FIRM EFFICIENCY AND STOCK RETURNS: EVIDENCE FROM INDIAN PHARMACEUTICAL INDUSTRY A DATA ENVELOPMENT ANALYSIS APPROACH

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ABSTRACT

The study used data envelopment analysis for measuring efficiency of sample firms using financial data for the year ended March 31, 2012.Sample firms were ranked on efficiency, using scale efficiency scores based on BCC and CRR models. Firms were also ranked on the basis of stock returns, calculated for the period April 1, 2011 to March 31, 2012. Pearson rank correlation was calculated to measure the degree of association between firm efficiency and stock returns.

KEYWORDS: Data Envelopment Analysis, Stock Return, Financial Analysis, Indian Pharmaceutical Firms