Indian Stock markets have undergone transformation dramatically in the last two decades. A growing number of companies have been accessing the Capital Market rather than depending on loans from financial institutions. The growth in the foreign institutional investors, mutual funds and the privatization of insurance sector, have facilitated the induction of more institutional players in the markets. Total resources mobilized through issuance of equity and debt in 2016–17 increased to Rs 24432 crore and Rs 23893 crore respectively. National Stock Exchange had a total market capitalization of more than US$1.41 trillion, making it the world’s 10th-largest stock exchange as of March 2017. Indian stock market contributed about 4% India’s GDP. Presently very low percentage of the household savings of Indians are invested in the domestic stock market, but with GDP growing at 7-8% annually and a stable financial market, it is expected that stock market would be fast engine for overall growth of economy.

Majority of studies focused on the impact of macro (external) factors on share price movements. Along with the external factors it is important for an investor to understand the various types of corporate actions which affect the shareholders decisions and, thereby, the price and volume of shares in the market. Corporate announcements affect the Stock market which is reflected from excess returns of firm surrounding the announcement. Change in shareholders’ wealth can be measured through direction and magnitude of excess returns associated with the event. Thus the effect of corporate announcements is important pragmatic issues in capital market, influencing the movement of share prices.

The present study is an attempt to test the efficiency of the Indian capital market with respect to information content of four major corporate events (Stock Split, Buyback, Bonus Issue, and Right Issue) on shareholders wealth along-with market liquidity and volatility for Banking & IT (Information Technology) companies. To achieve the objectives of the study, the sample companies were selected from the companies listed on NSE with availability of the data of event announcements. The event study approach was used for the analysis. Market Model and OLS Regression Model were used to find out the extent of abnormal returns given by the stocks under study. To study the Announcement effect on returns, the variables used are: AAR, CAAR, WAAR & PWCAAR. While, for Liquidity, proxy variables were Mean Trade & Mean Amivest, the measures of volatility considered were historical volatility (Variance of AAR) & time varying volatility (using e-views).
Therefore, the present study holds significant implications for corporate, investors, fund managers, corporate executives & administrators of financial institutions in decision making in line with the results of about impact of various important announcements.

The research work is organized into eight broad chapters. Chapter 1-3 presents the introduction, literature review and research methodology adopted to carry out this work. Chapter 4-7 is devoted to the analysis of four major corporate financial events (Stock Split, Buyback, Bonus Issue, and Right Issue) on shareholders wealth along-with market liquidity and volatility. The major findings, managerial implications, limitations of the study, suggestions and future research directions are highlighted in chapter 8.