THE INFLUENCE OF DEBT FINANCING ON ASSET USAGE – AN EMPIRICAL STUDY OF INDIAN’S CEMENT MANUFACTURING

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ABSTRACT

This paper examines the effect of the debt financing on the asset usage of 23 selected Indian cement manufacturing companies listed in the Bombay stock exchange for the period of five years from 2008 to 2013. Debt financing and asset usage are measured through total debt rate (TDR) and total asset turnover ratio (TAT) respectively. A regression was used to quantify the effect of debt financing on asset usage. The result of the study indicated that there was a positive and non-significant impact of TDR on TAT is twelve firms. Further the study revealed that there was a negative and non-significant impact of TDR on TAT is eleven firms.

KEY WORDS: Asset usage, cement sector, debt finance, total asset turnover and total debt rate.