Impact of corporate actions in the Indian stock market: Empirical evidence from select sectoral indices of NSE

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DECLARATION BY STUDENT

I hereby declare that the data presented in this Dissertation report entitled, **"Impact of corporate actions in the Indian stock market: Empirical evidence from select sectoral indices of NSE"** is based on the results of investigations carried out by me in **Master of Commerce** at the **Goa Business School**, Goa University under the Supervision of **PROFESSOR GUNTUR ANAJANA RAJU** and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will be not be responsible for the correctness of observations / experimental or other findings given the dissertation.

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This is to certify that the dissertation report **"Impact of corporate actions in the Indian stock market: Empirical evidence from select sectoral indices of NSE"** is a bonafide work carried out by **Ms. Samiksha Sandeep Naik** under my supervision in partial fulfilment of the requirements for the award of the degree of **Master of Commerce** at the Discipline of **Commerce** at the Goa Business School, Goa University.

Professor. Guntur Anjana Raju 30/04/2024

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Signature of Dean of the school

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Abbreviations

Serial No.	Abbreviations	Entity
1	IT	Information Technology
2	FMCG	Fast Moving Consumer Goods
3	GDP	Gross Domestic Product
4	IMF	International Monetary Fund
5	FY	Financial Year
6	BSE	Bombay Stock Exchange
7	NSE	National Stock Exchange
8	CAPM	Capital Asset pricing Model
9	AR	Abnormal Return
10	AAR	Average Abnormal Return
11	CAAR	Cumulative Average Abnormal Return
12	P/E ratio	Price to earnings ratio

Abstract

The share prices in the stock market fluctuates on a daily basis. One of the main reason for such fluctuations is the corporate actions of the company. The shareholders may be influenced by this corporate actions. Corporate actions also play an important role for the distribution of the profits among the shareholders, controlling the share prices or restructuring the capital of the company. Therefore, the corporate actions may have direct or indirect impact on the stock prices and also on the investor's investment decision. Five corporate actions such as dividend announcement, bonus announcement, stock splits announcement, right issue announcement and buy back announcement are considered for the study.

Secondary data is used to identify the impact of the corporate actions. For this purpose, the data related to the announcement dates of the five corporate actions are collected from secondary sources such as the National Stock Exchange and Capitaline. For the purpose of conducting the study 4 sectoral indices such as Nifty Financial Services, Nifty IT, Nifty FMCG and Nifty Oil & Gas of the National Stock Exchange (NSE) are selected. The study is carried out for 5 years starting from FY 1/4/18 to FY 31/3/23.

The study uses the standard "event study methodology - market model". Using the market model, it was found that in Nifty Financial services, only bonus and stock splits have a significant impact. In Nifty IT, it was found that only bonus and Stock splits have a significant impact. In Nifty FMCG sector, Bonus and Stock splits have a significant impact and in Nifty

Oil & Gas, bonus, buyback and stock splits have a significant impact.

Keywords – Dividend announcement, Bonus announcement, Stock splits announcement, Right issue announcement, Buyback announcement.

Chapter I: Introduction

1.1 An overview of the Indian economy and the growth of the Indian economy

Indian economy is one of the fifth largest economies in the world after it recovered from the COVID-19 pandemic. The country is also one of the G-20 major economies and a member of the BRICS. According to the IMF, India is in the 143rd position in terms of nominal GDP as of 2023.

In the last two decades, the Indian economy has suffered primarily due to different economic events for example, the world financial crisis in 2008-2009, the European Union Sovereign crisis in 2010-2012, global commodity price realignment in 2014-2016, demonetization in 2017, a lifetime pandemic of COVID-19, and two wars since early 2022. As these issues got better, the Indian economy strengthened, giving a broader scope to reorient policies toward development along with the economic, social, and environmental aspects of sustainable progress.

During the COVID-19 pandemic, India's GDP contracted in FY2020 and FY2021. However, the growth of India's GDP significantly recovered in FY21 and FY22, helped by accommodating fiscal and monetary policies as well as widespread vaccination coverage. Therefore, in 2022, India became one of the fastest-growing economies in the world, regardless of the major challenges in the world, such as the resurgence of supply chain disruptions due to increased geographical tensions, the corresponding tightening of worldwide monetary policy, and inflationary pressures. In FY 2022 and FY 2023, the real GDP of India increased by an estimated 6.9 percent. The main drivers of India's growth were strong domestic demand, robust investment activity supported by the government's push for the development of infrastructure, and fast private consumption, especially among high income earners. Due to fiscal consolidation, the government's consumption shifted along with the composition of domestic demand. Though the overall economic pace remains robust, there have been signs of moderation since FY 22-23. Rising of borrowing prices, stricter financial restrictions and continuous inflationary pressures are likely to be the main factors weighing on India's economy in FY 23-24. Real GDP growth is expected to decline from the predicted 6.9 percent in FY 2223 to 6.3 percent in FY 23-24.

Many factors contribute to India's growth, such as numerous macroeconomic policies, a new framework for inflation, high quality public spending, an excellent flow of foreign direct investment, monetary policies, robust capital markets, effective financial institutions, and so on.

The growth of a country's economy is also influenced by many factors, such as the country's financial situation, fluctuations in currency, changes in crude oil prices, the development of the country, etc. Because the economy is now a global element, the development of the global economy also influences the growth of the country. The influence of the country's growth has grown due to both domestic and global economic factors like political stability, currency stability, the expansion of industry, the growth of financial institutions, savings, investments, the development of the stock market, corporate growth, and many more. Further, both domestic and global economic factors influence the rise of the stock markets.

Before Independence, India's economy depended heavily on agriculture, and capital markets rarely existed. The number of firms and stocks traded on the stock exchange was very low. There were few retail investors, and all the investors who did exist belonged to rich people from urban areas. During this period, there were no specific financial institutions or services to encourage people's savings and make them open for investment (M. NAGENDRA, 2021).

1.2 Indian stock market

The early 1990s marked the onset of significant structural changes and economic liberalization in India, which served as major impetuses for the development of the Indian stock market. The objectives of these reforms were to enhance investor conditions, attract foreign investment, and open up the Indian economy. Since then, India's financial, particularly the capital market segment sector has experienced many reforms, catalyzing remarkable growth across all the sectors (S.KALA, 2014). Post-independence, and especially after the liberalization in 1991, the Indian capital market has witnessed a substantial surge in the number of companies, an increase in their corporate actions, different securities being available on the stock exchanges, direct and indirect foreign investments, savings, investments, and last but not the least retail investors across every class of society (M. NAGENDRA, 2021).

The stock market is one of the most important areas for earning funds because it has a record of advancing the economy. Stocks, which are also known as shares or commodities, are bought and sold on a stock market to help investors make better financial decisions (Poojashree HS et al 2022). The functioning of the stock market is an important element in a competitive economy as it provides an opportunity for allocating the capital stock of the company. A nation's stock market plays a vital role in its economy.

Indian stock market is an emerging market that holds a distinguished historical legacy as the oldest stock market in Asia with its two major stock exchanges i.e. Bombay Stock Exchange and National Stock Exchange. Bombay Stock Exchange (BSE) the world's 8th largest stock exchange was founded in 1875 and recognized as Asia's first stock exchange under the Securities Contract Regulation Act, 1956.

Meanwhile, the National Stock Exchange (NSE), one of the biggest exchanges in the world, was established in 1992 and has been a major force behind the country’s economic development since it began electronic trading in India in 1994.

Together, these exchanges underscore India's emergence as a dynamic force in the global financial landscape.

1.3 Sectoral Indices of NSE

Sectoral indices function as a kind of spotlight, focusing on the specific part of the stock market such as Financial Services, Information technology, Oil & Gas, etc. This index provides a brief overview of the performance of a sector. With a focus on certain industries or sectors, sectoral indices provide condensed summaries and comparative data that are given to a specific industry or sector. Both the Bombay Stock Exchange and the National Stock Exchange have their version of the sectoral indices. NSE consists of 12 sectors. This study focuses on 4 sectors of NSE which are Nifty Financial Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas.

Nifty Financial Services: The Nifty Financial Services index helps to reflect the behavior and performance of the Indian financial market such as financial institutions, banks, housing finance, insurance companies, and other financial services companies.

Nifty IT: Nifty IT offers an appropriate benchmark for investors and market intermediaries that helps in capturing the performance of the Indian market IT sector.

Nifty FMCG: The Nifty FMCG Index aims to reflect how the Fast Moving Consumer Goods (FMCG) sector behaves. It includes companies that deal with those products which are non-durable items and available off the shelf.

Nifty Oil & Gas: The Nifty Oil & Gas Index provides insight into how the companies in the Oil, Gas and Petroleum sector are performing.

The stock prices are influenced by various reasons. The economy of the nation is affected by the changes in the share prices in the market. The level of stock prices changes due to changes in several factors including social, political, and economic. Besides these factors share prices are also volatile to the information disclosed by the corporate bodies. However, the share prices are highly influenced by the corporate announcements.

1.4 Corporate actions

Over the past two decades, corporate actions have been employed as a tool to influence manager's share prices (Nagendra & Babu, 2018). The cumulative effect of several corporate actions over the last few decades has completely changed the securities especially individual corporate actions for stocks such as bonus shares, right issues, dividends, and stock splits had a major impact on the stock prices (M. NAGENDRA, 2021). The share prices in stock markets keep changing daily. Corporate actions are one of the primary reasons for the change in the share prices (Arulsulochana et al., n.d.).

For many decades, corporate actions and their impact on the wealth of shareholders has been a well debated topic both in India as well as globally. The definition of the corporate action differs according to the issuer. Frances Maguire (2007) defines corporate action as "An event initiated by the company that affects its share price." Put differently, "A corporate action takes place when the issuer of a security changes its financial position or the capital structure in a way that impacts any of the securities it has issued" or "where the opportunity to benefit from or take part in a company's reorganization is provided to the owner of a security.

A corporate action is an initiative taken by a public limited company and it affects the price of a company's securities. Typically, a corporate action is put forward by the Board of Directors and approved by shareholders. For many business stakeholders, corporate actions are crucial as they help in understanding the company's future and share price fluctuations. Corporate activities reveal the company's financial health and decide the company's perspective (M. Nagendra, 2021).

