Editorial

I am glad to complete the January-March 2022 issue of PRAJNAN, the Journal of Social and Management Sciences. I sincerely thank our readers, authors and editorial advisory board members for their continued support and guidance. Special thanks to all the reviewers who supported the journal with their timely comments on papers. Established in 1972, the journal focuses on publishing original research papers that have high academic and professional standards to the readers and our endeavour will continue. This journal is a place for exchanging original research based results on banking and finance and other areas of Social & Management Sciences that have relevance in building a new body of knowledge and improvement in practice of banking operations. Our journal follows rigorous double blind peer-review process to ensure high standards of scholarly publication. The journal is indexed and abstracted in EBSCO, ProQuest, Indian Citation Index and Google Scholar. PRAJNAN is also listed in UGC CARE approved journals. I look forward to your active participation and cooperation. The journal invites submission of original research based articles in the specified subject areas but not limited to: *(a)* Banking, regulations and development of financial markets, *(b)* Technological innovation in banking, *(c)* Macroeconomic policy based analysis, *(d)* Risks, financial stability and banks, and *(e)* Human resource management in banks and financial institutions.

In this issue we present three full-length research papers, two brief articles and one book review.

The first article **"Determinants of Capital Structure: A Study on Selected Firms of Indian Automobile Sector"** is by Tapas Kumar Sahoo and Joyeeta Deb. This paper is an empirical attempt to understand the impacts of firm specific and macro-economic indicators on capital structure/ financing pattern for a set of companies specifically firms in the Indian automobile industry. While similar studies have been done globally in the past, they have generally tended to focus on either the firm specific or the macro-economic and very few have covered both in depth. The authors have utilized the dynamic panel GMM framework to manage the endogeneity issue regarding capital structure decisions. The authors observe that both firm specific as well as macroeconomic factors are critical in determining firm's capital structure decisions in the automobile sector. The study finds that firms having large amounts of assets typically prefer higher borrowings because of collateral value of assets and that debts are cheaper for large sized firms. However, it will also be impacted by their solvency risk. The bigger the entity, more critical are the firm specific aspects in relative terms. As far as macro factors are concerned, authors find that currency strength is the most significant determinant that negatively affect while FDI inflows are positive and significant in determining the capital structure.

The second article is a brief article on **"Financial Self-Efficacy: A Mediator between Financial Risk Tolerance and Financial Literacy of School Teachers"**, by Kumud Chandra Goswami and Ujjal Bhuyan. The authors have made an effort to study the effect level of individuals' financial literacy on their respective level of financial risk tolerance. This brief article also examines the role of financial self-efficacy as a mediating variable in this relationship. The primary survey was conducted with a sample of 150 school teachers who have been selected using simple random sampling in Jorhat district of Assam. The study finds that there is a statistically significant association between financial literacy of the respondents and their financial risk tolerance. Further, the authors observe that financial self-efficacy fully facilitates the relationship between financial literacy and risk tolerance of the respondents.

In the third article, "**Accessibility of Institutional Credit among the Agricultural Labour Households and its Impact on their Livelihood"**, Amit Kundu and Sangita Das investigate the possible demand-side indicators responsible for institutional credit services and the influence of accessible formal credit on the livelihood of the agricultural labour households in West Bengal. The article discusses the factors associated with the Institutional Credit among the agricultural labour and the role of institutional credit in their livelihood based on data obtained from a primary survey. The authors find that possession of landholdings, membership in SHG, diversified farm and non-farm income, and higher financial literacy index significantly increases the possibility of having institutional credit for the household. The study also observes that institutional and non-institutional credit sources of loans used for income generating activities can actually help in increasing the per capita income of the agricultural labour.

The fourth is also a brief article on "**SBI Merger and Shareholders Wealth Creation: Who Gains in Short-run?"** written by Anukampa Das and V Mariappan. The authors have adopted an event study analysis to examine the effect of bank merger announcement on the shareholders wealth. The article aims to analyse the short term impact (individually and compared to the broader market) of the SBI merger on the acquirer bank (SBI) and the target banks all of which are its associates. The study focuses on the listed associates and, therefore, excludes a couple of them which are fully owned subsidiaries of the acquirer. Authors have employed univariate and bivariate ordinary regression models to measure the impact of merger announcement. The impact is being gauged primarily using the share price (during the time from the merger announcement to the actual merger) as a key metric (to judge market response) in addition to other metrics such as any abnormal capital return. The authors have used a Single Factor, a Two Factor and a Cumulative Abnormal Returns (CAR) Model to determine the impact. The findings of the study suggests that shareholders of acquiring bank has not gained significantly compared to acquired banks.

The fifth paper, **"Factors Impacting Financial Inclusion : An Empirical Study"**, by Nishi Malhotra and Pankaj Kumar Baag explore the impact of various Demand Side and Supply side factors that impact the achievement of financial Inclusion in India. The study empirically examines the relationship between financial behaviour and Financial Account Ownership. Logit regression model has been used to study this relationship. Authors find that male population tend to use more formal banking system in the form of financial accounts and have more mobile accounts compared to females. Education, Income and Employment along with National ID and having Mobile device have significant impact on likelihood of having Bank Accounts. Further, access to financial services through ATMs within the range of thousand square kilometers lead to more financial inclusion. The study concludes that policymakers need to study about financial literacy and education of individuals in promoting financial inclusion among account holders.

