ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 1| January 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2024: 8.402 || ISI Value: 1.188

THE IMPACT OF REPEATED STOCK SPLIT ANNOUNCEMENTS ON PRICE MOVEMENTS AND MARKET LIQUIDITY

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Article DOI: https://doi.org/10.36713/epra19678
DOI No: 10.36713/epra19678

ABSTRACT

Stock splits are common corporate actions that can influence investor perceptions, trading behaviour and overall market dynamics. While much of the existing literature has focused on the immediate effects of a single split announcement, the effects of repeated stock split actions over time remain underexplored. BY analysing the sample of 50 splits announced by 25 NSE listed companied over the period of 2011 to 2022, we investigate the cumulative effects of such announcements on stock prices and liquidity measures. We also investigate the short term impact of repeated splits on market prices and volume of trading of stock using different windows. This is a quantitative research and purposive sampling method used. The source of data used in this research is secondary data collected from NSE, CMIE Prowess database, Moneycontrol.com and Yahoo finance. The Single factor Market Model, Event study methodology and Paired sample t-test used for analysis with the help of SPSS and MS Excel. An Event window of 61 (t-30 to t+30) days and Estimation window period of 252 days prior to repeated stock split announcements used to analyse impact on returns and liquidity changes.

Our findings suggest that repeated stock splits tend to generate positive abnormal returns and find evidence of enhanced market liquidity in the days surrounding announcement, particularly in terms of trading volume. These results offer new insights into how repeated corporate actions influence investor sentiments and market efficiency, highlighting both the short term benefits and long term market consequences of stock split strategies. The study contributes to the broader literature on corporate finance by providing a comprehensive analysis of stock splits recurrent effects on market behaviour.

KEYWORDS: *Corporate actions, Repeated Stock splits, Market price, Liquidity, Event window.*

INTRODUCTION

Stock splits are the corporate actions announced by companies to restructure the capital of the company by increase or decrease in face value of its shares with a corresponding change in outstanding number of shares without make a change in overall market capitalization. Stock splits are considered as an cosmetic actions, because stock splits did not brings any cash flow for company and cost is associated with announcement of stock splits so management has to take a careful decision about splitting of their stocks.

There are two types stock splits, they are forward stock splits and reverse stock splits. In forward stock splits companies will reduce their face values of its share and enhance outstanding number of shares to bring more liquidity in stock and makes shares more affordable for retail investors. Reverse stock split is a quite opposite to forward split, it is a corporate announcement relating to reduction of outstanding number of shares by increasing face value of stock price without making any changes in stocks market capitalization.

Repeated stocks split announcements to convey positive signals about company's future prospects to investors. They can have a significant impact on market prices and liquidity. When company announces stock split, it typically signals investors that company management is confident about future prospects. This can lead to increased investors confidence and subsequent increase in demand for the stock, potentially driving up the market price. It is observed from previous literature that forward splits are more preferable for firms than reverse splits to boost up its liquidity.

Overall, repeated stock split announcements can lead to a positive impact on market prices and liquidity, as they may attract more investors and increase trading activity. However, it is important to note that impact of stock split announcements can vary depending on other factors such as market conditions and the company's individual performance.

This study analyse the impact of repeated stock split announcements on price movements, returns of stock and impact on market liquidity.

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Implications of Repeated stock split announcements

Announcement of stock splits is a crucial decision taken decision taken by management. The important implications of repeated stock split announcements are

1. Decreased Liquidity
2. Increase Volatility of stock
3. Impacts on Institutional investors.
4. Potential for overvaluation of market price
5. Perceptions of company performance as manipulate its stock price.

Objectives of the study

The proposed study carried for the following objectives

1. To analyse the impact of repeated stock split announcements on market prices of stock.
2. To examine the impact of repeated stock split announcements on trading volume of stocks.
3. To test the significance of CAR, CAAR, CACTV and CAACTV of selected companies.

Hypotheses

H1: There is no significant impact of repeated stock split announcements on cumulative abnormal returns (CAR) of selected companies (H0: CAR=0, HA: CAR≠0)

H2: There is no significant impact on volume of trading around the announcement of repeated splits.

H3: Cumulative abnormal returns (CAAR) and Cumulative average abnormal change in trading volume (CAACTV) significantly different from zero.