Wide changes in the share prices and investor's behaviors are reflected by the corporate announcements. This fact is brought up when major announcements are made by the companies with both positive and negative information which reflect their share prices. Stock prices increase in response to corporate announcements containing positive news, while they fall in response to announcements containing negative news. In consideration of this fact, the investor's response may be favorable or unfavorable depending on the facts presented. Thus, the market reaction shows that as soon as investors become aware of new information, they discuss it and the effect is reflected in the share prices in the stock market (S.Kala, 2014).

Depending on the industry, the announcement may differ from one corporate entity to another. Investors would discover more about the company and as a result, they would benefit more as they could base their investment decisions on the importance of announcements. Thus, the way individual investors behave while investing is greatly influenced by the company's announcements. A major factor influencing the movement of the share price is shifts in the investor's investing behavior based on the company's announcements that are tracked by the stock market (S.Kala, 2014).

There are different types of corporate actions that are taken by companies such as dividend announcements, right issue announcements, bonus announcements, stock splits announcements, buyback announcements, etc. Companies that are traded on a stock exchange announce important events and changes that affect their investment decisions. Further, these announcements lead to an increase or decrease in the value of the shares due to the effect on the investor's decisions.

Understanding different types of corporate actions and how they impact share prices will help an investor to gain a better knowledge of what a corporate action demonstrates about a company's financial affairs and how it will affect the share prices and the performance of the firm. This study focuses on the five corporate actions that are common in the stock market which are Dividends, Right Issue, Stock Split, Bonus, and Buyback.

1.5 Types of corporate actions

1.5.1 Dividends

A dividend is a sum of money that a company distributes to its shareholders, usually as a portion of its profits. When a company earns a profit, it can reinvest that profit back into the company and this practice is known as retained earnings and gives its shareholders a dividend, which is a portion of the yield (Sailaja & Sucharitha, 2018). As per (Sudhahar, 2021) a dividend is a sum of money paid to shareholders about their shareholdings, derived from the company's profit. All the dividend acts must be approved by the Board of Directors, the authorization of the shareholders, and intimation to the stock exchange where the shares are listed. The vast portion of the profits are kept by the companies as retained earnings, which can be utilized for both the present as well as future business operations whereas the remaining profits may be paid in the form of dividends to the shareholders. Even at times, where the firm's revenues are insufficient, the firm may still pay the dividends to maintain a consistent dividend payment history. The director of the company may choose to pay dividends in different periods and at a varying rate. The company can distribute the dividends on a monthly, quarterly, or even on an annual basis, however, in India the dividends are usually distributed on an annual basis.

1.5.2. Bonus shares

Bonus shares are free shares distributed by a company to its existing shareholders by the proportion of shares held by them. When bonus shares are issued, it increases the total number of outstanding shares of the company and the value of shareholder's ownership while not affect the company's overall value (Kasilingam 2014). Bonus issues (scrip issue, scrip dividend, bonus dividend, and stock dividend terms are also used) as an internal source does not change the ownership proportion of shareholders, but it increases the number of outstanding shares (Isiker & Tas, 2022). Accordingly, each shareholder ends up with more shares, but their proportionate claim to the company's assets remains unchanged. Retained profit or the company's accumulated capital reserve the basis on which the company distributes bonuses

(Kapil harish kapdiya,2021).

1.5.2 Stock splits

A stock split typically gives the investors a false feeling of happiness and pride as the investors believe that the company going through the split is a better company and that its excellent performance will continue in the future (Anshu Burnwal). A stock split is also a type of corporate action that increases the number of a corporation's outstanding shares by splitting a share into two or more (Theckanathukaduppil, 2021). The stock splits increase the number of shares in the stock split ratio rather than the company's market capitalization (Nagendra & Babu, 2018). The Optimal Trading Range Hypothesis which postulates that there is a price range in which trading of a company's share is the most advantageous for that company tends to be the main reason for the splits. This range has the most liquidity. Managers choose to split the shares to lower the share prices if they are greater than this range. Therefore, stock splits take place to keep the share price within a range that is suitable for trading and to increase liquidity by making share trading easier (A. Gupta & Kumar Arya, 2020). It is important to remember that stock splits do not have an effect on the company's structure of assets and liabilities as well as on the paid-up capital of the company. However, it impacts the face value and the quantity of outstanding shares.

1.5.3 Right issue

A right issue is a technique by which a listed company can raise more capital. But rather than going public, the company gives the right to its existing shareholders to subscribe for freshly issued shares in a ratio determined by their current and market capitalization (Raheja & Bhadwaj, 2011). The cash-stricken corporations typically launch right issue offerings to generate capital when needed. The right of present stakeholders to acquire more stocks at a discount price to the current market price is referred to as a right issue. As a result, it enables the current shareholders to buy more stocks at a price that is less than the current market price. The number of outstanding shares and paid-up capital rises as a result of issuing rights that directly impact the company's net value. When the equity shares are diluted, it results in a fall in the company's earnings per share. The firm's economic and accounting values are impacted by right issue actions.

1.5.4 Buy back

A buyback is a corporate action whereby an organization purchases its shares from its current shareholders (Pradhan & Kasilingam, 2018). A firm that offers to buy back its investor's shares at a predetermined price is effectively doing the opposite of issuing new shares. There are two ways for a company to allocate its excess funds when it is overcapitalized. The first option is to keep the fund with the company and use it to make the investments that will help the company grow and the second option is to return of company's shareholder's money. It can be in the form of dividends or share buybacks. Buyback typically results in the return of shareholder's funds, which reduces the share capital and increases the value for remaining investors (M. Gupta, 2017). There are two methods for implementing a buyback program: through an open market or a tender offer. The company decides the method of buying back the shares although, the open market method is the most commonly preferred. Through the open market approach, the company chooses to buy a specific quantity of shares. It sets a maximum price and can purchase at any price up to that. The second approach of the buyback program is the tender offer technique, in which the firm may make a tender offer to its shareholders, asking them to tender all or a portion of their shares within a certain amount of time. The tender offer will include the quantity of shares the company wants to buy back as well as the price they are willing to pay (Pradhan & Kasilingam, 2018).

1.6 Need for the study

Corporate actions are becoming quite popular in today's generation which challenges researchers and investors alike. However, most investors may not be aware of the different corporate actions which are taken by the company and their impact on the share prices.

No investors or researchers can understand the motive of corporate actions by analyzing the market data itself. By proper understanding of the corporate actions and their impact, an investor can have a clear picture of what a corporate action indicates about a company's financial affairs and how that action will influence the share price.

This study contributes to the existing literature in the area of corporate actions in the Indian stock market especially, the National Stock Exchange. The findings of the study will be important to future researchers and academicians because it will serve as a source of reference on the subject besides providing suggestions on areas requiring future study as far as corporate actions are concerned.

Further, there are very few studies on identifying the impact of corporate actions considering different corporate actions in the Indian stock markets for eg. Dividends, Buyback, Bonus, Right issues, Stock splits, etc. However, this study focuses on the 5 corporate actions that make the present study more significant in the sector of corporate finance.

Also, most of the studies are based on the broad indexes. Thus, this study has considered

4 sectoral indices of NSE to identify the corporate actions performed in each sector.

The finding of the study will also be important to the investors in understanding the impact of these five corporate actions on the stock returns of the listed companies. This will help the managers of the company to institute measures required to stabilize the market and to avoid abnormal stock returns at the market during such period and to the investors it will help them to make the right investment decisions when trading in the National Stock Exchange.

Further, this study is of great importance to investors as they can understand the changes in share prices of companies and market movement during dividends, stock splits, bonus announcements, rights issues and buybacks of shares that would be helpful to them for making good portfolio investment decision at the right time. This will also indicate to them which of the corporate actions is giving them more benefits and opportunities and which of the companies are giving abnormal returns even after the announcement of the event.

1.7 Objective of the Study

Based on a review of the past literature, it has been found that the researchers in this field have focused more on individual corporate action. In emerging markets, especially India, there is not much literature available in India which is focusing on more than one corporate actions. Further, most of the studies are based on broad indexes rather than sectoral indices. So,

1. The primary objective of this study is to examine the impact of the corporate actions in Nifty Financial Services, Nifty IT, Nifty FMCG and Nifty Oil & Gas:

1.1 To examine the impact of Dividends on share prices of Nifty Financial Services, Nifty IT,

Nifty FMCG, and Nifty Oil & Gas.

1.2 To examine the impact of Bonus shares on share prices of Nifty Financial Services, Nifty

IT, Nifty FMCG, and Nifty Oil & Gas.

1.3 To examine the impact of Stock splits on share prices Nifty Financial Services, Nifty

FMCG, and Nifty Oil & Gas.

1.4 To examine the impact of Right issue on share prices Nifty Financial Services and Nifty Oil

& Gas.

1.5 To examine the impact of Buy back on share price Nifty Financial Services, Nifty IT, Nifty

FMCG, and Nifty Oil & Gas.

1.8 Hypothesis of the study

The five alternative hypotheses have been formulated for the study based on the corporate action taken in the 4 sectoral indices. These hypotheses have been given as below:

H1: There is a significant impact of corporate actions in Nifty Financial Services, Nifty

IT, Nifty FMCG, and Nifty Oil & Gas.

H1.1: There is a significant impact of dividends on the share prices of Nifty Financial

Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas.

H1.2: There is a significant impact of Bonus shares on the share prices of Nifty

Financial Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas.

H1.3: There is a significant impact of Stock splits on the share prices of Nifty Financial

Services, Nifty FMCG and Nifty Oil & Gas.

H1.4: There is a significant impact of Right issue on the share prices of Nifty Financial

Services and Nifty Oil & Gas.

H1.5: There is a significant impact of Buyback on the share prices of Nifty IT, Nifty

FMCG and Nifty Oil & Gas.

1.9 Research Question

Due to the rational character of the investors, any decisions that the company makes about corporate actions have an immediate impact on the investor's decisions. By examining different aspects investors try to examine whether or not these announcements influence the stock market. Based on the analysis, investors take their decisions. The following research question have been addressed to achieve the objective of the study:

1. Do corporate actions have an impact on share prices of Nifty Financial Services, Nifty IT,

Nifty FMCG and Nifty Oil & Gas?

