

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Open J-Gate, India [link of the same is duly available at Infilbnet of University Grants Commission (U.G.C)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 5555 Cities in 190 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	BOARD COMPOSITION AND GENDER DIVERSITY: A COMPARATIVE BETWEEN AFRICAN, ASIAN AND OCEANIAN STOCK EXCHANGE FEDERATION BOARDROOMS <i>LEE-ANNE JOHENNESSE & TE-KUANG CHOU</i>	1
2.	EFFECT OF MODIFIED MONTMORILLONITE ON HEAVY METAL POLLUTION IN WATER <i>NING MAO, YOU-LI FENG, CONG WANG & MENG-TAO WANG</i>	6
3.	IMPACT OF GDP ON FDI INFLOWS IN INDIA: AN ANALYSIS OF LONG TERM EQUILIBRIUM ASSOCIATION <i>NEENA BRAR, DR. B. S. BHATIA & DR. RUBEENA BAJWA</i>	10
4.	FINANCIAL INCLUSION: IT'S IMPACT ON INDIAN BANKING INDUSTRY <i>DR. MAMTA JAIN, SYEDA SHAZIYA NAZ & DR. T.N. MATHUR</i>	15
5.	A SOCIO-ECONOMIC ANALYSIS OF MINING Vs. NON-MINING VILLAGES WITHIN SAME TALUKAS IN GOA <i>SHEETAL D. ARONDEKAR & DR. I BHANU MURTHY</i>	20
6.	MARKETING OF HANDICRAFTS BY POOMPUHAR SALES SHOWROOM, THANJAVUR <i>A. MERLIN BENANSHIYA & B. KAYATHRI BAI</i>	26
7.	REEXAMINING THE LINK BETWEEN SATISFACTION AND LOYALTY: A STUDY IN THE DYNAMIC INSURANCE BUSINESS ENVIRONMENT IN INDIA <i>AJAY JOSE & DR. SARASWATHIAMMA K P</i>	29
8.	REGIONAL DIFFERENCES IN GROWTH OF ENTREPRENEURSHIP AMONG SC/STs IN MSMES: A STUDY WITH REFERENCE TO NORTHERN AND SOUTHERN REGIONS OF KERALA <i>SHACHEENDRAN.V & DR. TOMY MATHEW</i>	35
9.	EVALUATION OF HRD PRACTICES OF NBA ACCREDITED COLLEGES IN HYDERABAD DISTRICT <i>RAKHEE MAIRAL RENAPURKAR & DR. SUDHAKAR B INGLE</i>	39
10.	ASSESSMENT OF THE IMPACT OF DEMONETIZATION ON THE INDIAN ECONOMY <i>DR. BINDYA KOHLI & MANSHA ANAND</i>	44
11.	CONSUMER ETHNOCENTRISM: IT'S ANTECEDENTS AND CONSEQUENCES WITH REFERENCE TO "MILLENNIALS IN INDIA" <i>NATASHA TAGEJA</i>	48
12.	PAYMENTS BANKS IN INDIA: A STIMULUS TO FINANCIAL INCLUSION <i>VINEY NARANG</i>	53
13.	A THEORETICAL FRAMEWORK ON EFFICIENT MARKET THEORY <i>DR. NEHA BANKOTI</i>	57
14.	A STUDY ON MANAGEMENT OF NON PERFORMING ASSETS IN CO-OPERATIVE BANKS SPECIFICALLY IN KERALA <i>SINU.M</i>	60
15.	COMMUNICATION IMPACT ON JOB SATISFACTION AMONG AUTOMOBILE INDUSTRY IN CHENNAI REGION <i>R. SUBASHREE & DR. A. SENTHILRAJAN</i>	64
16.	A STUDY ON CONSUMERS AWARENESS AND BEHAVIOUR TOWARDS DURABLE GOODS IN ERODE DISTRICT <i>K.NACHIMUTHU & DR. G. SAKTHIVEL</i>	69
17.	A STUDY ON CUSTOMER PREFERENCE OF HEALTH DRINKS WITH SPECIAL REFERENCE TO "BOOST" IN MANNARGUDI TOWN <i>J.ANNAMMAL & S.KARTHIGA</i>	74
18.	WEAK FORM EFFICIENCY OF INDIAN STOCK MARKET: AN EMPIRICAL ANALYSIS <i>DR. BABU JOSE & SURESH T.S</i>	80
19.	FACTORS INFLUENCING THE CAPITAL STRUCTURE DECISIONS: A STUDY OF PHARMACEUTICAL INDUSTRY, INDIA <i>SHIVA T & GIRISH S</i>	86
20.	CONTRIBUTION OF NATIONALISED BANK IN THE ECONOMICAL DEVELOPMENT OF FARMER <i>SAPNA CHOUDHARY</i>	89
	REQUEST FOR FEEDBACK & DISCLAIMER	91

