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THE IMPACT OF IBC (INSOLVENCY AND BANKRUPTCY CODE) 2016 ON THE STOCK PRICES OF SELECTED INDIAN BANKS – AN EVENT STUDY

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Abstract
Indian banks have faced tough times in recovering the dues on time forcing them to increase provisioning at the cost of their profits as the bad loans get worse. The Indian government in July 2019 cleared seven amendments to the IBC seeking to put in place a 330 day deadline for corporate resolution process, a credit positive for Indian banks because it will reduce resolution timelines. These proposed amendments aim to improve the IBC's effectiveness and have credit positive implication for Indian banks. The amendment will facilitate the resolution of real estate projects. IBC (2016) is one of the most ground-breaking laws enacted in the country in recent times that subsumed the existing Sick Industrial Companies Act (SICA), revamped the Debt Recovery Tribunals (DRT) and has emerged as a major legislation, Consequent to its implementation there has been a paradigm shift in the debt-recovery scenario in India. The present study is an event analysis of before and after of IBC 2016, and its impact on Indian banks stock prices. The research is based on if there is any change in stock prices of Indian banks due to the implementation of IBC 2016. The study is aimed at understanding the performance of banking stocks in the light of the introduction of the game changing regulation IBC in 2016. The study identified two groups of banking stocks, the public sector and the private sector during the study period.

Key words: Bank regulation, IBC 2016, Event study, PSBs, IBC

Introduction

The banking sector plays a very substantial role within the country's growth and development, and banks are taken into account as the backbone of any industry. The reforms of the economic quarter as led by the Shree M. Narasimhan Committee in 1991, India's banking system underwent significant transformation with an innovative and prescient assignment to improve the banking zone and its operations within the financial system. There are scheduled and non- scheduled banks in the Indian Banking System.

1. Problem of NPAs:

For any country the NPA challenge can be very deep and global. But the significance of that challenge is absolutely very high for growing countries like India. Financial reforms led through the Indian government not to complete the speed of the global economic challenge without the complete and strategic overhaul of Indian banking and monetary zone.

For both public and private sector banks in India, NPAs have become a big challenge. In capital-intensive sectors such as electricity, ports, airports, housing and highway development, large companies built major projects for which banks were keen lenders to fund capacity building in core sectors such as infrastructure and real estate. Due to delays in permits, these major projects either remained in progress or even if completed, they remained underutilized. As project owners did not know expected cashflows, bank loans started to pile up over prolonged periods of time, which caused substantial NPA build-ups.

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The hassle of NPAs is constantly developing that threatens the survival of banks, shrinks their productivity and affects the economy as a whole. Non-appearing assets are the mortgage or lease that does not meet the amount of the said principal and the payments of the hobby amount.
Furthermore, NPA is categorized into commercial loans that may be late for more than 90 days, and buyer loans that may be due for more than one hundred and eighty days.
The Bank's NPAs may be categorized into the following classes:
1. Gross NPA: This is the sum of all the NPAs shown on a given date. Gross NPA includes all assets that may be belongings belonging to the substandard, doubtful and loss.
2. Net NPA: This is the amount of NPAs that financial institution has provided for it. It is the actual burden that any financial institution will have. The distinction between Gross NPA and Net NPA is based on the provisions made through the bank.