Dr Sudhanshu Kumar, Associate Professor, Centre for Economic Policy and Public Finance, Patna reviews the book *"Quest for Restoring Financial Stability in India"* by Dr Viral V Acharya, published by SAGE, New Delhi.

Finally, on the behalf of the journal's editorial team, I would like to thank our panel of subject experts who have extended their generous support as reviewers for the journal during the year 2021-22. Many thanks for all the timely responses, very insightful and thorough comments that you have put in on the journal's behalf.

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Determinants of Capital Structure: A Study on Selected Firms of Indian Automobile Sector
– *Tapas Kumar Sahoo & Joyeeta Deb*

The capital structure of a company depicts different proportions of capital it has sourced for financing its operation. The capital structure is nothing but the composition of owned and the owed capital. There are several determinants including both micro and macro factors that affect the capital structure decisions. This research paper aims to investigate the effect of firm specific as well as macroeconomic variables on the capital structure of selected firms of the Indian automobile sector. The study is empirically based on analytical research design based on secondary data for the period 2004 to 2020. In order to identify the key determinants of capital structure two step system GMM model is used as this estimator helps to resolve the problem of autocorrelation as well as heteroskedasticity. The results indicate that changes in firm specific factors like firm size and assets tangibility has a significant positive impact on capital structure variables while risk of bankruptcy and short term solvency negatively determine the capital structure. The study revealed that the macroeconomic environment plays a vigorous role in determining the capital structure where the factors like currency strength has a negative and statistically significant impact on the capital structure while FDI inflows establish a positive association with leverage ratios of Indian automobile firms.

Financial Self-Efficacy: A Mediator Between Financial Risk Tolerance and Financial Literacy of School Teachers
– *Kumud Chandra Goswami & Ujjal Bhuyan*

Today, investors face a business environment characterised by a high degree of uncertainty or risk. This has made investors' awareness and ability to determine their level of risk tolerance, a crucial factor in their economic decision making. In this survey, the researcher intends to shed light on the effect of individuals' level of financial literacy on their respective level of financial risk tolerance and also assess the role of financial self-efficacy as a mediating variable in this relationship using Baron and Kenny method of mediation (1986). The study conducted with a sample of 150 school teachers selected using simple random sampling in Jorhat District, Assam; found that there is a statistically significant association between financial literacy (FL) of the respondents and their Financial Risk Tolerance (FRT). Also, the survey found that Financial Self-Efficacy (FSE) fully mediates the association between financial risk tolerance and financial literacy of the respondents.

Accessibility of Institutional Credit among the Agricultural Labour Households and its Impact on their Livelihood
– *Amit Kundu & Sangita Das*

Despite the major structural changes in the Indian credit system, landless and near landless agricultural labour households are still facing difficulties while accessing formal credit services. The paper tries to examine the possible factors influencing the accessibility of institutional credit by agricultural labour households and its role in their livelihood. Based on a village-level field investigation in the district of East Medinipur, West Bengal, the study shows that the possession of

operational land, membership of SHG, diversified farm and non-farm income, and higher financial literacy index are the significant determinants to increase the possibility of receiving institutional credit for these households. Using the two-stage least square method, the paper further reveals that the monthly per capita income of the agricultural labour households can increase if they use institutional and non-institutional sources of loans in income-generating activities. The study also suggests that the lower is the age of the household head and the less dependency on the informal credits for consumption purposes of the households, the higher is the possibility of improving the livelihood of the agricultural labour households.

SBI Merger and Shareholders Wealth Creation: Who Gains in Short-Run?
– Anukampa Das & V Mariappan

The study attempts to verify the effects of the announcement of merger on the shareholder's wealth of State Bank of India (SBI) and select associate banks and adopts the event study methodology in which both single factor model and two factor model are used to measure the impact. The data of the study includes daily stock prices to calculate the returns of the listed banks, BSE-200 as market return, and Bank-NIFTY as bank return. The findings show that the shareholders of the anchor bank have not gained substantially whereas there is overall gain for the shareholders of target banks. Interestingly, it is also found that the merger announcement has created additional wealth for the shareholders of the both anchor as well as target banks while clubbed together to calculate Weighted Average Cumulative Abnormal Returns (WACAR). The study contributes to literature in finance especially to merger and amalgamation in Indian banking industry.

Factors Impacting Financial Inclusion An Empirical Study
– Nishi Malhotra & Pankaj Kumar Baag

Sustainable Development Goal 2030 that aims to ensure Financial Inclusion for all has been adopted by India. There are nearly 310 million accounts have been opened by banks under PMJDY. A large unbanked population in emerging economies necessitates an analysis of demand and supply factors. These variables affect programme outcomes. The present article attempts to look into the factors influencing financial inclusion in India. The authors examine the impact of various demand side as well as supply side factors that impact the achievement of financial Inclusion in India. Data for supply side factors, ATMs and commercial bank branches has been taken from IMF source and information about demand side factors have been taken from World Bank Gallup Findex surveys from 2004 to 2017. A multivariate Logit regression model has been used to study relationship between financial behaviour and financial account ownership. This research output will help policymakers and bankers identify gaps in India's financial initiatives.