CHIEF PATRON**Prof. (Dr.) K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon
 Chancellor, Lingaya's University, Faridabad
 Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana
 Former Vice-President, Dadri Education Society, Charkhi Dadri
 Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR**Dr. S. GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. R. K. SHARMA**

Professor & Dean, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR**Dr. BHAVET**

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD**Dr. CHRISTIAN EHIOBUCHÉ**

Professor of Global Business/Management, Larry L Luig School of Business, Berkeley College, Woodland Park NJ 07424, USA

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

Dr. TEGUH WIDODO

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Terusan Buah Batu, Kabupaten Bandung, Indonesia

Dr. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

Dr. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

Dr. ARAMIDE OLUFEMI KUNLE

Dean, Department of General Studies, The Polytechnic, Ibadan, Nigeria

Dr. S. TABASSUM SULTANA

Principal, Matrusri Institute of P.G. Studies, Hyderabad

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Westlands Campus, Nairobi-Kenya

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. ANA ŠTAMBUK

Head of Department in Statistics, Faculty of Economics, University of Rijeka, Rijeka, Croatia

Dr. FERIT ÖLÇER

Head of Division of Management & Organization, Department of Business Administration, Faculty of Economics & Business Administration Sciences, Mustafa Kemal University, Tayfur Sökmen Campus, Antakya, Turkey

Dr. SANJIV MITTAL

Professor, University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. NAWAB ALI KHAN

Professor, Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. ABHAY BANSAL

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

Dr. KEVIN LOW LOCK TENG

Associate Professor, Deputy Dean, Universiti Tunku Abdul Rahman, Kampar, Perak, Malaysia

Dr. OKAN VELI ŞAFAKLI

Associate Professor, European University of Lefke, Lefke, Cyprus

Dr. V. SELVAM

Associate Professor, SSL, VIT University, Vellore

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

Dr. N. SUNDARAM

Associate Professor, VIT University, Vellore

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

RODRECK CHIRAU

Associate Professor, Botho University, Francistown, Botswana

Dr. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

Dr. DEEPANJANA VARSHNEY

Associate Professor, Department of Business Administration, King Abdulaziz University, Ministry of Higher Education, Jeddah, Saudi Arabia

BIEMBA MALITI

Associate Professor, The Copperbelt University, Main Campus, Jambo Drive, Riverside, Kitwe, Zambia

Dr. KIARASH JAHANPOUR

Research Adviser, Farabi Institute of Higher Education, Mehrshahr, Karaj, Alborz Province, Iran

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

Dr. MELAKE TEWOLDE TECLEGHIORGIS

Faculty, College of Business & Economics, Department of Economics, Asmara, Eritrea

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. JASVEEN KAUR

Faculty, University Business School, Guru Nanak Dev University, Amritsar

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

FORMER TECHNICAL ADVISOR

AMITA

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, **please specify**)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR

Designation/Post* :
 Institution/College/University with full address & Pin Code :
 Residential address with Pin Code :
 Mobile Number (s) with country ISD code :
 Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :
 Landline Number (s) with country ISD code :
 E-mail Address :
 Alternate E-mail Address :
 Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc.** The qualification of author is not acceptable for the purpose.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

<http://ijrcm.org.in/>

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB.**
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised.**
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

FACTORS INFLUENCING THE CAPITAL STRUCTURE DECISIONS: A STUDY OF PHARMACEUTICAL INDUSTRY, INDIA

SHIVA T

STUDENT

DEPARTMENT OF COMMERCE
CHRIST UNIVERSITY
BANGALORE

GIRISH S

ASST. PROFESSOR

DEPARTMENT OF COMMERCE
CHRIST UNIVERSITY
BANGALORE

ABSTRACT

Capital structure is one of the major determinants of the performance of the companies as it states about the usage of leveraging of different sources of funds by the company. There have been many theories based upon the capital structure like, Miller and Modigliani, Pecking order theory, Agency cost theory and Trade off theory. In this study, we have taken the data of five companies from the pharmaceutical sector of NSE, India based upon the highest market cap. The data is collected from various secondary resources and is for the period ranging from 2012 to 2016. The variables used herein are the firm specific characters like the profitability, growth, liquidity, size and tax shield. We have used the regression analysis and the results we have found, liquidity has no influence on the capital structure as the company with the liquid funds can invest by itself in the projects it owns and therefore it does not affect its capital structure decisions. And in the profitability, the company with more profits will employ them for its further operations and so it also exhibits negative relationship with the capital structure. The study also further found that the growth of the company, its size and tax shield also has negative relation with the capital structure. The study considers only a few factors which are firm specific and the number of firms as well the time frame of the data collected can also prove to be the limitations of this research.

KEYWORDS

determinants, capital structure, pharmaceutical industry.