1.10 Scope of the study

This research focuses on identifying the impact of the corporate announcement on the share prices of Nifty Financial Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas sector. The study covers the five corporate actions: Dividend announcements, Right issue announcements, Bonus announcements, Buyback announcements, and Stock splits

announcements. All companies from the 4 sectoral indices have been considered for the study. The study covers the period of 5 years from FY 1/04/2018 – FY 31/03/2023. The abnormal returns have been measured using the market model. The findings of the study will be used for developing recommendations for investors and policymakers.

1.11 Chapterisation scheme

The entire chapter is divided into four chapters:

Chapter 1: Introduction to the Indian stock market and corporate actions

The first chapter gives the brief introduction about the Indian Stock Market and its growth, Definition of the corporate action, Types of corporate actions, Need for the study, Objectives of the study, Research Question and Hypothesis for the study.

Chapter 2: Literature review

The second chapter deals with the evaluating the existing literature available on the different corporate actions. It discusses the various literature done by various researchers in similar areas to have in depth view of existing knowledge. The literature is divided into two sections, the first section deals with the literature related to the comprehensive study of the impact of the corporate actions and the second section deals with the literature related to the individual study of the corporate action.

Chapter 3: Research methodology

The third chapter deals with the problem of the study, research gap, data sources, data period, sampled size and event study methodology.

Chapter 4: Data Analysis and Conclusion

This last chapter deals with a brief summary of the results, findings, conclusions, suggestions and scope for further research.

Chapter II: Literature review

2.1 Introduction:

There are many studies done across the globe considering different corporate actions and stock markets. Most of the studies are done considering one corporate action only. This study considers different corporate actions to identify the impact. sometimes considering one action may not tell the real impact on the stock prices if the company has announced another event. Numerous studies provide evidence of the significant impact of corporate announcements while some studies conclude that the announcements negatively impact the stock returns. Literatures are reviewed in two sections. The first section deals with the comprehensive study of the corporate action on the stock prices and the second section deals with the individual study of the corporate action. National and international literature has been considered to identify the research gap from the existing literature.

2.2. Literatures related to the comprehensive study of the impact of the corporate actions (Dhar & Chhaochharia, 2008) considered two corporate actions which are Stock Splits and Bonus to examine the effect of these two events in Indian Stock markets. The study considered 90 stock splits and 82 bonus issues as the sample of the companies listed on the BSE 500 index for the period April 1, 2001 to 31st March 2007. The study reveals that both the events Bonus, as well as Stock splits, are associated with a significant positive announcement effect.

(Saravanan, 2019) studied five corporate actions such as Right issue, Dividend, Buyback, Stock splits, and bonus issue. They attempted to assess the impact of corporate action and to examine if there are any abnormal returns around the announcement. The study was conducted by using 19 companies listed under the NSE 500 index for the period of 6 months from November 2017 to April 2018. The study reveals that there were more positive abnormal returns before corporate action and fewer positive abnormal returns after the announcement.

The study also proves that corporate action announcements do exert an impact on share price.

(Pandey et al., 2022) conducted a study on three corporate actions which are Bonus, Right issue, and Stock splits considering both announcement and their ex-dates. The study examined the impacts of corporate announcements on stock returns during the pandemic stress.

The study used 90 events (45 announcements and 45 ex dates) from January 2020 to December 2020 of the Nifty and Sensex index. The study found that not all corporate actions positively impact stock returns. The Right issue and Stock splits failed to positively influence the stock returns however bonus announcements positively influenced the stock returns.

(Waweru, 2022) studied three corporate actions such as Right issue, Bonus, and Stock splits in the Nairobi Securities Exchange from the period 2014 to 2020 considering samples of 6 companies which announced rights issue, 17 companies that announced bonus issues and 2 companies that announced stock splits. The study concluded that the right issue, bonus issue, and stock split announcements have a significant effect on Share returns in the Nairobi Stock Exchange.

2.3. Literatures related to the individual study of the impact of the corporate actions:

2.3.1 Impact of Dividend Announcement

Various studies have been done worldwide to identify the impact of dividends on the different stock markets (Dasilas et al., 2009) considered Athens Stock Exchange, (Khamis H. Al-Yahyaee, 2010) studied the event with the Omani companies, (Campbell & Ohuocha, 2011) considered Nigerian Stock market, (Khanal & Mishra, 2017) identified the stock reaction to dividends in United States, (Legenzova et al., 2017) studied NASDAQ OMX Baltic market,

(Wasim Khalil Al-Shattarat B. K.-S., 2018) studied the impact on Jordian Industrial firms,

(Berdnikova, n.d.) examined Russian companies but the study is limited to the MICEX.

In India, many researchers have identified the impact of dividends like (Saravanakumar, 2011), (Maitra & Dey, 2012), (Anwar et al., 2017), (Chatterjee & Dutta, 2017), (Priyanka U Naik, 2017), (Sailaja & Sucharitha, 2018), (Tandon N. P., 2019), (Sudhahar, 2021) and (Pandey & Kumari, 2022).

(Saravanakumar, 2011) examined the impact of dividends for the period January 2009December 2009 with a sample of 10 different sectors listed in the NSE Nifty and concluded that the announcement of corporate dividend results does not have any impact on the stock return behavior of companies. (Maitra & Dey, 2012) considered 50 companies to understand the impact of a dividend of the S&P CNX NIFTY index for a period from 2008-2010 and analyzed the data by using the CAMP and Market model and concluded that there is a significant difference between the rank of the firms during the event period and the expected average rank with no abnormal returns while on the contrary, under CAPM, the null hypothesis at the significant difference (of abnormal returns) cannot be rejected. (Anwar et al., 2017) considered 236 companies of the BSE 500 index for 10 years from 1 April 2003 to 31 March 2013 and concluded that market reacted positively to the announcement. (Dutta, 2017) examined how stock returns are influenced by cash dividend announcements for the period 2010 to 2014 considering all the firms which are part of the CNX Nifty and concluded that there is no impact of cash dividend announcement. (Priyanka U Naik, 2017) considered all the 50 companies of the Nifty 50 index for the period 1st January 2011 to 31st December 2015 and concluded that there is no daily impact of the event but in the long term an aggregate positive impact is found. (Sailaja & Sucharitha, 2018) considered 5 different sectors of BSE and adopted the convivence sampling technique and provided the evidence for the mixed results. (Tandon N. P., 2019) in his article studied the effect of dividend policy on MPSs of Nifty 50 companies for the period 2008-2017 and employed multiple panel data regression models for the analysis and concluded that there is a significant effect of dividend policy on the stock price of firms. (Sudhahar, 2021) considered four companies from the Banking & Finance industry of BSE 30 for 2018 and concluded that some banks gave positive results whereas some banks gave negative results. (Pandey & Kumari, 2022) considered the BSE 500 index for the period January 2019 to December 2019 under the pandemic stress and provided evidence that the dividend announcements failed to influence the stock.

2.3.2 Impact of Bonus Announcement

There are many studies conducted to identify the impact of bonuses on share prices in India as well as in other countries.

(Guneratne, 2009) conducted a study in the Colombo Stock Exchange to identify the impact of bonuses using different models for the period 1991 to 2007 with a sample of 343 bonus issues and concludes that irrespective of the model the study leads to almost the same conclusion that there is a positive AARs and CAARs on and around the bonus issue. (Sarkar,
2014) examined the stock price reaction to the bonus announcement on the Dhaka Stock Exchange and concluded that some sectors reacted positively whereas 2 sectors negatively to the announcement. (Tas, 2021) examined the stock return behavior around the bonus issue announcement in eight emerging markets for the period of 9 years from 2010-2019 with a sample of 1189 events and the study concluded that there was an information leakage in some countries ten days before the announcement abnormal returns was found and only in two countries after the announcement effect has been released.

In India studies such as (Mishra) examined the stock price reaction to the information content of bonus issues for the period June 1998 to August 2004 with a sample of 46 bonus issues and the results revealed that there are positive significant abnormal returns before the announcement but on the announcement day negative abnormal return is observed. (Naidu, 2012) investigated the market reaction to the bonus announcement considering the S&P Nifty index with a sample of all the companies that announced bonuses during the period of 15 years (Between April

1995 to December 2011) and the study concluded that the Indian market reacted positively to bonus issue and also the trading volume increases after the announcement. (Kasilingam S. K., 2014) attempted to assess the impact of bonuses with a sample of BSE 500 companies on a random basis for seven years from 1st January 2005 to 31st December 2012 concluded that market reacted positively before the announcement and negatively after the announcement. (Joshi, 2019) conducted the study to understand the impact of bonuses considering the SENSEX index for the period 1st January 2011 to 31st December 2011 with a sample of 33 companies and the study concluded that before the event there were positive returns however after the event it generated negative returns. (Pushpender, 2020) investigated the impact of bonus announcements considering a sample of 9 companies listed on the NSE stock exchange for the period of five years from 2014 to 2018 and concluded that the market did not react significantly to the bonus announcement. (Kapil H. Kapdiya, 2021) analyzed the impact of bonus issues with a sample of 32 pharmaceutical companies listed in NSE & BSE for the period of 10 years from 2nd June2009 to 11th June 2019 and the study revealed that the stock price of most of the companies rose the next day of bonus issue announcement day.

2.3.3 Impact of Stock Splits Announcement

Most of the studies on Stock Splits have been conducted in India where the researchers have provided different conclusions. (Zahid, 2014), (Nagendra & Babu, 2018), (Butt, 2019),

(A. Gupta & Kumar Arya, 2020), (Theckanathukaduppil, 2021), (Rakshit, 2021), (Pravin, 2022) studied the impact of stock splits in India considering different stock market indexes.

