## Acknowledgement

## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgement</td>
<td>i-iii</td>
</tr>
<tr>
<td>Contents</td>
<td>iv-vi</td>
</tr>
<tr>
<td>List of Tables</td>
<td>vii-viii</td>
</tr>
<tr>
<td>List of Figures</td>
<td>ix</td>
</tr>
<tr>
<td>List of Acronyms</td>
<td>x-xi</td>
</tr>
</tbody>
</table>

## Introduction

### Part I: Literature Survey

Chapter 1: Financial Liberalisation and Economic Growth - A Survey of the Literature

1.1: Overview
1.2: A Survey of the Literature on the Relationship between Financial Development and Economic Growth
1.3: Mainstream (New Classical) Theory
   1.3 A: Gurley and Shaw Hypothesis
   1.3 B: McKinnon-Shaw Hypothesis
   1.3 C: Recent Proponents of the Mainstream Theory
   1.3 D: Empirical Evidence
1.4: Keynesian Perspective
1.5: Stock Market Development and Economic Growth
1.6: Deregulation and Financial Crises

Chapter 2: Tobin's q Theory of Investment

2.1: The Measure of Tobin's q
2.2: Precursors to Tobin's q
2.3: Usefulness of the measure of Tobin's q
2.4: Drawbacks of the measure of Tobin's q
2.5: Empirical Analysis of Tobin's q Theory across the Globe
2.6: Implications of the Empirical Studies on Tobin's q Theory of Investment
2.7: Improvements in the earlier Empirical Studies
Part II: Empirical Analysis

Chapter 3: Overview of the Capital Market of India

3.1: The Capital Market of India
3.2: Influence of Financial Liberalization on Capital Markets
3.3: Development of Capital Market of India
3.4: The Stock Markets of India and FII Inflow
3.5: Financing Pattern of the Indian Corporate Sector
3.6: Nature and Causes of Portfolio Investment in India
3.7: An Overview of the FII in India.
3.8: Composition of Foreign Investment in India
3.9: Sources of FII in India
3.10: Macroeconomics of the capital account
3.11: Stability of the capital market in the wake of FII

Chapter 4: Tobin's q Theory of Investment in the Context of India

4.1 Empirical Studies on Tobin's q Theory of Investment in India
4.2: Methodology of our Analysis and Source of Data
4.3: Regression Analysis of Tobin's q Theory of Investment
4.4: Tobin's q of the 9,600 firms listed in the BSE
4.5: Tobin's q of the 30 BSE Sensex firms
4.6: Tobin's q of Top 100 firms based on their Capital Employed

Chapter 5: Investment Decisions of Firms: An Empirical Analysis in the Context of India for the Post Liberalization Period

5.1: Definition of Investment
5.2: Keynesian Theory of Investment
5.3: Kalecki's Theory of Investment
5.4: Neo Classical Theory of Investment
5.5: Tobin's q theory of Investment
5.6: Empirical Analysis of Corporate Investment Decisions in India
5.7: Regression of Investment of firms and the Tobin's q ratio
5.8: Regression analysis using lagged variable
5.9: Relation between Real Investment and the firms' Tobin's q ratio
Chapter 6: Profit Hypothesis: An Empirical Analysis in the Context of India for the Post Liberalization Period

6.1: Profit of Firms' as an Indicator of its Investment Behaviour
6.2: Regression Analysis of firms’ Profits and Investment on the basis of their capital employed
6.3: Relation between firms' Profits and Investment – An Alternative Perspective
6.4: Regression of Profits earned by the firms as a ratio of their capital employed and the Tobin's q ratio
6.5: Analysis of capitalized value of firms and investment
6.6: Capital formation of Private Corporate Sector and BSE Sensitive Index

Part III: Policy Implications

Chapter 7: Some Policy Implications for the Indian Economy in the Context of our Analysis

7.1: The Case for Capital Account Convertibility
7.2: Policies pertaining to the Capital Account in India before and after the era of Financial Liberalization
7.3: Benefits of “CAC” for India
7.4: Pitfalls of “CAC” for India
7.5: What should be India’s approach to CAC?
7.6: Current Scenario of the Capital Account in India

Concluding remarks

Bibliography