INTRODUCTION

Capital structure is one of the major determinants of the performance of the companies as it states about the usage of leveraging of different sources of funds by the company. There have been many theories based upon the capital structure like, Miller and Modigliani, Pecking order theory, Agency cost theory and Trade off theory. These theories mention about the optimal combination of various sources of funds that a company employs as because the capital structure not only speaks about the financial stability but also looks into the enhancement of the firm's wealth. These theories majorly focus upon the industry specific characters but does not take any account of the firm specific characters.

Now we know about why the capital structure is important and also the above mentioned theories too make it clear regarding the calculation of the optimal combination of various sources of funds in formulating the capital structure. In knowing the factors that determine the capital structure decisions, in this paper we are analyzing the internal and firm specific characters like profitability, liquidity, growth, size and tax shield. Along with the external factors like country specific factors and industry specific factors, it is known that even the firm specific factors make an influence on the determination of optimal capital structure (Masnoon & Anwar, 2012).

LITERATURE REVIEW

The focus of this paper is in the changed scenario of the pharmaceutical industry with advent of the biotechnology in Italy. Firm's size, its diversification in business, propensity in collaboration lowers the leverage and also the profitability implies lower leverage ratio on the sustainable debt. (Zambuto, Billitteri, & Nigro, 2011). (Hossain & Ali, 2012) This paper reveals that a few of the firm specific characters have a negative impact on the leverage and also dividend and volatility does not impact the capital structure decisions. Also reveals that the DTA ratios differ from one industry to other industry. The data was collected from Dhaka Stock Exchange over 39 nonfinancial firms. Yet in another research done on the pharmaceutical industry alone taking into account 17 firms, this paper (Lima) says that the capital structure is best described by using agency cost theory and trade-off model.

(Mohammadzadeh, Rahimi, & Rahimi, 2013) This paper mainly focuses on the effect of capital structure on profitability and is conducted on the top 30 companies of the Iranian pharmaceutical industry, Tehran Stock Exchange (TSE). The findings are, companies with long term debt financing and short term debt financing does not help in the profitability of the company. It concludes that, the firms follow pecking order theory. And also the capital structure is negatively related to profitability.

The companies prefer for equity in order to do business at the time of economic crisis as well as where there is unstable institutional environment. It is also saying that, the firm-specific characteristics are negatively related to the debt-total assets ratio. (ShEluntcova, 2014)

(Saeed, Munir, Lodhi, Riyaz, & Iqbal, 2014) The following paper deals with the capital structure determinants of the pharmaceutical companies listed in Karachi Stock Exchange (KSE), Pakistan. The paper is unique in its own nature as it also involves corporate governance along with the internal firm specific characteristics. The findings of the study are, all the firm specific characteristics like profitability, growth, tax shields, liquidity and earning volatility does influence the capital structure decisions along with a few factors of corporate governance has influence on debt ratio, which is considered as a proxy for the capital structure.

(Yuxuan & Wenlin, 2014) This paper is about the optimization of the capital structure. It takes into consideration the data from 119 companies. The researcher uses the regression model, Hausman test and F test. The result of the study is, a few factors like size and capital guarantee are positively correlated whereas the profitability and ownership concentration has a negative correlation with the capital structure. This paper suggests promotion of distribution of equity among the shareholders as the individual big shareholder has negative correlation with the capital structure, it also states that the company should also improve the bond financing as it helps in optimizing the capital structure.

OBJECTIVES

1. To analyze the influence of profitability and liquidity in determining the capital structure of a firm.
2. To examine the impact of growth and size on capital structure of a firm.
3. To determine the effect of tax shield on capital structure of a firm.

RESEARCH METHODOLOGY

- **Hypothesis**
 - The profitability of the firm is not related to the capital structure.
 - Liquidity of the firm is not positively related to the capital structure.
 - Growth of the firm has no impact on the capital structure of the firm.
 - The size of the firm does not influence the capital structure of the firm.
 - There is no relation between the tax shield and the capital structure of the firm.
- **Selection of sample:** The top five companies listed in NSE are considered as sample. The selection criteria is the market capitalization of the firms. The companies selected are Sun Pharma, Lupin, Dr. Reddys Labs, Aurobindo Pharm and Cipla.
- **Data collection:** This study is based on the information obtained through secondary sources. They are, the financial statements of the firms. The data is collected for over a period of 2012-16.
- **Data analysis:** Linear regression is used to find out the influence of significant factors in determining the capital structure of the selected firms.

DATA ANALYSIS AND FINDINGS

Debt equity ratio is used as the proxy variable for the capital structure and is the dependent variables and the rest of them are used as the independent variables. This method was adopted with the help of the review of literature. In this study we have used the regression analysis in the E-Views 8. The significance value used to test the hypothesis is 5% or 0.05. It is assumed that the amounts represented by the annual reports of the companies reveal true information.