(Zahid, 2014) investigated the impact of stock splits considering 20 samples from BSE listed companies considering BSE 500 index for the period April 2006 to September 2008 and indicated that the market reacts positively with significant positive average abnormal results. (Nagendra & Babu, 2018) analyzed the stock split impact using 10 samples from different capitalization and different industries of the BSE 500 index for the year 2017 and showed that the results were positive before and on event day and negative after event day. Further, he also concluded that abnormal returns are not significant at 5% level of significance in all the window periods except one day. (Butt, 2019) examined the impact with a sample of 53 firms considering NIFTY indices for the period 2000 to 2015 and the results reveal that there is a positive abnormal return to the effective day. (A. Gupta & Kumar Arya, 2020) considered a sample of 224 stock splits from the period 1st January 1999 to 30th June 2019 considering BSE sensitive index and the study shows that there is a significant positive impact of the bonus announcement on the Bombay Stock Exchange. (Theckanathukaduppil, 2021) investigated the stock market reaction to the stock split announcement of CNX nifty 100 index for the period January 2010 to December 2019 with a sample of 17 companies and concluded that the stock market made positive as well as negative impact on the stock returns of the companies. (Rakshit, 2021) examined the impact considering a sample of 20 large cap BSE(Bombay Stock Exchange) listed companies for 10 years from F.Y. 2004-05 to F.Y. 2013-14 and the study concludes that stock splits had a negative impact on the share price performance. (Pravin, 2022) considered 5 companies of the BSE Sensex index from 1st Jan 2018 to 31st Dec 2019 and concluded that stock splits on the announcement day and around the announcement stock splits have a negative impact but at the time of stock splitting it has positive impact.

2.3.4 Impact of Right Issue Announcement

Many researchers have studied the right issue across the globe. Most of the research is done outside India. Few studies are studying the right issue considering the Indian stock markets.

Outside India, the following researchers have studied the right issue considering foreign stock markets such as (Cotterell, 2011) considered the Johannesburg Stock Exchange, (Mugo, 2014) considered the Nairobi Securities Exchange, (Ogada, n.d.) considered the Nairobi Securities Exchange, (Otieno & Ochieng, 2015) considered the Nairobi Securities Exchange , (Kendirli & Elmali, 2016) considered the Istanbul Stock Exchange, (Shrestha, 2020) considered the Nepal Stock Exchange (NEPSE).

In India, there are few studies available on the right issue. (Veeraraghavan, 2007) examined securities price reaction to announcements of rights issues by listed Indian firms during the period 1997–2005 with a sample of 67 right issues and concluded that event gives a positive but statistically insignificant price reaction to right issue announcement. (Joshipura) checked the presence of any abnormal returns on or surrounding the split announcement and execution with a sample of 129 companies of the S&P CNX 500 index for a period of 5 years from June 2002 to June 2007 and the study suggests that there is some positive abnormal return associated surrounding announcement and effective day of the stock split but It reverses in just a few days after the event day and ultimately generates a significant negative abnormal return in slightly longer post effective. Further, the study concludes that a stock split does not have any positive impact on the wealth of the shareholder at all but it improves the liquidity of the stock very significantly.

2.3.5 Impact of Buyback Announcement

Buyback has been studied across the globe by different researchers with different stock markets to identify the impact of the buyback event on the stock market and to understand whether buyback influences stock prices.

(Hatakeda & Isagawa, 2004) studied the impact on the Japanese firms, (Chi et al., 2010) considered the Taiwan's stock market, (Roediyanto & Rahadian, n.d.) considered the PT Telekomunikasi Indonesia, Tbk (Telkom), whose stock is one of the blue chip stocks in Indonesia Stock Exchange (BEI), (Chee et al., 2022) examined buyback in the United State and Malaysia.

There are many studies done on buyback in India (K. S. Reddy et al., 2013), (Kasilingam S. K., 2016), (M. Gupta, 2017), (Pradhan & Kasilingam, 2018), (Bhullar et al., 2018), (Sivashanmugam & S, 2019), (V. V. K. Reddy, 2020).

(K. S. Reddy et al., 2013) examined the impact of the buyback using the BSE-SENSEX index for the period 2008-2009 and concluded that stock performance provides negative returns during the post repurchase period and there is a decline in the P/E ratio after the buyback. (Kasilingam S. K., 2016) tried to find out the impact of buyback considering 20 companies of the BSE 500 index for the period 1st January 2005 to 31st December 2012 and concluded that buyback announcement does not have an impact on the share prices in industry wise analysis but has a partial impact on the share price in subject to company wise analysis. (M. Gupta, 2017) examined the impact of the buyback as industry wise considering the BSE SENSEX index to measure the impact from 1st April 1999 to 31st March 2015 and observed that buyback provides abnormal returns after the announcement but only for a shorter period also the industry wise analysis observes the abnormal returns only in case of manufacturing and other sectors and concludes that the industry does not have any role to play in the presence of buyback announcement returns. (Pradhan & Kasilingam, 2018) considered 500 companies of the BSE 500 index for 7 years from 1st April 2008 to 31st March 2015 and concluded that the buyback affects the share prices of some industries while it does not apply to some industries which are not significant. (Bhullar et al., 2018) examined the impact of capital employed in the buyback of shares on value firms considering 180 firms listed on the BSE for the period of 10 years from 2006-2016 and the results suggested that the firm value differs from pre and post buyback of shares further the findings of this study implies that the proportion of paid-up equity capital employed by companies for buyback of shares does not have any significant effect on firm value. (Sivashanmugam & S, 2019) considered 182 buyback announcements from open market and tender offer announcements from FY 2001-02 to FY 2018-19 considering the BSE S&P SENSEX index and concluded that the market reaction to the buyback announcement is positive. (V. V. K. Reddy, 2020) considered a sample of 24 companies from the BSE SENSEX index from the period 01.04.2016 to 31.03.2020 and concluded that there is a significant difference in AAR between pre and post buyback of the sample companies.

Chapter III: Research Methodology

3.1 Problem of the study

The relationship between corporate actions and share prices has been the subject of much empirical research and discussion within the literature of finance. However, various studies on the impact of different corporate actions have shown different results. Studies such as (Anwar et al., 2017), (Priyanka U Naik, 2017) have revealed that dividends have a positive impact but (Pandey & Kumari, 2022), (Chatterjee & Dutta, 2017) have shown that the dividend does not have any impact on the stock returns. Studies such as (Veeraraghavan, 2007) conclude that the right issue has a positive impact but (Joshipura) says that the right issue fails to influence the stock market. further studies such as (K. S. Reddy et al., 2013), (Kasilingam S. K., 2016) show that buyback do not have any impact but (Sivashanmugam & S, 2019) conclude that buyback has a positive impact. Concerning the bonus studies such as

(Naidu, 2012), (Kasilingam S. K., 2014) have shown that bonus has failed to influence the stock market but (Pushpender, 2020) reveals that the market does not react to the bonus announcement.

Concerning the stock splits (Zahid, 2014) shows that the market reacts positively whereas (Nagendra & Babu, 2018) reveals that the market reacts negatively before and after the stock split event.

From the above discussion, it can be observed that the behavior of every corporate action puzzles the researchers and investors also. Nobody can understand the main reason behind corporate actions by analyzing the market data itself. Investors have an important role, sometimes, they might not be aware of the corporate actions and their impact on their share prices. proper understanding of the corporate actions and their impact an investor can have a clear picture of what a corporate action looks like. This will also give knowledge to the investors in understanding how the news released by a company might affect their decisions.

Therefore, the proposed study tries to analyze the impact of corporate actions.

3.2 Research Gap

Though there are vast literature studies available on this area it was found that most of the studies were conducted by considering one corporate action only. In the Indian context, a vast majority of the literature has examined individual corporate action so there is a lack of comprehensive research on multiple corporate actions in a single study. This study focuses on five corporate actions as Dividend announcements, Bonus announcements, Buyback announcements, Right issue announcements, and Stock splits announcements.

Secondly, most of the studies are based on considering all the companies of the indexes. However, there is a lack of studies where the impact has been identified considering different sectors. So, this study focuses on 4 sectoral indices such as Nifty Financial Services, Nifty IT,

Nifty FMCG, and Nifty Oil & Gas to identify the impact.

3.3 Research design

In this study, the descriptive research design is employed. Descriptive research design helps in describing the behavior of the events. The main purpose of the study's research design is to explain how the market responds to the different corporate actions of the companies such as Dividend announcements, Bonus announcements, Buyback announcements, Right issue announcements and Stock splits announcements of 4 sectors which are Nifty Financial Services, Nifty IT, Nifty FMCG, and Nifty oil & Gas. Overall, the study focuses on examining the impact of corporate actions on the share price of their indexes. As a result, the study is descriptive.

For the purpose of analysing the impact of corporate actions 4 sectoral indexes closing prices and share price of the 4 sectoral indexes companies are used.

3.4 Corporate actions

The study focuses on the five corporate actions. These corporate actions are dividend announcements, bonus announcements, rights issue announcements, stock split announcements and buy back announcements.

3.5 Period of the study

The data relating to the announcement of the corporate actions are collected for 5 years F.Y. 1/04/2018 to 31/03/2023.

3.6 Criteria for selection of the sample unit

a) From the Nifty 100 broad index the sectors having more than 10% of weightage are selected.

b) Following the first criteria total 4 sector indices were selected i.e. Nifty Financial Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas.

c) All the companies in the above-mentioned 4 sectors were selected.

d) The companies that have announced either one of the corporate actions (Dividend, Bonus, Stock Splits, Right Issue and Buyback) were considered for the study.

e) The company which has not announced any of the above-mentioned corporate actions were excluded from the study.

3.7 Sources of data

The study is based on secondary data. The secondary data is used for the analysis of the impact of corporate actions. The secondary data related to such announcement dates has been collected from secondary sources such as the National Stock Exchange (NSE) and the

Capitaline.

3.8 Sample size

In Nifty Financial Sectoral indices there were a total of 20 companies out of which 3 companies were removed as they did not announce the corporate actions considered for the study.