2. Insolvency and Bankruptcy code: In 2016, IBC was implemented with the aim of ensuring quick resolution and creating a paradigm change in the recovery and resolution process. The IBC code is one of the most important changes implemented in order to address India's daunting NPA problem transparently. IBC has powered the country's huge Mergers & Acquisition momentum and prompted several promoters to settle their dues or address them. After the IBC became law in May 2016, the corporate eco system was also adopted.
Source: Livemint
As of 31 Dec 2019, 190 businesses had been in operation for three years and claims worth Rs.3.52 trillion had been filed by financial creditors and banks, of which Rs.1.52 trillion was recovered, i.e. 43.1 percent of the claims under consideration. This is much higher than the recovery rate before the IBC was set up. For example, of the total bad loans up for recovery worth Rs.2.21 trillion in 2015-16, only about 22,768 crore, or 10.3 percent of the loans, were recovered during 2015-16. Compared to the earlier loan recovery process, this proof indicates that IBC has been a big success.
In June 2018, the RBI released a new resolution circular asking the lenders to consider stress early and gave them full freedom to decide on a resolution plan and to concentrate on a faster provision if the time-bound resolution failed. By permitting resolution of NBFCs with asset sizes greater than 500 crores, the government also amended IBC 2016. 2019 was a good year for IBC since many lawsuits have been settled.
In recovering the dues on time, Indian banks have faced challenging times forcing them to raise provisioning at the expense of their earnings as the bad loans get worse. In July 2019, the Indian government cleared seven IBC amendments seeking to put in place a 330-day corporate resolution phase deadline, a credit positive for Indian banks because it will shorten timelines for resolution. These proposed amendments are aimed at enhancing the performance of the IBC and have positive credit consequences for Indian banks. The amendment would promote the settlement of projects involving real estate.
The recovery of Indian banks improved in 2017-18 after the introduction of IBC and the amendment of the SARFAESI Act, according to the Trends and Progress report published by RBI. In particular, the NPA pileup in public sector banks occurred due to the credit boom between 2006 and 2011, when bank funding grew at an average rate of 20 percent and weak credit evaluation and post-sanction monitoring standards, project delays and cost overruns and the absence of a strong bankruptcy regime were other factors that led to the depreciation of asset quality until May 2016.
The gross NPA ratio of all scheduled commercial banks reached 11.2% of gross advances in 2017-18, up from 9.3% a year earlier, according to the RBI report. PSBs, which accounted for 70 percent of advances, saw a 14.6 percent improvement in gross NPAs due to the slippage of reorganized advances into NPAs. The share of questionable advances in total GNPAs led by PSBs increased significantly during 2017-18 in terms of NPA ratio, while the share of sub-standard and loss assets in private banks' GNPAs

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declined. NPA ratios were marginally higher than 4% for private sector banks and less than 4% for international banks. According to the RBI survey, IBC helped enhance the NPA ratios in the year.

What causes bank's stocks to rise?

The banks are highly regulated entities in India. As the government is the largest owner of these stocks, this sector is affected by macro-economic factors like the actions of RBI as regulator, inflation levels in the economy, deposit growth, credit off take, FII inflows in the banking sector and system liquidity and also government policy decisions. The bank's share price can be influenced by abstract factors such as general market sentiment, future aspirations, demand for banking services, etc. In deciding the fair value of the stock, the growth potential of the bank is the main valuation factor that investors look at.
The profitability of banks is based on several other considerations. High deposit growth, combined with high credit growth, is good for bank stocks because it increases banks' profitability. The major macroeconomic concern now in India is the financial health of the Indian Banking sector. In January 2018, Shares of state-owned banks compensated investors handsomely. With time-bound insolvency and bankruptcy code helping clean up the banking system, investors find public sector banks better bets. Several private sector banks have also peaked in terms of valuation. The IBC, a time-bound system for addressing loan defaults, is considered a panacea for the banking sector with more than 11 lakh crores of bad loans. With the government disclosing its investment in 20 state-owned banks of 88000crores of money, PSBs were set to overperform the broader index. Private sector banks with a lower share of bad assets produced more robust returns until bad loans overwhelmed the banking system. The magnitude and enhancement of macro factors by governments have helped gain investor trust that was lacking before IBC.

