

Emerging Trends of Research In The Field Of Finance - A Review



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An endeavour has been made in this article to identify and indicate the emerging trends of research in the field of finance in India on the basis of research gaps. Foreign Direct Investment (FDI) means an investment through which the non-resident investor and foreign company can start a new company can acquire an effective share in an existing company in India with the specific objective of carrying on industrial activities or business in India.

Foreign institutional investor (FII) means an institution established or incorporated outside India which proposes to make an investment in India in securities. FII' include "Overseas pension funds, mutual funds, investment trust, asset management company, nominee company, bank, institutional portfolio manager, university funds, endowments, foundations, charitable trusts, charitable societies etc.(fund having more than 20 investors with no single investor holding more than 10 percent of the shares or units of the fund)". The list is indicative and not exhaustive. However, this will provide a lot of inputs to researchers and academician engaged in research in the area of finance in our country and would provide some inputs for pondering over emerging areas of research.

Keywords: Foreign Direct Investment, Foreign institutional investor, Portfolio, Endowments,

Introduction

A. Foreign Investment {Foreign Direct Investment (FDI), foreign institutional investor (FII)}

Developed economies consider FDI as an engine of market assessment in developing and less developed countries vis-à-vis for their own technological progress and in maintaining their own economic growth and development. Developing nations look at FDI as a source of filling the savings, foreign exchange reserves, revenue, trade deficit, management and technological gaps.

Foreign investment is necessary not only to supplement domestic capital but also to secure scientific, technical and industrial knowledge. In view of this, the government adopted a liberal attitude by providing many incentives such as tax concessions, simplification of licensing procedures and de-reserving some industries such as drugs, aluminum, heavy electrical equipments, fertilizers, etc in order to further boost the FDI inflows in the country.

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Recent trends of research in foreign investment

1. Effectiveness of “Make in India” campaign on FDI in India.
2. Effectiveness of FDI on Government Reserve, foreign exchange reserve, Export, Exchange Rate, Employment, Management and Technical gap.
3. Effect of FDI on competitive business environment in various sectors such as Banking, Insurance, Automobile, and Infrastructure.
4. Effect of double taxation avoidance agreement (DATT) on FDI in India.
5. An exploratory study of foreign investment as an effective tool in reducing the defect of BOP.
6. Study could be based on “to find out the requirement of amount of foreign investment in India, for its economic development”
7. Analyze the trend and role of FDI & FIIs in improving the quality and availability of goods.
8. Find out how FDI is seen as an important economic catalyst for Indian economic growth by stimulating domestic investment, increasing the human capital formation and by facilitating the technology transfers.
9. The FDI policy paving the way where FDI inflow can be utilized as means of enhancing domestic production, savings, and exports through the equitable distribution among states by providing much freedom to states.
10. The study could be based on “which sectors are required more foreign investment for economic development”.
11. Relationship and dependence of investment by FII on total FDI in India.
12. Framing an empirical model finding the relationship between FDI and inflation in India.
13. Framing an empirical model finding the dependency of GDP on FDI in India.
14. Need for Caution in Retail FDI

B. Foreign exchange rate and its impact on Indian economy

An exchange rate (also known as a foreign-exchange rate, forex rate, ER, FX rate) between two currencies is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency.

Recent trends of research in Foreign Exchange Rate

1. Impact of exchange rate on trade and GDP
2. Find out the relationship between Exchange rate, oil Price and Indian Economy.
3. Impact of exchange rate on Balance of Payment.

4. Global economy & foreign exchange strategy.
5. Impact of foreign exchange rate on foreign investment.
6. To Study and analyze relation between market Index with fluctuating Indian Rupee.
7. To Study and analyze various reasons which impact the Indian Currency Market.
8. The Effect of OPEC Oil Pricing on Output, Prices, and Exchange Rates In the India and Other Industrialized Countries.
9. Effectiveness of hedging in foreign exchange market.
10. Importance of technical analysis in foreign exchange market.

C. Valuation methods of stock, stock market, and Mutual fund

Technical Analysis can be defined as an art and science of forecasting future prices based on an examination of the past price movements.

Fundamental analysis examines the economic environment, industry performance, and company performance before making an investment decision. Investment is a financial activity that involves risk. The objective of an investor is specified as maximisation of return and minimisation of risk. It is highly essential for the investor to do both fundamental and technical analysis for deciding the suitable stock.

Recent trends of research in stock market

1. Which methods of technical analysis are most suitable in finding Trends?
2. Find out the relationship between fundamental and technical analysis during a specific time for certain company.
3. The effectiveness of fundamental and technical analysis in evaluating of intrinsic value of stock.
4. Stock valuation models: a study of models in use and development of customized model in India

Mutual Funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. The Indian mutual fund industry is growing rapidly and this is reflected in the increase in Assets under management of various fund houses. Mutual fund investment is less risky than directly investing in stocks and is, therefore, a safer option for risk-averse investors.

Recent trends of research in mutual fund

1. Identify the areas required for improvement in order to create greater awareness among investors regarding investment in mutual fund.
2. Compare and evaluate the investment performance of mutual funds with relevant benchmark indexes.
3. Analyse the investor's perception towards different type of mutual funds like ELSS, Diversified equity fund.
4. Comparative study on ELSS and ULIP
5. Impact of fund rating on investment performance and investor perception.
6. Impact of mutual fund distribution channels on fund inflow
7. Impact of financial advisors on investor's perception towards mutual funds
8. Creating a model for different type of mutual funds benchmarking.
9. Performance persistence of Mutual funds in comparison with other investment alternatives.

Derivatives - Derivatives is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets.

Recent trends of research in Derivative

1. Impact of introduction of derivative products on spot market volatility in Indian stock markets.
2. Understanding of the casual direction between economic growth and derivative market.
3. Derivatives Market in India and its Current Position in Global Financial Derivatives Markets.
4. Comparative Analysis of Indian Stock Market with International Markets.

D. Mergers and acquisitions with special reference to banking Industry in India.

The banking industry is one of the rapidly growing industries in India. The growth rate of this sector is remarkable and it has become the most preferred banking destinations for International Investors.

Mergers and acquisitions (M&A) are defined as consolidation of companies. Differentiating the two terms, Mergers is the combination of two companies to form one, while Acquisitions is one company taken over by the other.

Recent trends of research in Mergers and acquisitions

Consolidation may happen in three different segments of Indian banking – state owned, privately managed, and the old private sectors community dominated banks for three different reasons. The government is no more willing to keep pouring capital into the black hole, equity investors are shunning old private banks with no management vision, and the new age private ones may be just getting bit bolder.

1. Analysis of physical performance of merged banks emphasizes on improvements in Deposits, Advances, Businesses and Number of Employees of banks.
2. Study on Merger as a useful strategy in order to achieve financial performance of commercial banks by achieving economies of scale, competitiveness, and increased efficiency and Market share.
3. Analysis of share price performance of merged banks shown that, there is no consistent pattern of Abnormal Returns of selected merged banks.
4. Study on improvement in the financial statement of the company in pre and post merger period
5. The impact of mergers and acquisitions on employees in the financial services sector.
6. The impact of M&As on employees, staff representatives and their unions in banking sectors.
7. The impact of M&As on shareholders, customers `s perception
8. Trends in the nature and quality of employment in the banking services sector after merger.
9. The impact of restructuring and mergers on working conditions and the industrial relations climate.
10. The role of employee representation in mergers and restructuring.
11. Analysing the reactions of the stock market to merger announcements, ex-ante studies, and - ex-post studies

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