Table 3.8.1: Sample size of Nifty Financial Services sector

S.No.	Name of the company	Corporate action

1.	Axis Bank Ltd.	Dividends
2.	Bajaj Finserv Ltd.	
3.	Bajaj Finance Ltd.	
4.	Cholamandalam Investment and Finance Company Ltd.	
5.	HDFC Asset Management Company Ltd.	
6.	HDFC Bank Ltd.	
7.	HDFC Life Insurance Company Ltd.	
8.	ICICI Bank Ltd.	
9.	ICICI Lombard General Insurance Company Ltd.	
10.	ICICI Prudential Life Insurance Company Ltd.	
11.	IDFC Ltd.	
12.	Kotak Mahindra Bank Ltd.	
13.	LIC Housing Finance Ltd.	
14.	Power Finance Corporation Ltd.	
15.	REC Ltd.	
16.	Shriram Finance Ltd.	
17.	State Bank of India	
18.	Bajaj Finserv Ltd.	
19.	REC Ltd.	**Bonus**
20.	Bajaj Finserv Ltd.	**Stock Splits**
21.	Cholamandalam Investment and Finance Company Ltd.	
22.	HDFC Bank Ltd.	
23.	Shriram Finance Ltd.	**Right Issue**

Table 3.8.2: Sample size of Nifty IT sector

S.No.	Name of company	Corporate action
1.	Coforge Ltd.	Dividends
2.	HCL Technologies Ltd.	
3.	Infosys Ltd.	
4.	L&T Technology Services Ltd.	
5.	MphasiS Ltd.	
6.	Persistent Systems Ltd.	
7.	Tata Consultancy Services Ltd.	
8.	Tech Mahindra Ltd.	
9.	HCL Technologies Ltd.	Bonus
10.	Infosys Ltd.	
11.	Wipro Ltd.	
12.	Coforge Ltd.	Buyback
13.	MphasiS Ltd.	
14.	Tata Consultancy Services Ltd.	
15.	Tech Mahindra Ltd.	
16.	Wipro Ltd.	

Table 3.8.3: Sample size of Nifty FMCG sector

S.No.	Name of company	Corporate action
1.	Britannia Industries Ltd.	
2.	Dabur India Ltd.	
3.	Hindustan Unilever Ltd.	
4.	ITC Ltd.	

5.	Nestle India Ltd.	**Dividends**
6.	Procter & Gamble Hygiene & Health Care Ltd.	
7.	Radico Khaitan Ltd	
8.	Tata Consumer Products Ltd.	
9.	United Breweries Ltd.	
10.	Godrej Consumer Products Ltd.	**Bonus**
11.	Varun Beverages Ltd.	
12.	Britannia Industries Ltd.	**Stock Splits**
13.	United Spirits Ltd.	
14.	Balrampur Chini Mills Ltd.	**Buyback**

Table 3.8.4: Sample size of Nifty Oil and Gas

S.No.	Name of company	Corporate action
1.	Adani Total Gas Ltd.	
2.	Aegis Logistics Ltd.	
3.	Bharat Petroleum Corporation Ltd.	
4.	Castrol India Ltd.	
5.	GAIL (India) Ltd.	
6.	Gujarat Gas Ltd.	**Dividends**
7.	Gujarat State Petronet Ltd.	
8.	Hindustan Petroleum Corporation Ltd.	
9.	Indian Oil Corporation Ltd.	
10.	Indraprastha Gas Ltd.	

11.	Mahanagar Gas Ltd.	
12.	Oil & Natural Gas Corporation Ltd.	
13.	Oil India Ltd.	
14.	Petronet LNG Ltd.	
15.	Reliance Industries Ltd.	
16.	GAIL (India) Ltd.	**Bonus**
17.	Indian Oil Corporation Ltd.	
18.	Gujarat Gas Ltd.	**Stock Splits**
19.	GAIL (India) Ltd.	**Buyback**
20.	Indian Oil Corporation Ltd.	
21.	Oil & Natural Gas Corporation Ltd.	
22.	Oil India Ltd.	
23.	Reliance Industries Ltd	**Right Issue**

3.9 Event study methodology

Event study methodology is an effective instrument that help the researchers to evaluate the financial impact of changes in corporate policy. By using this method, a researcher can determine whether an unforeseen event is linked to an abnormal stock price effect. From this, the researcher may decide whether the event is significant or not. An event study aims to measure whether the security holders earn any abnormal returns or excess returns accompanying special events. These events include earning announcements, dividend announcements, stock splits, audit announcements, merger announcements and so on. It also helps in predicting how the security will perform in response to the announcement of the event.

The event can have either a negative or positive impact on the value of the security.

3.9.1 Event of interest

The event of interest in this study is the announcement of dividends, bonuses, rights issues, stock splits, and buyback. The stock exchange announcement date is considered as an announcement date for the study.

3.9.2 Event window

The event window is of 21 days that is 10 days before the announcement (t-10) to the 10 days after the announcement (t+10). The announcement date is denoted as t0.

3.9.3 Estimation window

An estimation window is used for calculating the expected returns. For the present study, the estimation window is from -129 to -11 (from 11 to 129 before the event window). Thus, comprising of 129 trading days. This ensures that the normal returns are not influenced by the event related returns.

3.9.4 Estimation model

The daily stock returns and market returns are calculated by using the below equation:

$$\boldsymbol{R_{it} = P_{it} - (P_{it} - 1)/P_{it} - 1}$$

$$\boldsymbol{R_{mt} = I_t - (I_{t-1})/\ I_{t-1}}$$

Where, P_{it} is the price of the share i on day t and $P_{it} - 1$ is the price of share i on day t-1

I_t is the sectoral index price on day t and I_{t-1} is the price of the index on day t-1 To estimate the expected returns the following equation has been used for the regression. The regression equation is as follows:

$$\boldsymbol{E(R_{i,t}) = \alpha_i + \beta_i R_{m,t}}$$

Where, α_i = Alpha coefficient of 'i'th security

β_i = Beta coefficient of 'i'th security

$R_{m,t}$ = Daily return of index during period ‘t’

The abnormal return (AR) for each day for each firm is calculated as per the below equation:

$$\boldsymbol{AR_{i,t} = R_{i,t} - E(R_{i,t})}$$

Where, $R_{i,t}$ = the daily stock returns

$E(R_{i,t})$ = the expected returns

The Average Abnormal Return (AAR) is then calculated by averaging the abnormal return for all the firms on each day of the event. The following equation is used to compute the AAR given N, the number of companies:

$$\boldsymbol{AAR = I/N \sum_{i=1}^{N} AR_{i,t}}$$

Where, N = the number of events

AR = Abnormal returns

CAARs are calculated to assess the event’s cumulative impact over a given time period. The CAAR is defined as the daily of the AARs over the pre-specified period beginning at t1 to and ending at time t2 which is also called as event window (t1,t2). Following is the equation for calculating the CAAR:

$$\boldsymbol{CAAR_{p,q} = \sum_{i=1}^{N} AAR_t}$$

Where, AAR = Average Abnormal Return

The daily AARs and smaller event CAARs are then tested for significance

$$\boldsymbol{t - value\ (AAR) = \frac{AAR_t}{\sigma N, e}}$$

$$\frac{}{\sqrt{\sum N^{f=1} \sigma^{i}{}_{2}{}^{,e}}}$$

Where, $\sigma N, e =$ $_2$ is the aggregated estimation period standard deviation, and $\sigma_i{}^2{}_{,e}$ is

N

the estimation period variance for each of the stocks.

$$\boldsymbol{t - value\ (CAAR) = \frac{CAAR_{p,q}}{\sigma N,\quad e.} =}$$

$\sqrt{\boldsymbol{T}}$ Where, T = number of days in the window period *p, q*.

If the calculated t-value is less than 1.96 the respective AARs and CAARs will not be statistically significant. However, a calculated t-value of more than 1.96 will indicate significant AARs and CAARs.

Chapter IV: Data analysis and conclusion

4.1 Introduction:

This chapter includes the analysis of the collected data, aiming to uncover the patterns and the insights pertinent to the research objective and conclusion have been drawn from the results of the analysis. The analysis has been done using the Excel software and Event study methodology has been adopted to identify the impact of the corporate actions of the four sectoral indices.

4.2 Results:

Table 4.2.1: Daily average abnormal returns of Nifty Financial Service sector and t-values during the event window (t -10 to t+10)

Window	Dividends		Bonus		Stock Splits		Right Issue	
	AAR	T-sig	AAR	T-sig	AAR	T-sig	AAR	T-sig
-10	0.0000	-0.0024	0.0076	0.6737	0.0093	1.2770	0.0088	0.2011
-9	0.0017	0.5052	0.0142	1.2581	0.0132	1.8200	0.0208	0.4775
-8	-0.0002	-0.0567	0.0160	1.4192	0.0071	0.9750	-0.0130	-0.2985
-7	0.0040	1.2114	-0.0074	-0.6559	-0.0063	-0.8752	-0.0046	-0.1055
-6	0.0007	0.2163	-0.0004	-0.0364	-0.0071	-0.9784	-0.0178	-0.4071
-5	-0.0017	-0.5058	-0.0130	-1.1555	-0.0055	-0.7593	-0.0122	-0.2792
-4	0.0025	0.7529	0.0049	0.4342	-0.0028	-0.3893	0.0021	0.0478
-3	0.0003	0.0861	0.0029	0.2612	0.0111	1.5274	-0.0159	-0.3639
-2	0.0000	-0.0039	0.0003	0.0274	-0.0044	-0.6124	0.0169	0.3883
-1	0.0019	0.5793	-0.0050	-0.4412	-0.0117	-1.6100	0.0542	1.2421
0	-0.0079	-2.3649*	-1.2710	-112.6029*	-1.5200	-209.5755*	-0.0699	-1.6011
1	0.0005	0.1393	0.0003	0.0259	0.0133	1.8313	-0.0057	-0.1295
2	-0.0045	-1.3638	-0.0038	-0.3326	-0.0044	-0.6024	0.0072	0.1658
3	0.0002	0.0693	-0.0029	-0.2557	-0.0073	-1.0042	0.0129	0.2947
4	-0.0008	-0.2467	0.0126	1.1124	0.0002	0.0299	-0.0257	-0.5890

5	-0.0009	-0.2666	0.0010	0.0883	-0.0068	-0.9387	0.0182	0.4173
6	-0.0038	-1.1433	0.0150	1.3292	0.0023	0.3189	-0.0042	-0.0971
7	0.0034	1.0228	0.0029	0.2599	0.0019	0.2607	-0.0174	-0.3983
8	0.0035	1.0595	-0.0009	-0.0768	0.0086	1.1913	-0.0429	-0.9830
9	0.0023	0.6993	-0.0055	-0.4904	-0.0024	-0.3333	0.0265	0.6075
10	0.0020	0.5908	0.0025	0.2182	0.0012	0.1608	0.0014	0.0319

Source: Author's own compilation from secondary data

The results obtained in the table 4.2.1 reveals that for dividends during the pre-event period, AARs are positive except on t-8, and t-5 although not significant. On the day of dividend announcement i.e. t0 AAR is negative indicating that market participants react negatively on the announcement day and that it is significant. Thereafter after the event the AARs are negative for four days and positive for six days although none of the AARs are significant. Except on the day of dividend declaration, the rest abnormal return is found to be insignificant. From the above, it can be concluded that only 1 day out of 21 event window days had a significant impact of dividend announcement on the stock prices. Thus, it can be seen that the investors cannot earn any abnormal returns after the dividend announcement so it can be said that abnormal returns occur randomly.