3.Literature review:

In recent times, IBC (2016) is one of the most revolutionary laws implemented in the country that subsumed the current Sick Industrial Companies Act (SICA), revised the Debt Recovery Tribunals (DRT) and has developed into a major legislation, with a paradigm shift in the debt recovery situation in India as a result of its introduction. Several prior research studies have addressed event studies to understand the effect of legislation and reforms and have documented major risk shifts in the financial services sector since the law was enacted. In order to regulate insolvency in India, George (2016) IBC was established and the consolidation of the entire insolvency framework under the one Code is a daunting task because on the one hand, the Code must provide efficient and rapid steps to manage corporate insolvency and preserve the balance among corporate debtors and creditors. The Bill would not provide all stakeholders with sufficient representation and a lack of clarification in the Bill about the selection of executors. Some other holes are also found in the Bill that impede its overall effectiveness (Ashish Pandey 2016). In the present IBC, Ben and Khizer (2016) raised the problems and proposed proposals to strengthen India's Bankruptcy System. Leslie (2016) discovered that Code is not effective with company revival ad subsequently addressed the issues posed by various stakeholders. The IBC assumes particular significance in the sense of the ease of doing business and development of the Indian bond market (Bijay Kumar 2016). In order to draw lessons for the Indian reform process, in the sense of the establishment of the BLRC, Sengupta et al (2016) compared the corporate insolvency resolution system in the UK, Singapore and India.
This will draw foreign direct investment (FDI) in India because it is expected to boost the current status of 'quick to do business in India. The method of winding up a corporate company has been made easy for companies, which in turn will help to recover banks' loans more quickly. (2017 V S Kaveri). Venkat. P, in their paper "New Bankruptcy Code and its Futuristic Impact" (2017) "analyzed how bankruptcy and insolvency was before IBC 2016 using theoretical analysis having considered all the old codes and how were they treated by government. Ganesh Kumar and Abhay Pant (2017), the crisis management system developed by policy makers was analyzed and the main issues were highlighted.

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Sreyan Chatterjee, Gausia Shaikh and Bhargavi Zaveri (2018) It provided an empirical study of the economic effects of the Code and of the judiciary's success in this regard. Pratik Datta (2018) identified two possible sources of the problem of asset loss and four potential sources of the problem of wealth transfer in the rule. In order to resolve these very causes of value depletion and wealth transfer problems effectively, Indian policymakers need to study some of the fundamental statutory design choices incorporated in the Insolvency and Bankruptcy Code of 2016.

Krati Rajoria (2018) "critically analyzed the new law and its relevance with in the last year of its implementation, in the wake of past lessons and series of reforms, to determine the effectiveness and future prospects of the reformed insolvency law in India". With the implementation of regulatory steps, the level of systematic risk in the banking index decreased substantially, and this risk reduction was mainly in the stocks of private sector banks. Chidambran & Sethi (2018). This will not only bring ease of doing business, confidence of stakeholders and numerous opportunities of growth (Namrata Kishnani 2018). Srijan Anant* Aayushi Mishra 2018 IBC not only makes India strong in the legal climate, but also offers new identification and visibility on the global level.

##Navin Pahwa(2019) with correct judicial and legislative interference, it may grow into a mature and effective piece of legislation, and improve the ease of doing business as well as the economic scenario in india". There has been a paradigm change in the debt recovery situation in India as a result of the IBC introduction. Deepak and Neelam Tandon(2019). Kunam Shreya (2019) explained the rights of different parties in starting the process of resolving corporate insolvency and how it affects the businesses participating in it. Renuka Sane, (2019) The Indian credit market is identified and the need for personal insolvency legislation is argued. Arti chandani et al; 2019 focuses on the trends of bank credit to this sector along with recovery and default in Iron and steel sector. Esther Tensingh (2019), studied the effect of the IBC over the past 6 years on India's banks. In order to measure the efficacy and problems of the new company bankruptcy laws in India, Ravi examined 45 insolvency and bankruptcy resolution proceedings. Bhatia and Zaveri (2109) examine the response of litigating parties to a changing bankruptcy regime in India. Deepak Tandon (2019) analyzed the efficiency of the IBC in handling the situation for which it was developed.

Madhvi Sethi, Dipali Krishnakumar (2020) checked for improvements in systematic risk as calculated by market beta, as well as cumulative measurements of abnormal returns associated with major regulatory reform process events taking place in India from 2013 to 2017.

