The development of the modern Portfolio Theory by Harry Markowitz and the Capital Asset Pricing Model by W.F. Sharpe have brought about significant changes in the traditional finance literature. The modern theories of different aspects of corporation finance have been developed on the basis of these two models.

Both the models, particularly the CAPM has received considerable attention of the researchers during the last few decades. It has been tested in a number of ways by several authors and a large number of adaptation models have been developed by them. In spite of its various limitations, the model has been accepted by the academicians as well as the practitioners mainly for its simplicity.

Most of the earlier studies have been conducted in the context of the capital markets of some developed countries like USA, UK, Japan, France etc. Reference can be made of a very few attempts which have been conducted during the very recent years and provide quantitative assessments of the model in the Indian capital market conditions. The present study is a modest attempt to provide a quantitative analysis of the basic CAPM on the basis of some selected Indian share data.

It has also been tried to account for the predictive ability of the accounting-based measures of risk and the effect of
some major financial management decisions (using the available accounting informations as surrogates) on the corporate risk complexion. In a nut shell, this study may be regarded as indicative rather than conclusive.

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