Methodology

Sample

This study's sample consists of NSE listed companies that announced repeated stock splits during the period 2011 to 2022. In this period 30 companies have announced stock splits in repeated times out of which 5 companies are not in trading frequently they are excluded. 25 companies have announced repeated stock splits during the study period considered and selected as sample. Every company has announced splits in two times in the mentioned period. Total of 50 stock split announcements analyzed in this study.

Data Collection

Announcement of repeated stock splits information collected from CMIE prowess database and Money control.com. Data relating to adjusted closing stock price, adjusted closing index price, stock and index volume of trading collected from NSE website and Yahoo finance.

Event Study

The present study uses the Event study methodology, a standard methodology which is proposed by Fama et al., (1969) to examine the presence of abnormal returns around the announcement of stock splits. Single factor Market model is used to calculate the abnormal returns and changes in trading volume of stocks. Nifty 500 is taken as the proxy for the market index. For using market model 61 days (t-30 to t+30) event window is considered, where t0 is the announcement date of split. For determining estimation period 252 trading days are chosen which end 30 days before announcement so as to avoid the any effect of information leakage on stock prices and trading volume.

Market Model

Market model is a model proposed by Fama et al., (1969) it used by most of the researchers to do an event study. Burnwal & Rakshith (2021), Gupta & Arya (2019), Pandey J (2022), Pandow & Butt (2018,2023), Sil D K (2021), Theckananthu kaduppil (2021) and Umesh (2016) also used single factor market model to analyse the impact of stock split announcements.

Design of the study

Event study methodology and parametric test used to perform statistical analysis using the SPSS and MS Excel. The objective of event studies is to analyze the values of variables prior and post announcement of an event, the most suitable parametric test is t-students test for paired samples which allows the comparing mean values.

For analysis of the impact of repeated stock split announcements on market price and trading volume, the cumulative abnormal returns, cumulative abnormal change in trading volume, cumulative average abnormal returns and the cumulative average abnormal change in trading volume around the announcement date of repeated stock splits are calculated and t-test was applied to study the significance.

Analysis and Results

Table-1: AAR's and CAAR's for 61-Days Event Window

Event	AAR	t value	CAAR	t value
-30	-0.067	-0.478	-0.067	-0.478
-29	-0.092	-0.695	-0.159	-0.850
-28	-0.183	-1.614	-0.342	-1.741**
-27	0.068	0.411	-0.275	-0.836
-26	-0.095	-0.671	-0.369	-1.169
-25	0.143	0.610	-0.227	-0.395
-24	0.098	0.525	-0.129	-0.262
-23	-0.002	-0.013	-0.131	-0.263

Table-2: AACTV and CAACTV for 61-Days Event Window

Event	AACTV	t value	CAACTV	t value
-30	-0.148	-0.888	-0.148	4.693*
-29	0.106	-0.420	-0.042	4.314*
-28	-0.058	-6.598*	-0.100	18.515*
-27	0.143	0.392	0.043	3.045*
-26	0.118	0.066	0.161	7.709*
-25	0.344	-1.637	0.505	6.558*
-24	0.002	-1.473	0.507	5.955*
-23	0.159	1.655**	0.667	4.571*