Most of these studies on India looked at the market reaction or effect of the implementation of a specific regulation into the economy. However it is imperative to research the risks and returns in the banking stock prices surrounding the incident with all the reforms that created a stir in the financial and non-financial market. This study seeks to fill this void in the literature and brings together many reforms that have been implemented by the Indian economy with regard to the restructuring of banks' debt and asset quality, reflected in the prices of banking stocks.

Research Methodology: The Insolvency and Bankruptcy Code (IBC) proves to be the most powerful weapon against the NPA problem, with the latest Insolvency and Bankruptcy Code (IBC) helping to boost the health of the banking sector even in the Economic Survey 2018. IBC has made considerable strides in resolving the problems three years after its law, through faster recovery of stressed assets and faster resolution processes.

The State Bank of India has been gradually growing the difference with ICICI Bank, the largest private sector lender. SBI's market valuation for ICICI Bank was at Rs 2.85 lakh crore versus Rs 2.26 lakh crore, with the Sensex exceeding 36,000 crore. SBI shares rallied 5.19 per cent to Rs 322 after the Supreme Court in its judgment on Essar Steel insolvency proceedings gave the upper hand to banks. Public sector banks surged after the SC ruling on Essar Steel. The Nifty PSU Bank index climbed 3.5 per cent led by SBI, Central Bank of India (up 9 per cent), Bank of India (4.91 per cent) and Syndicate Bank (up 3.88 percent). All but one constituent of the index ended in the green.

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4. OBJECTIVES OF THE STUDY:

The objective of the study is to check whether the surge in banking stock prices is due to the impact of IBC 2016 and to understand if the IBC is one of the factors to impact the change in stock prices of the selected banks.

- To study the impact of IBC 2016 on the stock prices of the selected Indian banks.
- Factors that impact the change in stock prices of selected Indian banks.

4.1 Research type:

The present study is an event analysis of before and after of IBC 2016, and its impact on Indian banks stock prices. The research is based on the premise, is any change in stock prices of Indian banks due to the implementation of IBC 2016. The study is aimed at understanding the performance of banking stocks in the light of the introduction of the game changing regulation IBC in 2016. The study identified two groups of banking stocks, the public sector and the private sector during the study period.

4.2 Time Period

This study considers 7 years' data starting from the financial year 2013, 3years before IBC 2016 was implemented and 3 years after it was implemented.

4.3 Source of Data

The research is mainly focused on secondary data, where data from Ace analyzer and BSEINDIA were collected, compiled and analyzed, and various studies released by KPMG, Mckinsey, Deloitte and EY were also studied. Following the adoption of IBC 2016, the report examines the output of banking stocks.

4.4 Sample Selection

The sample dataset that was taken is from Ace analyzer and BSEINDIA, 5 public sector and 5 private sector banks were taken into account and the factors that influence the change in stock prices were picked based on the previous literature study. The SPSS software is used to analysis the data, regression is used to analyse the data where stock prices of banks is the dependent variable and the factors that affect the share prices are dependent variables. Thus, making it easy to attain the objective and check whether IBC 2016 has any impact on the share prices of selected Indian Banks.

PUBLIC SECTOR BANKS	PRIVATE SECTOR BANKS
SBI	HDFC
BANK OF INDIA	ICICI
SYNDICATE BANK	AXIS
PNB	YES
CANARA BANK	RBL

These banks were selected on the basis of their highest market capitalization ("Top 10 Largest Public Sector Banks in India 2019," 2019)

Independent variables

1. Dividend payout

Dividend payout is the amount of dividends the shareholders would earn for each share held in the stock. This is the percentage of the profits allocated to the shareholders. Thus, making it one of the important factors to consider while evaluating a banks share price.

2. Yield on Investment

The return on investment on income is known as yield. It refers to the interest or dividends obtained from a security and is usually measured on the basis of the cost, current market value or face value of

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the investment as an annual percentage. The face value of the investment is represented by the bank's position in the market.