The same results can be witnessed concerning Bonus and Stock splits. In the case of bonus AARs in the pre announcement are negative for four days and positive for six days although not significant. Whereas for the stock splits in the pre announcement period AARs are positive for four days only and negative for six days. But on the announcement day, both i.e. Bonus and Stock splits, AAR is negative and significant which indicates that the market reacts negatively on the announcement day. However, in the post announcement, both bonus and Stock splits are negative for four days and positive for six days. From the above, it can be concluded that bonus and Stock splits have a negative significant impact for 1 day out of 21 event window days indicating that the market reacts negatively during the announcement day.

Concerning the right issue, none of the average abnormal returns are significant for the right issue. It is observed that AARs are negative for five days and positive for five days during the pre-announcement period. However, on the announcement day, the AAR is negative. There were five days positive AAR found post right issue while five days of negative AARs are evident after the declaration date. Thus, we can say that the null hypothesis is accepted which states that there is no significant impact of the right issue on the share price.

Table 4.2.2: Cumulative average abnormal returns of Nifty Financial Service sector for the shorter event windows

	Dividends		Bonus		Stock Splits		Right Issue	
Windows	**CAAR**	**T-sig**	**CAAR**	**T-sig**	**CAAR**	**T-sig**	**CAAR**	**T-sig**
CAAR(-10,-1)	0.0093	0.8799	0.0201	0.5645	0.0027	0.1186	0.0394	0.2854
CAAR(-5,-1)	0.0030	0.4063	-0.0099	-0.3908	-0.0134	-0.8244	0.0452	0.4629
CAAR(-1,+1)	-0.0055	-0.9505	-1.2757	-65.2511*	-1.5183	-120.8707*	-0.0213	-0.2821
CAAR(-5,+5)	-0.0030	-0.2701	-1.2737	-34.0221*	-1.5383	-63.9515*	-0.0177	-0.1227
CAAR(+1,+5)	-0.0056	-0.7462	0.0072	0.2854	-0.0050	-0.3060	0.0069	0.0712
CAAR(+1,+10)	0.0019	0.1772	0.0212	0.5940	0.0066	0.2891	-0.0297	-0.2150

Source: Author's own compilation from secondary data

However, to examine the cumulative impact of the events accumulated over a few days, we calculate the cumulative AARs and their t values for the sir event windows viz. pre-event

(-10, -1) and (-5, -1), during the event (-1, +1) and (-5, +5), and the post-event (+1, +5) and (+1, +10). Table 4.2.2 reveals that the CAARs in case of dividend announcement are not significant during any event window, indicating that the event has failed to influence the stock returns before, on, and after the announcement. In the case of the bonus in the event window of (-1, +1) and (-5, +5) CAAR is highly negatively significant indicating a negative impact on stock returns around the announcement day and Stock Splits during the event window of (-1, +1) and (-5, +5) experienced significant negative CAARs which indicates that the event has had a substantial adverse impact on the stocks. However, in the case of right issue, no significant CAAR is evident during any event window which indicates that the event has failed to influence the stock returns.

Table 4.2.3: Daily average abnormal returns of Nifty IT sector and t-values during the event window (t -10 to t+10)

Window	Dividends		Bonus		Buyback	
	AAR	T-sig	AAR	T-sig	AAR	T-sig
-10	0.0044	1.3536	-0.0145	-2.2249*	-0.0015	-0.2071
-9	0.0019	0.5684	-0.0005	-0.0774	0.0049	0.6740
-8	0.0040	1.2101	0.0018	0.2707	-0.0065	-0.8979
-7	-0.0063	-1.9266	-0.0036	-0.5438	-0.0128	-1.7586
-6	-0.0048	-1.4566	0.0086	1.3220	0.0194	2.6708*
-5	0.0011	0.3407	0.0013	0.2032	0.0132	1.8165
-4	-0.0022	-0.6791	-0.0130	-1.9917*	-0.0077	-1.0643
-3	-0.0025	-0.7692	-0.0004	-0.0677	-0.0087	-1.2006
-2	-0.0005	-0.1599	0.0023	0.3575	0.0015	0.2094
-1	0.0029	0.8771	-0.0140	-2.1485*	-0.0125	-1.7275
0	-0.0047	-1.4394	-0.5559	-85.1174*	-0.0190	-2.6204*
1	0.0033	1.0121	-0.0117	-1.7851	-0.0168	-2.3226*

2	0.0011	0.3430	-0.0175	-2.6784*	-0.0068	-0.9390
3	0.0023	0.6994	0.0033	0.5062	-0.0069	-0.9498
4	-0.0001	-0.0230	-0.0037	-0.5680	-0.0086	-1.1832
5	0.0040	1.2192	-0.0029	-0.4418	-0.0051	-0.6998
6	-0.0039	-1.1841	0.0013	0.2003	-0.0129	-1.7795
7	-0.0024	-0.7447	0.0019	0.2985	0.0047	0.6480
8	0.0026	0.8063	-0.0125	-1.9121	-0.0369	-5.0882*
9	0.0008	0.2337	-0.0017	-0.2577	0.0172	2.3739*
10	-0.0021	-0.6461	0.0035	0.5410	0.0280	3.8584*

Source: Author's own compilation from secondary data

From Table 4.2.3 it can be seen that in the case of dividends, the AARs are negative for five days and positive for five days during the pre announcement period. On the announcement day, the AAR was found to be negative. There were six days of positive AAR return found post dividend while four days of negative AAR was evident. None of the AAR is found to be significant for the post and pre announcement scenario. Thus, we can say that there is no significant impact of dividend announcements on the share price.

With respect to the bonus, it can be seen that during the pre announcement period AARs are negative for six days and positive for four days although the AAR is significant on t-10, t4, and t-1 day. Even on the announcement day, the negative return was significant. In the post announcement period, it can be seen that AAR is negative for six days and positive for four days. Out of which only on the t+2 day the negative abnormal return is found to be significant and the rest abnormal returns are not significant. Thus, we can say that only 4 days out of 21 event windows days has a significant impact of bonus announcements on stock prices.

Concerning the buyback, a negative abnormal return was observed for six days in the pre announcement period, on the announcement day, and t+7 days in the post announcement period. However, the AAR is positively significant on t-6 in the pre announcement period, t+9, and on t+10, and negatively significant on t0, t+1, t+8. From the above, it can be concluded that 6 days out of 21 event window days have a significant impact of buyback on stock prices.

Table 4.2.4: Cumulative average abnormal returns of Nifty IT for the shorter event windows

	Dividends		Bonus		Buyback	
Windows	**CAAR**	**T-sig**	**CAAR**	**T-sig**	**CAAR**	**T-sig**
CAAR(-10,-1)	-0.0021	-0.20285	-0.0320	-1.5497	-0.0108	-0.4697
CAAR(-5,-1)	-0.0013	-0.17456	-0.0238	-1.6311	-0.0143	-0.8794
CAAR(-1,+1)	0.0015	0.259687	-0.5816	-51.4136*	-0.0484	-3.8512*
CAAR(-5,+5)	0.0047	0.428419	-0.6122	-28.2612*	-0.0775	-3.2205*
CAAR(+1,+5)	0.0107	1.453739	-0.0324	-2.2214*	-0.0442	-2.7255*
CAAR(+1,+10)	0.0056	0.54259	-0.0398	-1.9281	-0.0441	-1.9232

Source: Author's own compilation from secondary data

However, to examine the cumulative impact of the events accumulated over a few days, we calculate the cumulative AARs and their t values for the sir event windows viz. pre-event

(-10, -1) and (-5, -1), during the event (-1, +1) and (-5, +5), and the post-event (+1, +5) and (+1, +10). Table 4.2.4 reveals that CAARs in case of dividend announcement are not significant during any event window, indicating that the event has failed to influence the stock returns before, on, and after the announcement. In the case of the bonus in the event window of (-1, +1) and (-5, +5) and (+1, +5) CAAR is highly negatively significant and Stock Splits during the event window of (-1, +1) and (-5, +5) and (+1, +5) experienced significant negative CAARs which indicates that the event has had a substantial adverse impact on the stocks.

