A STUDY ON ROLE OF LEVERAGE ON FIRM’S INVESTMENT AN INDIAN COMPANIES PERSPECTIVE

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ABSTRACT

This present study examines the impact of leverage especially financial leverage on the firms' investment decisions by publicly traded Indian companies. It show that financial leverage is negatively related to investment in the present selected textile companies and also proves that negative effect is more significantly stronger for firms with low growth opportunities in comparison to with those of high growth opportunities. The paper emphasizes on impressive results using alternative empirical models and, also, uses the instrumental variable approach to deal with the problem inherent in the relationship between leverage i.e. financial and investment. The results will provide support to corporate and especially the theory that leverage can play a destroying role for firms with low growth opportunities with respect to their investments.

KEYWORDS: Leverage, Investments, Indian companies, Corporate Finance.

Acknowledgment: I am grateful to Director Dr. S.S. Mohanty (SFIMAR) for critical review of my paper and for the suggestions which he has made for improving quality of paper.

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