3. Cost of Liabilities

Cost of Liabilities lets an investor get an understanding of how much the banks 'borrowings cost. This represents a company's successful debt rate. Different bonds, loans and other types of debt can be used by a bank, so this measure is useful to provide an idea of the average rate that banks or NBFCs pay.

4. Return on Assets

ROA is the ratio of net income generated by total assets over a period of time. In other words, it measures how effectively a corporation can exploit its assets to generate sales. The average ROA of major banks is 1.16 percent compared to 1.22 percent for banks with less than $1 billion in total assets.

5. Return on Equity

Return on equity (ROE) is a measurement of financial success determined by the division of net income by shareholder equity. Since the equity of the shareholders is equal to a corporation's assets minus its debt, ROE is considered to be the returns on net assets. The bank chooses its capital to increase the shareholder value, its ROE-based performance is much better than its EPS-based performance.

6. Return on Capital Employed

ROCE is especially useful when measuring banks 'output against the capital employed. This is because unlike other metrics such as return on equity (ROE), which analyses profitability only in relation to the common equity of a business, ROCE often considers debt and other liabilities. This gives a clearer indicator of financial success for debt-intensive banks.

7. Cost to Income

The cost-to-revenue ratio is critical for evaluating bank profitability. The ratio gives a straightforward picture of how well the bank operates, the lower the ratio the more profitable the bank is. Changes in the ratio also underline possible issues for banks. When the ratio changes from one time to the next it means that the expenditure changes at a faster rate than the revenue. Thus, effecting the banks value.

8. Net Profit Growth

Net profit growth is the difference in the profit margin of last year with that of the current year the net profit margin is equal to how much a percentage of revenue is generated from net income or gain. For a bank, the net profit margin is a ratio of net profit to sales. This ratio, therefore, helps us to understand the financial condition of the banks.

9. Loans to Deposit

The loan-to-deposit ratio (LDR) is used to calculate a bank's liquidity by comparing a bank's overall loans to its overall deposits for the same duration. The LDR is expressed as percentage. If the ratio is too high, it is not possible for the bank to have ample liquidity to fulfill any unforeseen requirements for funds.

10. Cash to Deposit and Credit to deposit

The Cash Deposit Ratio (CDR) and deposit loan is the calculation of how much a bank lends out of its deposits mobilized. This indicates how much core funds are being used by a bank to lend, the main banking practice. A clear analysis of this helps to determine the banks NPA status as well as helps to determine the share price of the banks.

11. CASA Ratio

Cash Deposit Ratio (CDR) is the measure of how much a bank loans out of its mobilized deposits. This indicates how much core funds are being used by a bank to lend, the main banking practice. It can also be described as Money total in hand and RBI balances divided by Total deposits. This helps to indicate whether the banks NPAs are improving over the time or out, which in turn effects the banks share price.

12. Net NPA

A non-performing asset is a loan or advance in respect of which the principal or interest payment has been overdue for 90 days. Banks are expected to further identify NPAs into Assets of Substandard,

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Doubtful and Loss. The NPA ratio thus is used to calculate the amount of non-performing asset in the bank which will hence affect the banks share price.

13. Net NPA funded to net Advances

The net NPA ratio to loans (advances) is used as a indicator of the overall quality of the loan book of the bank. An NPA is those properties for which value is more than 90 days (or 3 months) overdue.

14. Impact of IBC

Impact of IBC is a dummy variable added to the list of independent variables. The years before IBC is considered as "0" and the years afters IBC is considered as "1" , which means that if the analysis shows this variable significant then the share prices of banks before invention of IBC and after IBC as changed drastically over the time.

Data Analysis and Interpretation:

The data has been collected from Ace analyzer and BSEINDIA starting from the financial year 2013 to 2019. The Indian banking stock prices were collected from BSEINDIA and the key drivers that impact the change in stock prices were taken based on previous literature from Ace analyzer. 5 public sector and 5 private sector banks were taken into consideration for this study. The objective of this study is to find out the if there is any impact of IBC 2016 on the change in stock prices of the Indian banks.
In order to verify if there is any substantial difference between the share prices of Indian banks before and after the implementation of IBC 2016, the stock prices of 5 private sector banks and 5 public sector banks were taken separately based on their market capitalization and the Simple t test is run on SPSS software.
Factors that influence calculation of NPAs and variables that will impact change in stock prices were picked from pervious literature review. The factors that don't impact the change in stock prices were removed and analysis was done again.

