

Abstract of Doctoral Dissertation

Effect of Financial Performance on Market Capitalization : A Study of Listed Infrastructural Companies in India¹

KAPIL SHRIMAL*

I. Introduction

CAPITAL FORMATION IS an integral part of economic growth and development and it plays an important role in the economic theory of production and distribution. Traditionally economic growth rate depends upon growth of industrial, agricultural and service sector but stock market has also become one of major contribution for capital formation and has straight impact on the economy across the world.

The growth of stock market is measured by its total market capitalization. The size of the market capitalization and its growth rate pose a major influence on the growth and development of the economy. Now-a-days market capitalization has become a universally accepted indicator of business valuation. The success or failure of imperative decisions like mergers, acquisitions and takeovers has great impact on the value of a company.

Infrastructure drives growth in an economy and is critical for the effective functioning of the economy. Growth in physical infrastructure has a direct impact on sustainability of overall growth and development of an economy. In recent years, India made significant progress in physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation with the government's focus on infrastructure development and increased investments in the sector. The country, however, still faces significant infrastructural lacunae and requires additional investments. Extensive and efficient infrastructure is an essential driver of competitiveness. Global perceptions about India's infrastructure

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* Assistant Professor, Marwadi Education Foundation's Group of Institutions, Faculty of Management, Morbi Road, Rajkot, Gujarat 360003, INDIA

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