Table 4.2.5: Daily average abnormal returns of Nifty FMCG sector and t-values during the event window (t -10 to t+10)

Window	Dividends		Bonus		Buyback		Stock Splits	
	AAR	T-sig	AAR	T-sig	AAR	T-sig	AAR	T-sig
-10	-0.0003	-0.1228	-0.0025	-0.2651	0.0031	0.1447	-0.0166	-1.4604
-9	-0.0011	-0.3902	0.0029	0.3014	-0.0102	-0.4707	0.0087	0.7621
-8	0.0001	0.0342	-0.0109	-1.1348	-0.0041	-0.1874	0.0032	0.2804
-7	0.0041	1.4842	-0.0092	-0.9566	0.0407	1.8817	0.0104	0.9154
-6	-0.0011	-0.4119	-0.0019	-0.1938	-0.0616	-2.8462*	-0.0072	-0.6366
-5	0.0007	0.2646	-0.0102	-1.0692	0.0005	0.0249	0.0084	0.7364
-4	-0.0035	-1.2647	-0.0132	-1.3775	0.0057	0.2632	0.0053	0.4652
-3	0.0033	1.1724	0.0254	2.6479	0.0132	0.6115	0.0049	0.4354
-2	-0.0012	-0.4170	0.0038	0.3921	0.0167	0.7701	0.0009	0.0798
-1	-0.0002	-0.0679	-0.0267	-2.7861	-0.0026	-0.1214	-0.0010	-0.0921
0	-0.0030	-1.0944	-0.3782	-39.4572*	-0.0093	-0.4311	-1.1517	-101.4525*

1	-0.0039	-1.4047	0.0142	1.4825	0.0098	0.4509	0.0108	0.9515
2	0.0024	0.8782	-0.0133	-1.3929	-0.0013	-0.0598	-0.0018	-0.1562
3	0.0012	0.4200	0.0015	0.1574	-0.0091	-0.4202	-0.0073	-0.6441
4	0.0018	0.6575	-0.0063	-0.6539	-0.0113	-0.5235	-0.0124	-1.0927
5	0.0007	0.2654	-0.0058	-0.6008	0.0068	0.3148	0.0072	0.6363
6	-0.0004	-0.1397	0.0005	0.0477	0.0039	0.1788	0.0026	0.2280
7	-0.0005	-0.1809	-0.0114	-1.1899	-0.0086	-0.3959	0.0185	1.6310
8	-0.0009	-0.3199	-0.0034	-0.3547	0.0301	1.3913	-0.0032	-0.2847
9	0.0015	0.5349	-0.0059	-0.6142	-0.0009	-0.0428	0.0001	0.0046
10	0.0020	0.7338	-0.0127	-1.3286	-0.0106	-0.4888	0.0089	0.7844

Source: Author's own compilation from secondary data

From Table 4.2.5. it can be seen that in the case of dividends, the AARs are negative for six days and positive for four days during the pre announcement period. On the announcement day, the AAR was found to be negative. There were six days positive AAR return found post dividend while four days of negative AARs were evident. None of the AAR is found to be significant for the post and pre announcement scenario. Thus, we can say that there is no significant impact of dividend announcements on the share price.

The results are almost the same for Bonus and Stock splits. In the case of bonus AARs in the pre announcement are negative for seven days and positive for three days although not significant. Whereas for the stock splits in the pre announcement period AARs are positive for seven days and negative for three days only. But on the announcement day of both i.e. Bonus and Stock splits AAR is negative and significant which indicates that the market reacts negatively on the announcement day. However, in the post announcement, bonus is negative for seven days and positive for three days whereas, Stock splits are negative for four days and positive for six days. From the above, it can be concluded that bonus and Stock splits have a significant impact for 1 day out of 21 event window days that is on the announcement day.

In the case of buyback, it can be seen that during the pre announcement period the AARs are negative for four days and positive for six days. However, on t-6, the negative return was significant. On the announcement day, AAR is negative and insignificant. But after the announcement, AAR is negative for six days and positive for four days although not significant. Thus, we can conclude that only 1 day out of 21 event windows days has a significant impact of buyback on share prices.

Table 4.2.6: Cumulative average abnormal returns of Nifty FMCG sector for the shorter event windows

Windows	Dividends		Bonus		Buyback		Stock Splits	
	CAAR	T-sig	CAAR	T-sig	CAAR	T-sig	CAAR	T-sig
CAAR(-10,-1)	0.0008	0.0888	-0.0426	-1.4046	0.0015	0.0223	0.0169	0.4698
CAAR(-5,-1)	-0.0009	-0.1398	-0.0210	-0.9807	0.0335	0.6924	0.0184	0.7266
CAAR(-1,+1)	-0.0071	-1.4821	-0.3907	-23.5332*	-0.0022	-0.0586	-1.1420	-58.0774*
CAAR(-5,+5)	-0.0016	-0.1781	-0.4089	-12.8618*	0.0190	0.2651	-1.1367	-30.1912*
CAAR(+1,+5)	0.0023	0.3651	-0.0097	-0.4506	-0.0051	-0.1064	-0.0035	-0.1365
CAAR(+1,+10)	0.0040	0.4568	-0.0426	-1.4063	0.0088	0.1280	0.0234	0.6508

Source: Author's own compilation from secondary data

However, to examine the cumulative impact of the events accumulated over a few days, we calculate the cumulative AARs and its t values for the sir event windows viz. pre-event (10, -1) and (-5, -1), during the event (-1, +1) and (-5, +5), and the post-event (+1, +5) and (+1, +10). The table 4.2.6. reveals that CAARs in case of dividend announcement are not significant during any event window, indicating that the event has failed to influence the stock returns before, on, and after the announcement. In the case of the bonus and Stock Splits during the event window (-1, +1) and (-5, +5) experienced significant negative CAARs. However, in case of right issue no significant CAAR is evident during any event window. Similarly, the buyback announcement shows that there is no significant CAARs during any event window.

Table 4.2.7: Daily average abnormal returns of Nifty Oil & Gas sector and t-values during the event window (t -10 to t+10)

Window	Dividends		Bonus		Buyback		Stock Splits		Right Issue	
	AAR	T-sig	AAR	T-sig	AAR	T-sig	AAR	T-sig	AAR	T-sig
-10	0.0022	0.6835	-0.0056	-0.5509	0.0024	0.3573	-0.0012	-0.0588	-0.0116	-0.7272
-9	0.0036	1.0828	-0.0012	-0.1221	0.0064	0.9618	0.0050	0.2537	-0.0164	-1.0284
-8	-0.0021	-0.6535	0.0039	0.3819	0.0056	0.8445	0.0026	0.1348	-0.0245	-1.5351
-7	-0.0025	-0.7591	0.0071	0.7000	0.0009	0.1331	-0.0109	-0.5531	0.0197	1.2333
-6	-0.0011	-0.3441	0.0148	1.4626	-0.0010	-0.1516	-0.0060	-0.3073	0.0103	0.6451
-5	-0.0025	-0.7688	0.0014	0.1383	0.0154	2.3194	0.0021	0.1065	-0.0004	-0.0237
-4	0.0025	0.7599	-0.0068	-0.6715	-0.0094	-1.4107	0.0108	0.5494	0.0299	1.8727
-3	0.0005	0.1523	0.0101	0.9991	-0.0045	-0.6784	0.0151	0.7676	0.0193	1.2131
-2	-0.0018	-0.5405	-0.0040	-0.3936	0.0014	0.2106	0.0010	0.0530	-0.0027	-0.1691
-1	0.0014	0.4148	0.0099	0.9820	0.0002	0.0294	0.0017	0.0850	-0.0241	-1.5092
0	-0.0062	-1.8969	-0.5045	-50.0058*	-0.0323	-4.8625	-1.5449	-78.6747	-0.0075	-0.4675

1	-0.0020	-0.6213	0.0115	1.1381	0.0053	0.7964	-0.0007	-0.0374	-0.0093	-0.5804
2	0.0031	0.9486	0.0036	0.3606	-0.0070	-1.0524	-0.0177	-0.9034	0.0049	0.3099
3	0.0012	0.3709	-0.0030	-0.2966	-0.0127	-1.9094	-0.0331	-1.6863	0.0298	1.8677
4	-0.0022	-0.6612	-0.0061	-0.6006	0.0039	0.5831	-0.0273	-1.3904	-0.0270	-1.6912
5	-0.0012	-0.3507	-0.0021	-0.2102	-0.0043	-0.6512	-0.0227	-1.1544	-0.0114	-0.7164
6	-0.0011	-0.3442	-0.0057	-0.5683	0.0046	0.6940	0.0026	0.1328	-0.0056	-0.3499
7	-0.0009	-0.2630	-0.0037	-0.3687	-0.0002	-0.0306	-0.0282	-1.4375	-0.0053	-0.3354
8	0.0012	0.3616	-0.0057	-0.5671	-0.0020	-0.3025	-0.0103	-0.5224	-0.0116	-0.7278
9	0.0015	0.4582	-0.0074	-0.7369	0.0036	0.5416	0.0166	0.8464	-0.0023	-0.1462
10	0.0021	0.6530	0.0024	0.2365	-0.0021	-0.3116	0.0128	0.6524	0.0019	0.1179

Source: Author's own compilation from secondary data

From table 4.2.7. it can be seen that there is no significant AAR in four corporate actions i.e. Dividends, Buyback, Stock splits, and Right issue. In the case of dividends, the AARs are negative for five days and positive for five days during the pre-announcement period. On the announcement day, the AAR was found to be negative and insignificant. There were five days of positive AAR return found post dividend while five days negative AARs were evident. None of the AAR is found to be significant for the post and pre announcement scenario. Thus, we can say that there is no significant impact of dividend announcements on the share price.

In the case of buyback, AAR is negative for three days and positive for seven days during the pre-announcement period. AAR is negative on the announcement day. However, in the post announcement period AAR of buyback are negative for six days and positive for four days. However, no significant AAR can be seen during the event window for the buyback.

For stock splits AAR is negative for three days only and positive for seven days in the pre announcement period. However, on the announcement day, the AAR was found to be negative and the negative return continued till t-5. In the post announcement the AARs are positive for three days only. However, none of the AAR is significant for the stock splits in the pre and post announcement scenario.

With respect to the right issue the AAR is negative for six days in the pre announcement Period and positive for four days. On the announcement day, the AAR is found to be negative. But after the announcement AARs are negative for seven days and positive for three days. None of the AAR is significant for the right issue during the whole event window. Thus, we can say that the right issue has failed to influence the stock prices.

Concerning the bonus in the pre announcement period the AARs are negative for four days and positive for six days. However, on the announcement day, the negative return is significant. However, after the announcement the bonus are negative for seven days and positive for three days. None of the AAR except on the event day is significant. Thus, we can conclude that only 1 day out of 21 event windows day has significant impact of the bonus issue on the stock prices.