4.12 Private sector banks

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
before	15	6.184955524	.6635114194	.1713179118
AFtER	15	6.088865812	.6955609521	.1795930656

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
before	36.102	14	.000	6.184955524	5.817515148	6.552395901
AFtER	33.904	14	.000	6.088865812	5.703676995	6.474054628

Ho: there is no significant difference between the groups
Ha: there is significant difference between the groups
The T test results with a significant value of less than 0.05 suggest that we do not support a null hypothesis and that there is a significant difference between all the classes. It can also be said that the banks' stock prices vary substantially before the IBC 2016 and after IBC 2016 is introduced.

4.13 Public sector banks

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
before	15	5.489591317	.7882410541	.2035229650
after	15	4.884810660	.8245258117	.2128916492

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
before	26.973	14	.000	5.489591317	5.053077971	5.926104663
after	22.945	14	.000	4.884810660	4.428203485	5.341417835

Ho: there is no significant difference between the groups
Ha: there is significant difference between the groups
The results of the T test have significant value less than 0.05 shows that we fail to accept null hypothesis and that there is significant difference between the groups. Thus it can be said that there is significant difference in the stock prices of the banks before implementation of the IBC 2016 and after IBC 2016.

Simple Linear Regression

Simple linear regression is a statistical approach that allows one to analyze and evaluate relationships between two quantitative variables: one variable, denoted x, is considered to be the predictor, predictive, or independent variable. Response, result, or dependent variable is called the other variable, denoted y. The linear regression is intended to "predict the value based on the values of one or more independent variables of the dependent variable.
The factors that influence the stock prices were all taken into account and a simple liner regression analysis was done on SPSS in order to find out what all factors cause the change in stock prices.
Dummy categorical variable named impact of IBC was created, "0" = before IBC 2016 and "1"
= after IBC 2016, if proven significant states that IBC 2016 is one of the factors that causes change in stock prices.

4.14 Private sector Banks

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
1	(Constant)	-206.631	61.312		-3.370	.004	-336.608	-76.654
	DPSRs	.521	.184	.819	2.834	.012	.131	.911
	Dividendpayout	-1.352	.333	-1.584	-4.062	.001	-2.057	-.646
	YieldonInvestments	7.960	2.493	2.018	3.193	.006	2.675	13.245
	CostofLiabilities	-4.462	2.194	-.891	-2.034	.059	-9.113	.189
	ROA	-1.080	.432	-1.123	-2.498	.024	-1.996	-.164
	ROE	1.125	1.073	1.075	1.048	.310	-1.151	3.400
	ROCE	-3.712	1.569	-2.061	-2.366	.031	-7.037	-.386
	CostIncomeRatio	26.207	8.809	6.529	2.975	.009	7.532	44.882
	NetProfitGrowth	-.148	.083	-.288	-1.784	.093	-.324	.028
	LoansDepositsx	51.345	12.432	23.266	4.130	.001	24.991	77.699
	CashDepositsx	.361	.604	.109	.597	.559	-.920	1.642
	IncLoanDeposit	53.736	13.071	24.009	4.111	.001	26.027	81.446
	CreditDeposits	-9.752	2.268	-1.474	-4.299	.001	-14.561	-4.943
	CASA	-.387	.925	-.217	-.418	.681	-2.348	1.575
	NetNPA	.132	.042	.608	3.148	.006	.043	.221
	NetNPAsfundedtoNetAdvances	-.643	.298	-.866	-2.156	.047	-1.276	-.011
	impactofIBC	-1.277	.424	-.973	-3.010	.008	-2.176	-.378
	CoreCostIncomeRatio	-22.201	7.195	-5.510	-3.085	.007	-37.455	-6.947

a. Dependent Variable: STOCK_PRICE

The results show that among the variables that are significant impact of IBC , NETNPA , Credit deposits , loan deposits proves that IBC 2016 is one of the factors that influence the change in stock prices of Indian banks.

