fairly priced. The research examined the relationship between the value of the capital stock in the Indian corporate sector and the valuation of claims to the capital stock in capital markets. The inference was arrived at by relating the price earnings ratio and Tobin’s q. The interpretation of this study is not in conjunction with the current research findings.

**Possible areas of further research**

Some suggestions for future research are presented at this juncture. This study restricts to 69 securities listed in 6 BSE sectoral indices. The sectors were chosen because of their importance and contribution to the national economy and GDP. It is prudent that all the 13 sectors are studied in depth before arriving at BSE’s market efficiency levels. Another possible area of future research would be to categorize dividend announcements as good (when dividends are declared more than previous years), bad (when dividends are reduced compared to previous years) or no news (when dividends are constant). This distinction will have better clarity and can distinguish market reactions enabling it to distinguish and recognize the market responses to information conveyed by the announcements and the investors’ expectations.

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