



INSTITUTE OF DEVELOPMENT STUDIES KOLKATA

(A Centre of Excellence in Social Sciences funded by the Government of West Bengal)

SALT LAKE CAMPUS • DD 27/D, SECTOR 1, SALT LAKE, KOLKATA 700 064

Seminar Notice

Professor Indrani Chakraborty

Professor of Economics

Institute of Development Studies Kolkata

will present a paper on

Debt-Financing and Product Market Competition in an Emerging Economy: Evidence from India

Abstract

This study has empirically tested the relation between leverage and product market competition using a balanced panel data on 1469 firms over 26 manufacturing industries during 2001-2016 in the context of India. Our regression results indicate that competition, measured either by Tobin's q or HHI, has an overall negative effect on leverage. In other words, as competition increases, leverage decreases. Therefore, our findings support the deep purse model and the investment effect model in Indian firms. The magnitude of this effect depends on firm size and growth opportunities of the company; the negative impact of competition is higher for larger companies. Similar results hold good for growth opportunities too. Hence, the negative effect of competition on leverage is intensified with larger firm size and larger growth opportunities. Finally, we examine if the relationship between leverage and competition is non-monotonic by using the dynamic panel regression as well as the panel semi-parametric regression. Our results show no important departure from linearity while using HHI but supports the cubic relationship while using Tobin's q.

Date: January 18 (Friday), 2019

Time: 3.15 pm

Venue: IDSK Seminar Room, 5th Floor

All are Welcome

Subhanil Chowdhury
(Subhanil Chowdhury)

Convenor, Seminar Committee, IDSK

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