According to the test results, variables that are significant are:

- **Dividend payout** – which indicates the percentage of dividend paid to the shareholders from the profits. Considering the time taken to recover NPAs of a bank the profits of the year will keep changing hence effecting the share price of the bank.
- **Loans and credit deposit** – this indicate the amount of loan given by the bank depending on the amount of deposits received. The earlier the loans are recovered, the more the cycle of rotating is better, which in turn increases the reputation of the bank and its market value.
- **Yield on investment –** Returns that the bank receives from the investments or loans given, thus making a inverse relation with banks NPAs, more the NPAs less would be the returns, which in turn effects the share price of the bank.
- **Net NPA –** Increase in NPAs effects the banks performance which in turn effects the banks share price.
- **Impact of IBC -** Dummy categorical variable named impact of IBC was created, "0" = before IBC 2016 and "1" = after IBC 2016, proven significant states that IBC 2016 is one of the factors that causes change in stock prices.

Thus, it can be said that IBC has helped decrease the banks NPAs and has a impact on the share prices.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.962[a]	.925	.841	.26269	2.482

a. Predictors: (Constant), CoreCostIncomeRatio, CostofLiabilities, IncLoanDeposit, CashDepositsx, NetProfitGrowth, ROA, NetNPAsfundedtoNetAdvances, impactofIBC, YieldonInvestments, NetNPA, Dividendpayout, DPSRs, ROE, CreditDeposits, CASA, ROCE, CostIncomeRatio, LoansDepositsx

b. Dependent Variable: STOCK_PRICE

The accuarcy of this model is 92%, thus the model is a good fit and can be used for a longer period.

4.15 Public sector Banks

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-3.590	16.990		-.211	.835	-39.607	32.426
	DPSRs	.504	.192	.736	2.628	.018	.097	.911
	Dividendpayout	-.055	.169	-.099	-.325	.749	-.413	.303
	CostofLiabilities	1.189	1.374	.166	.865	.400	-1.724	4.102
	ROA	-.273	.331	-.287	-.825	.421	-.975	.429
	ROE	-.413	.360	-.373	-1.147	.268	-1.175	.350
	NetProfitGrowth	.097	.076	.202	1.282	.218	-.064	.258
	NetNPA	.694	.231	.822	2.998	.009	.203	1.185
	NetNPAsfundedtoNetAdvances	-1.251	.547	-.885	-2.286	.036	-2.410	-.091
	impactofIBC	1.131	.516	.694	2.192	.044	.037	2.225
	CASA	-1.334	1.018	-.376	-1.310	.209	-3.492	.824
	CreditDeposits	-3.507	2.689	-.339	-1.304	.211	-9.208	2.195
	CashDepositsx	1.166	.607	.250	1.921	.073	-.121	2.452
	ROCE	.067	.192	.055	.351	.730	-.340	.475
	LoansDepositsx	4.654	2.384	1.774	1.952	.069	-.399	9.708
	NetInterestincomeTotalfunds	1.434	1.360	.280	1.054	.307	-1.449	4.316
	IncLoanDeposit	5.192	2.368	1.971	2.193	.043	.174	10.211
	CoreCostIncomeRatio	-2.564	1.027	-.410	-2.497	.024	-4.741	-.387
	YieldonInvestments	1.925	1.404	.212	1.371	.189	-1.052	4.902

a. Dependent Variable: STOCK_PRICE

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The results show that among the variables that are significant impact of IBC , NETNPA proves that IBC 2016 is one of the factors that influence the change in stock prices of Indian banks.
According to the test results, variables that are significant are:

- **Net NPA –** Increase in NPAs effects the banks performance which in turn effects the banks share price.
- **Impact of IBC -** Dummy categorical variable named impact of IBC was created, "0" = before IBC 2016 and "1" = after IBC 2016, proven significant states that IBC 2016 is one of the factors that causes change in stock prices.
- **Loans and credit deposit –** This indicate the amount of loan given by the bank depending on the amount of deposits received. The earlier the loans are recovered, the more the cycle of rotating is better, which in turn increases the reputation of the bank and its market value.
- **Cost income ratio -** The banks profitably can be evaluated based on cost to income ratio, higher the ratio higher the expenditure, which means increase in costs to attain certain income which effects the banks market share.

