PREFACE

This research report is a thesis submitted for the degree of Ph.D. in Arts (Commerce) at the University of Burdwan, West Bengal, entitled "Investors' Judgement of Corporate Overall Performance : A Study of Selected Indian Companies". This is prepared under the guidance and supervision of Prof. Amit Mallik, M.Com., Professor of Commerce and Dean of the Faculty of Arts, Commerce etc.

The accounting process should be viewed as a producer of numbers. These numbers possess potential informational content. Amongst accounting numbers, the measure of corporate overall performance is a crucial criterion for evaluating overall performance of the management in charge of the stewardship of an organisation as also for the assessment of the standing of that organisation in the backdrop of the external world by several outside agencies. On another side, the study of share price behaviour in the stock market is both a well cultivated and much confused area of research in financial economics and also in financial management. In this report, after a discussion of the object of the study and a survey of existing literature on financial ratio analysis and study of share price behaviour, the relationship between aspects of equity share price (i.e., the average of such price, relative dispersion of it etc.) and the corporate overall performance (in terms of operating efficiency and financing effectiveness) of the individual companies is studied. The studies are for some selected Indian manufacturing and non-manufacturing companies to get the overall performance measure on a comprehensive and objective basis. The statistical analysis of both time series and
cross-sectional data is done applying the canonical correlation analysis technique and using the concerned parametric tests of significance. In the course of the analysis process, the ratio variables based on historical costs as well as on current values are used. The model of relationship in both the additive and the multiplicative versions is examined. The results of statistical tests for the postulated model of relationship are encouraging enough. Some potential applications of the model are demonstrated. The possible limitations and policy implications of the model and its applications are also finally indicated.

For conducting this study past data were required for several purposes. These data were collected from different issues of Bombay Stock Exchange Official Directory for selected Indian companies. Again, the data to measure some macro economic variables were also collected from different issues of Reserve Bank of India Bulletin.

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