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-22	-0.232	-2.169*	-0.363	-1.133
-21	0.086	0.391	-0.277	-0.398
-20	-0.078	-0.564	-0.354	-0.778
-19	0.103	0.598	-0.252	-0.423
-18	0.229	1.217	-0.022	-0.033
-17	-0.059	-0.428	-0.081	-0.158
-16	0.241	1.051	0.160	0.180
-15	0.092	0.509	0.252	0.349
-14	0.056	0.372	0.308	0.500
-13	0.078	0.635	0.386	0.739
-12	0.121	0.927	0.508	0.890
-11	-0.040	-0.237	0.467	0.615
-10	0.240	0.973	0.708	0.626
-9	0.174	0.768	0.882	0.828
-8	0.082	0.533	0.964	1.301
-7	0.032	0.199	0.996	1.266
-6	0.126	0.766	1.122	1.366
-5	0.079	0.575	1.202	1.704**
-4	0.050	0.404	1.251	1.964*
-3	0.172	1.141	1.423	1.785**
-2	0.233	1.188	1.656	1.568
-1	0.110	0.873	1.767	2.553*
0	0.169	0.754	1.936	1.548
1	0.184	0.665	2.120	1.352
2	-0.296	-1.975*	1.825	2.123*
3	-0.223	-1.684**	1.602	2.076*
4	-0.069	-0.412	1.533	1.543
5	0.086	0.628	1.619	1.959*
6	0.088	0.739	1.707	2.365*
7	-0.041	-0.326	1.665	2.132*
8	0.336	1.758**	2.002	1.675**
9	0.180	1.498	2.182	2.868*
10	-0.143	-1.272	2.039	2.826*
11	-0.128	-0.981	1.910	2.254*
12	-0.170	-1.286	1.740	2.005*
13	0.056	0.421	1.797	2.025*
14	-0.085	-0.762	1.711	2.275*
15	-0.082	-0.548	1.629	1.597
16	-0.104	-0.525	1.525	1.121
17	0.073	0.449	1.597	1.425
18	0.120	0.733	1.717	1.502
19	0.125	0.896	1.842	1.862**
20	0.241	1.450	2.083	1.757**
21	-0.051	-0.312	2.032	1.718**
22	0.014	0.090	2.046	1.852**
23	-0.020	-0.131	2.025	1.781**
24	-0.248	-1.158	1.777	1.119
25	-0.137	-1.148	1.640	1.835**
26	0.328	2.188*	1.968	1.738**

-22	0.106	0.077	0.773	5.560*
-21	0.100	-2.106*	0.873	7.928*
-20	-0.068	-1.095	0.804	7.678*
-19	0.326	-2.285*	1.130	11.367*
-18	0.010	0.340	1.140	4.252*
-17	-0.028	-0.587	1.112	10.350*
-16	-0.156	-0.598	0.956	5.738*
-15	-0.155	-0.257	0.801	7.079*
-14	-0.095	-6.405*	0.706	20.500*
-13	-0.039	-1.200	0.667	9.976*
-12	0.174	-1.094	0.841	10.108*
-11	-0.032	0.161	0.809	4.226*
-10	-0.065	0.730	0.744	5.179*
-9	-0.048	-1.365	0.696	12.246*
-8	-0.187	0.998	0.509	0.603
-7	0.096	0.241	0.605	6.102*
-6	-0.131	-3.546*	0.475	11.060*
-5	-0.090	1.061	0.384	0.219
-4	-0.077	-0.440	0.307	1.101
-3	-0.107	0.512	0.200	0.896
-2	-0.001	-2.847*	0.199	0.735
-1	0.120	1.084	0.319	1.787**
0	0.828	1.780**	1.147	0.443
1	0.138	0.458	1.285	0.222
2	-0.518	-0.011	0.767	0.281
3	0.083	-1.751**	0.851	0.621
4	-0.054	-0.802	0.797	0.615
5	3.377	-1.582	4.174	1.322
6	-0.209	-1.619	3.965	1.177
7	0.026	0.588	3.990	0.754
8	1.440	-1.924**	5.430	1.092
9	-0.094	-0.508	5.336	1.586
10	0.120	-0.860	5.456	2.138*
11	0.032	-0.323	5.488	1.817**
12	-0.089	0.611	5.399	0.678
13	-0.096	-0.427	5.303	1.732**
14	-0.236	-1.363	5.067	2.457*
15	-0.027	-2.409*	5.040	3.115*
16	-0.075	-2.587*	4.964	4.104*
17	-0.040	-0.233	4.924	2.460*
18	0.057	0.079	4.981	2.548*
19	-0.138	0.699	4.843	0.700
20	-0.095	-0.664	4.748	2.351*
21	-0.169	0.691	4.580	1.911**
22	0.009	0.825	4.588	2.002*
23	0.238	0.437	4.826	0.647
24	-0.156	0.017	4.670	1.672**
25	-0.151	0.621	4.520	0.372
26	0.005	0.460	4.525	0.281

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27	0.307	1.673**	2.276	1.626
28	0.029	0.238	2.305	2.488*
29	-0.013	-0.085	2.291	1.909**
30	-0.086	-0.671	2.205	2.202*

27	0.078	1.079	4.603	0.163
28	-0.204	-0.908	4.399	-0.908
29	-0.055	0.692	4.344	-0.194
30	-0.103	-1.403	4.241	-1.403

Source: Authors computation from NSE & Yahoo Finance data.
*Significance at 5% Level, **Significance at 10% Level

The Standardized abnormal returns (SAR's) of selected NSE listed companies are averaged for each day before and after announcement day (t-30 to t+30). The Average abnormal returns (AAR) are the average deviation of actual stock returns from the expected market returns. CAAR provides information about the average price behavior of stocks during the period of event window. CAAR is calculated by cumulating AAR's from -30th day to + 30 day. To study the significance level and to test the hypotheses t test was used. The Calculated AAR, CAAR and t value of both AAR and CAAR for 61 days event window are presented in table. 1.