TABLE 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GROWTH	0.001426	0.001529	0.932256	0.3623
LIQUIDITY	-0.141372	0.080560	-1.754861	0.0946
PROFITABILITY	-2.108075	1.309829	-1.609428	0.1232
SIZE	0.041987	0.031152	1.347795	0.1928
TAXSHIELD	12.53682	8.054608	1.556478	0.1353
R-squared	0.426642	Mean dependent var		0.262400
Adjusted R-squared	0.311971	S.D. dependent var		0.272829
S.E. of regression	0.226305	Akaike info criterion		0.042990
Sum squared resid	1.024278	Schwarz criterion		0.286765
Log likelihood	4.462630	Hannan-Quinn criter.		0.110602
Durbin-Watson stat	0.850913			

ANALYSIS

- Various proxy variables have been used to arrive at the independent variables like natural log of sales for the size, current ratio used for the purpose of liquidity, the ratio of net income before extraordinary items to the total assets is used for the profitability, depreciation to total assets used for the tax shield and the growth percentage in the total assets used as the proxy for the growth.
- As per the regression analysis used at 5% as the significance value, all independent variables do not influence nor they have any positive relationship with the decisions made in setting the capital structure of a company. And it must be kept in mind that these are firm specific characters.
- If a firm is in a very good position, in the sense of good position what we mean is, where it has abundant funds available for itself through the internal sources, and thus does not influence the capital structure decisions.
- If a firm, has greater sales, then we can imply that there is a greater profitability of the firm and henceforth there will be a greater percentage of increase in its revenue and henceforth need not worry on getting the funds from outside and as proved in this case, profitability and size of the firm does not influence its capital structure decisions.
- A total increase in the growth of the assets of the firm, at the same time its liquidity ensures the easy availability of the funds for the firm and further growth of the firm's projects also does not influence its capital structure decisions as the firm can have more of the assets and its projects at a very liquefiable rate and henceforth it proves the null hypotheses. Moreover, in the case of tax shield, if there is a greater availability of the internal funds for the firm in its further expansion and its operations and henceforth the tax shield also does not affect the firm's capital structure decisions.
- The results are in line with our review of literature.

RESEARCH LIMITATIONS

- The research is done only on the companies listed in NSE, it can further be done in the BSE also.
- This paper has taken only 5 companies based upon the market capitalization and therefore further companies can be added based upon the other criteria.
- Further research can be done considering a wider time frame.

CONCLUSIONS

Thus, in this paper we have taken 5 companies based upon their market capitalization and we can make out that these are the top 5 companies in this industry. We have also taken only 5 firm specific characters for analyzing their effect on deciding the capital structure. One of the major drawback what we can find from this paper is, these are the top 5 companies and they perform well in the market and henceforth these factors have either no impact or no relationship with the capital structure (DE ratio) of the firm. The profitability and liquidity are not related to the firm's capital structure. There is no impact of the growth and the size on the firm's capital structure decisions. And finally there is no effect of the tax shield on the capital structure of the firm. Further research can be carried out including the various other factors and also for a larger time frame and using a larger sample size with more criteria on the selection of the companies. Another drawback is, the data is solely based upon the secondary resources and any errors in the secondary sources may lead to the error in the analyses.

REFERENCES

1. Hossain, M. F., & Ali, P. A. (2012). Impact of Firm Specific Factors on Capital Structure Decision: An Empirical Study of Bangladeshi Companies. *International Journal of Business Research and Management*, 163-182.
2. Lima, M. (n.d.). An Insight into the Capital Structure Determinants of the Pharmaceutical Companies in Bangladesh. 1-17.
3. Mohammadzadeh, M., Rahimi, F., & Rahimi, F. (2013). The Effect of Capital Structure on the Profitability of Pharmaceutical Companies The Case of Iran. *Iranian Journal of Pharmaceutical Research*, 573-577.
4. Saeed, D., Munir, H. M., Lodhi, R. N., Riyaz, A., & Iqbal, A. (2014). Capital Structure and Its Determinants: Empirical Evidence from Pakistan's Pharmaceutical Firms. *Journal of Basic and Applied Scientific Research*, 115-125.

5. ShEluntcova, M. (2014). Capital Structure of Private Pharmaceutical Companies in Russia. *International Journal of Economics and Management*, 315-325.
6. Yuxuan, Y., & Wenlin, G. (2014). An empirical study on factors influencing capital structure of pharmaceutical listed corporations. *Journal of Chemical and Pharmaceutical Research*, 1042-1046.
7. Zambuto, F., Billitteri, C., & Nigro, G. L. (2011). Capital Structure Decisions in the Biopharmaceutical Industry. *International Conference on Industrial Engineering and Operations Management*, (pp. 170-175). Kuala Lumpur.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

