

Xavier University Bhubaneswar
University Dialogue Series (UDS)

Date: 18 March 2016

Time: 3.30 pm

Venue: Class Room 3

**Persistent High Liquidity, Ownership Structure and
Firm Performance: Indian Evidence**

Speaker:

Prof. Santanu K. Ganguli
School of Commerce
Xavier University Bhubaneswar

The paper investigates the characteristics and performance of the persistent high liquidity firms in India in the backdrop of ownership concentration for a five-year period including one year prior to and one year succeeding the consistent high liquidity holding period.

Empirical evidence reveals that the persistent high liquidity firms consistently post superior performance, have better growth prospect and resort to less debt financing. Ownership structure has no influence on the performance of such firms.

Consistent with trade off theory we find that persistent cash holding as a policy beyond a certain point in time may adversely impact performance.

Industry and size matched comparison firms with non-persistent liquidity tend to overinvest that might hinder performance. Ownership concentration has a negative influence on performance of such firms.

Key Words: Liquidity, Firm, Ownership, India.

Faculty Coordinator: Prof. Kalpana Sahoo and Satyendra Nath Mishra

Administrative Coordinator: Madan Mohan Barik

Email: uds@xub.edu.in; Internal Phone: 7835 / 7752 / 7789

Phones: +91 674 2377700; Fax: +91 674 2300995