Table 4.2.8: Cumulative average abnormal returns of Nifty Oil & Gas for the shorter event windows

Windows	Dividends		Bonus		Buyback		Stock Splits		Right issue	
	CAAR	T-sig	CAAR	T-sig	CAAR	T-sig	CAAR	T-sig	CAAR	T-sig
CAAR(-10,-1)	0.0000	0.0086	0.0295	0.9252	0.0174	0.8270	0.0202	0.3260	-0.0005	-0.0090
CAAR(-5,-1)	0.0000	0.0079	0.0106	0.4715	0.0031	0.2103	0.0307	0.6984	0.0221	0.6188

CAAR(-1,+1)	-0.0069	-1.2144	-0.4831	-27.6469*	-0.0268	-2.3306*	-1.5439	-45.3954*	-0.0408	-1.4763
CAAR(-5,+5)	-0.0071	-0.6612	-0.4900	-14.6415*	-0.0440	-1.9977*	-1.6158	-24.8098*	0.0017	0.0319
CAAR(+1,+5)	-0.0010	-0.1403	-0.0039	-0.1750	-0.0148	-0.9989	-0.1016	-2.3129*	-0.0129	-0.3624
CAAR(+1,+10)	0.0018	0.1745	-0.0163	-0.5102	-0.0109	-0.5194	-0.1080	-1.7394	-0.0359	-0.7121

Source: Author's own compilation from secondary data

However, to examine the cumulative impact of the events accumulated over a few days, we calculate the cumulative AARs and its t values for the sir event windows viz. pre-event (10, -1) and (-5, -1), during the event (-1, +1) and (-5, +5), and the post-event (+1, +5) and (+1, +10). Table 4.2.8 reveal that the CAARs in case of dividend announcement are not significant during any event window, indicating that the event has failed to influence the stock returns before, on, and after the announcement. In the case of the bonus and Stock Splits during the event window (-1, +1) and (-5, +5) experienced significant negative CAARs. However, in the case of the right issue no significant CAAR is evident during any event window. Similarly, the buyback announcement shows that there is no significant CAARs during any event window.

4.3 Findings

Nifty Financial service sector

1. Dividends: Positive AARs are observed in the pre announcement period, not significant. On the day of the announcement, AAR is negative and Significant indicating a negative market reaction. Post event AARs fluctuate but are not significant suggesting no consistent abnormal returns. CAARs are not significant across all event windows, indicating no influence of dividend announcement on stock returns.
2. Bonus Issue: In pre-event AARs are mixed but they are not significant. On the announcement day, AAR is negative and significant indicating a negative market reaction. However, in the post event, AARs fluctuates although not significantly. CAARs around the announcement window are highly negatively significant suggesting a negative impact on stock returns.
3. Stock splits: In pre-event AARs are mixed but they are not significant. On the announcement day, AAR is negative and significant indicating a negative market reaction. However, in the post event, AARs fluctuates although not significantly. CAARs around the announcement window are highly negatively significant suggesting a substantial adverse impact on stock returns.
4. Right Issue: AARs are mixed but they are not significant in the pre announcement period. On the announcement day, AAR is negative and significant indicating a negative market reaction. However, AARs in the post event are mixed although not significant. No significant CAARs around the event window are evident suggesting that the right issue has failed to influence stock returns.

Nifty IT sector

1. Dividend: In pre-announcement window AARs are mixed although not significant.

However, on the day of the announcement a negative AAR is observed which is insignificant. In post announcement AARs fluctuate yet none of the AARs are significant. CAARs are not significant for any event windows indicating no influence of dividend announcement on stock returns.

2. Bonus Issue: In pre announcement period AARs are negatively significant on t-10, t-4, and t-1 day. On announcement day, a significant negative AAR is observed. In post announcement only one significant negative abnormal return is observed on t+2 day. CAARs are highly negatively significant around the announcement event window and in post announcement window suggesting an adverse impact of bonus announcements on stock returns.
3. Buyback: Pre announcement AARs show a negative abnormal return for six days but positive significance is observed on t-6 day. However, on the announcement day negative significant AAR is observed. In post announcement positive significant positive AARs are observed on t+9 and t+10 and negative significant AARs on t+1 and t+8.CAARs are highly negatively significant around the announcement event window and in post announcement window suggesting an adverse impact of bonus announcements on stock returns.

Nifty FMCG sector

1. Dividend: In pre announcement no significant AARs are observed. On the announcement day, AAR is negative although not significant. Even in the post announcement period none of the AARs are significant. CAARs are not significant on any event windows indicating no impact of dividend on stock returns.

2. Bonus Issue: There are no significant AARs in pre announcement period. However, on the announcement day, AAR is negative and significant. In post announcement abnormal returns fluctuate although not significant. CAAR during the

announcement event window are significantly negative indicating an adverse impact on stock returns.

3. Stock splits: There are no significant AARs in pre announcement period. However, on the announcement day, AAR is negative and significant. In post announcement abnormal returns fluctuate although not significantly. CAAR during the announcement event window is significantly negative indicating an adverse impact on stock returns.

4. Buyback: In pre announcement AAR is negative and significant on t-6 days. However, from the announcement day till the post announcement none of the AARs are significant. CAAR during any event windows is not significant indicating no impact of buyback on stock returns.

Nifty Oil & Gas

1. Dividend: In pre announcement and post announcement AARs are insignificant and mixed. However, on the announcement day, AAR are negative and insignificant. CAAR is not significant during any event window.

2. Buyback: There are no significant AARs in pre announcement period. However, on the announcement day, AAR is negative and significant. In post announcement abnormal returns fluctuate although not significant. CAAR during the announcement event window is negatively significant showing an adverse impact of buyback on stock returns.

3. Stock splits: There are no significant AARs in pre announcement period. However, on the announcement day, AAR is negative and significant. In post announcement abnormal returns fluctuate although not significant. CAAR is negatively significant during the announcement event window and in post announcement window indicating an adverse impact on the stock returns.

4. Right Issue: Pre announcement AARs exhibit mixed trends without significance. On the announcement day, AAR is negative but insignificant. However, in the post announcement period AARs fluctuate without significance. CAAR is not significant during any event window.

5. Bonus: Pre announcement AARs exhibit mixed trends without significance. On the announcement day, AAR is negative but insignificant. However, in the post announcement period AARs fluctuate without significance. CAAR is negatively significant during the announcement event window indicating an adverse impact of bonus on the stock returns.

4.4 Conclusion

Using the 'event study methodology - market model' this study examined the impact of the corporate actions in the Indian stock market considering 4 sectoral indices i.e. Nifty Financial Services, Nifty IT, Nifty FMCG, and Nifty Oil & Gas. The finding of the study reflects that dividend announcement do not necessarily generate abnormal stock returns. The study tried to trace whether the corporate announcement influences the stock prices or not. We find that not all corporate actions positively impact stock returns.

In Nifty Financial Services 4 corporate actions were considered i.e. Dividend announcements, Bonus announcements, Stock splits announcements and Right Issue announcements. Dividend announcement and Right Issue announcement have failed to generate any significant positive abnormal returns, whereas the bonus announcement and stock splits announcement generated significant negative returns on the event day but are soon followed by insignificant negative returns. The predetermined events too have failed to influence the stock prices positively. The corporate announcements have failed to reap the desired results. None of the corporate action in Nifty Financial Services has influenced the stock returns positively however the bonus announcement and stock splits announcement has influenced the stock returns significantly. Thus, we accept the H1.2 and H1.3 hypotheses.

In the case of Nifty IT, three corporate actions were considered i.e. Dividend announcements, Bonus announcements and Buyback announcement. The results concludes that the dividend announcement has failed to generate any significant abnormal returns during any event window. However, the bonus announcement and the buyback announcement have generated significant negative returns during the event window and in the post event window. Thus, we conclude that only bonus and stock splits had a significant impact on the stock returns. Thus, we accept the H1.2 and H1.3 hypotheses.

In the case of Nifty FMCG, sector we considered 4 corporate actions Dividend announcements, Bonus announcements, Buyback announcements and Stock splits announcements. The results find that Dividend announcement and Buyback announcement has failed to generate any significant abnormal returns during any event window. However, Bonus announcement and stock splits announcement has generated significant negative returns during the event window. Thus, we conclude that bonus announcement and stock splits announcement had a significant impact on stock returns. Thus, we accept the H1.2 and H1.3 hypotheses.

In the case of Nifty Oil & Gas, we considered 5 corporate actions i.e. Dividend announcements, Bonus announcements, Buyback announcements, Stock splits announcements and Right issue announcements. The results find that out of 5 corporate actions Dividend announcement and Bonus announcement has failed to generate any significant abnormal returns during the event, pre-event or post-event.

However, Bonus announcements, Buyback announcements, and Stock splits announcements have generated a negative significant impact during the event but were soon followed by insignificant abnormal returns. Thus, we conclude that only Bonus announcement, Buyback announcement and Stock splits announcement have a significant impact. Thus, we accept the H1.2, H1.3 and H1.5 hypotheses.

4.5 Suggestions

The study aimed to find out the extent of the stock market reaction to the corporate announcements. The study may help the investors among the general public to take the investment decision based on the reactions of the share price to corporate announcement, such as dividend, bonus, stock splits, right issue and buyback.

The consistency of the market is based on the investor's sentiments or reactions. The investors should also consider the other valuable information insights such as, post event accounting performance to understand better the implications of an information event on fundamental value on the firm.

To create the credibility in the minds of investors, the corporate bodies must give true and fair information and project their statements. If information is more reliable, the investor will have trust and confidence on the stock market, the functions of SEBI and Rating Agencies.

The policy makers and regulators should come out with better regulatory framework towards several corporate actions to safeguard the interest of investors who are real owners of the company.

The study is also useful to the investors as the investors can understand which of the corporate action will be beneficial to them, which corporate actions gives negative/positive abnormal returns and which corporate action they should consider.

4.6 Scope for further research:

This study has focused on only five corporate actions i.e. Dividend announcement, Bonus announcement, Buyback announcement, Stock splits announcements and Right issue announcement so analysis of other corporate actions such as merger and acquisition, spin off etc may be scope for further research. Further, this study has focused om 4 different sectoral indices of NSE. A similar study may be conducted on other sectoral indices of NSE. Also, a similar study may be conducted on non-corporate events like impact of elections on stock market, impact of festivals on stock market etc. While this study focuses on capturing shortterm and immediate market reactions to corporate announcements, future research could explore the long-term effects of these corporate actions.

4.7 Limitations of the study

The present study done on the impact of the corporate action is restricted to the five corporate actions only i.e Dividend announcement, Bonus announcements, Stock splits announcement, Right issue announcement and Buyback announcement. Furthermore, the study has considered only 4 sectoral indices of NSE. However, the further research can be done considering other broad or sectoral indices. Further the companies from 4 sectoral indices which have resorted to these five corporate actions during the FY 1/4/18 to 31/3/23 has been considered as a sample for the study.

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