiency Tests 121
   5.4.3. Asset Pricing Tests 124
5.5. Empirical Results 127
5.6. Concluding Remarks 131

CHAPTER 6: AN EMPIRICAL INVESTIGATION OF THE PROFITABILITY ANOMALY IN THE INDIAN STOCK MARKET

6.1. Introduction 142
6.2. Data 145
6.3. Methodology 146
   6.3.1. Test the Relationship between Profitability and Returns 146
   6.3.2. Test the Relationship between Profitability and Payouts 147
   6.3.3. Asset Pricing Test-CAPM 147
   6.3.4. Test the relationship between Beta and Payouts 148
   6.3.5. Asset Pricing Test-Fama French model 149
   6.3.6. Test the Relationship between Dividend Payouts, Size and Value factors 150
6.4. Empirical Results 151
6.5. Concluding Remarks 153

CHAPTER 7: TESTS OF EQUITY MARKET ANOMALIES FOR SELECT EMERGING MARKETS

7.1. Introduction 159
7.2. Data 160
7.3. Methodology 162
7.4. Testing for Equity Market Anomalies 166
  7.4.1. Background observations and market settings 166
  7.4.2. Empirical results of equity market anomalies and role of asset pricing models
    7.4.2.1. Size anomaly 167
    7.4.2.2. Value anomaly 167
    7.4.2.3. Short term prior return patterns 168
    7.4.2.4. Liquidity anomaly 170
    7.4.2.5. Accruals anomaly 170
    7.4.2.6. Profitability anomaly 171
    7.4.2.7. Stock issues and stock repurchases anomalies 173
7.5. Role of Liquidity factor in Stock Returns 175
7.6. Concluding Remarks 177

CHAPTER 8: SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS 186-196

  8.1. Summary of Research 186
  8.2. Policy Implications 193
  8.3. Directions for Further Research 194

REFERENCES 197-215