Thus, it can be said that IBC has helped decrease the banks NPAs and has a impact on the share prices.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932[a]	.869	.722	.43121

a. Predictors: (Constant), YieldonInvestments, CreditDeposits, CASA, ROE, CashDepositsx, CoreCostIncomeRatio, ROCE, CostofLiabilities, NetProfitGrowth, impactofIBC, IncLoanDeposit, NetNPA, NetInterestincomeTotalfunds, ROA, DPSRs, Dividendpayout, NetNPAsfundedtoNetAdvances, LoansDepositsx

The accuarcy of this model is 93%, thus the model is a good fit and can be used for a longer period.
Findings and conclusion:

CONCLUSION

Mounting NPAs are a prime problem for any bank, economic system and more essential for a rustic like India that is on increase phase. India has been recognized from growing financial system to rising economy and so one can maintain the long-term growth, it is crucial that the industry and organizations grow. This can be achieved by offering and increasing credit to people who want this and eventually helping the use of a to expand with a proper financial coverage, but these loans have been on an increasing trend with regard to the default rates. India has had many other methods to cope with those NPAs proper from BIFR Act, 1985 to SARFAESI Act, 2002 to S4A 2016 however nothing appears to be working in the desired manner.
In addition, the IMF and the World Financial Institution have responded positively to the introduction of IBC 2016 in India, contributing to the growth of India's ranking in terms of ease of doing business.

- From this analysis it is evident that IBC is one of the reasons in the reasons for changes in Indian Banks stock prices. Some of the factors that impact the change in Indian banks stock prices are Net NPAs, cash deposits, credit deposits etc.

Thus it can be said that introduction of Insolvency and bankruptcy code has helped banks not just reduce their NPAs but improve their share prices as well. IBC has significantly instilled better credit discipline and a sense of urgency and seriousness among defaulting borrowers because if the resolution process fails there is pretty much a possibility of losing their asset. Indeed, nearly Rs 2.02 lakh3 crore of debt relating to 4,452 cases were disposed of according to a report available on the website of the Insolvency and Bankruptcy Board of India (IBBI), even prior to admission to the IBC process, as the borrowers charged the creditors the sums in default. The slower growth of new NPAs in the Indian banking system reflects the fact that the IBC ecosystem is improving at a rapid rate.

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According to the Trends and Progress Report, after the introduction of the Insolvency and Bankruptcy Code (IBC) and amendment of the Sarfaesi Act, , the recovery of Indian banks improved in 2017-18. The NPA accumulation that occurred between 2006-11, especially in PSBs, was due to a credit boom when bank loans grew at an average rate of 20 percent. Factors such as weak credit evaluation and monitoring requirements for post-sanction, project delays and cost overruns and the lack of strong regulations such as IBC until 2016 have led to the decline in asset quality. PSBs experienced substantial deterioration in 2017-18 as the share of questionable advances in total GNPAs increased dramatically, while private banks' share of sub-standard and loss assets in GNPAs declined.

Private banks' attempts to clean up their balance sheets through higher write-offs and stronger recoveries, the report said, led to low GNPA ratios in these banks. Slippages, or good loans that turn poor, have largely increased in public sector banks, "attributable to restructured advances slipping into NPAs and a decline in standard advances". However, slippages in private banks subdued.

The success of the IBC as a game-changer in Indian Banking can be recognized gradually as it expands to become a full code offering resolutions finalized often outside court.

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