The values of AAR presented in table 1 shows that there is a fluctuation in returns both positive and negative around the split announcement. AAR of 3 days found significant positive and 3 days found significant negative. -22 and 2nd day observed negative significant and 26th day observed positive significant returns at 5% significant level. -3rd day observed negative significant and 2days (8th &27th) observed positive significant returns at 10% significance level. The AAR's in the window period are greater than Zero hence hypothesis 1 (H0: CAR=0, HA: CAR≠0) can be rejected and it is implied that there is a significant impact of repeated splits on market prices and returns of stock.

Average abnormal change in trading volume (AACTV) and Cumulative average abnormal change in trading volume presented in table-2. It is observed that t value of AACTV's negatively significant for 8 days at 5% level of significance and for 2days at 10% significance level. On -23rd day and announcement day (t0) founds positively significant. On announcement day trading volume is increased by 17.8% it indicates that investors reacted positively for split announcement.

It is observed that CAACTV positively significant for 33 days at 5% level and 5 days at 10% level in event window It is clearly shows that repeated stock split announcements significantly impacts on trading volume as t value of CAACTV is greater than 1.960 for 33 days. Therefore, the hypotheses 2 can be rejected and it is implied that there is a significant impact on trading volume around split announcements.

It is observed from the below chat-1 that, CAAR is positive in whole event window except for first 14 days (-30 to -17). This implies that investors could earn excess returns from repeated stock splits during the event window period. It is observed from the chart-2 that CAACTV is negative only for 3 days (-30 to -28) and positive for 58 days from -27 to +30 in event window. CAAR and CAACTV are significantly different from Zero hence hypothesis 3 is rejected.

Chart-1: Movement of AARs and CAARs for 61-Days Event Window

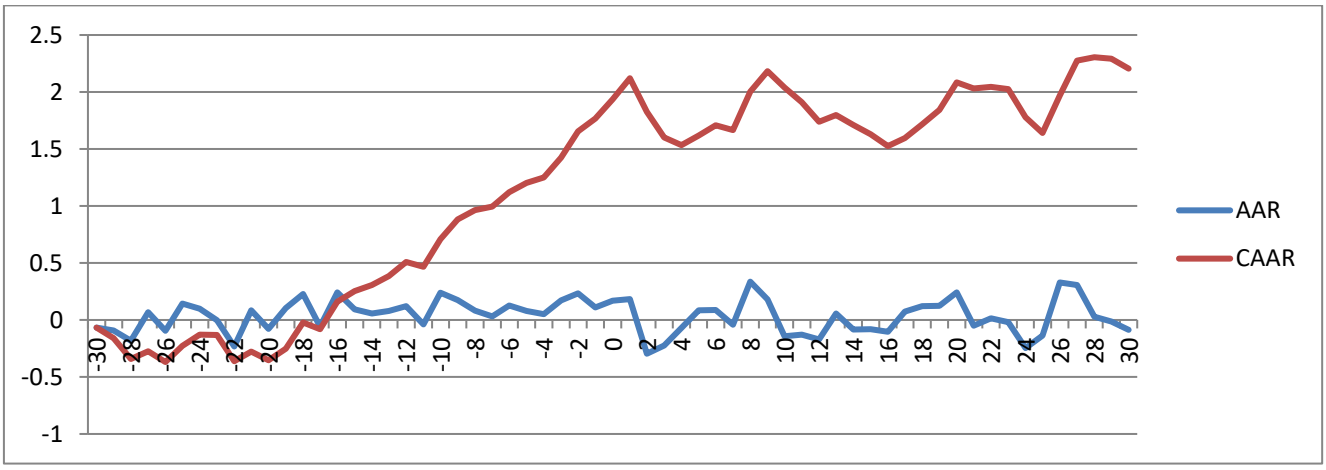

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Chart-2: Movement of AACTV and CAACTV for 61-Days Event Window

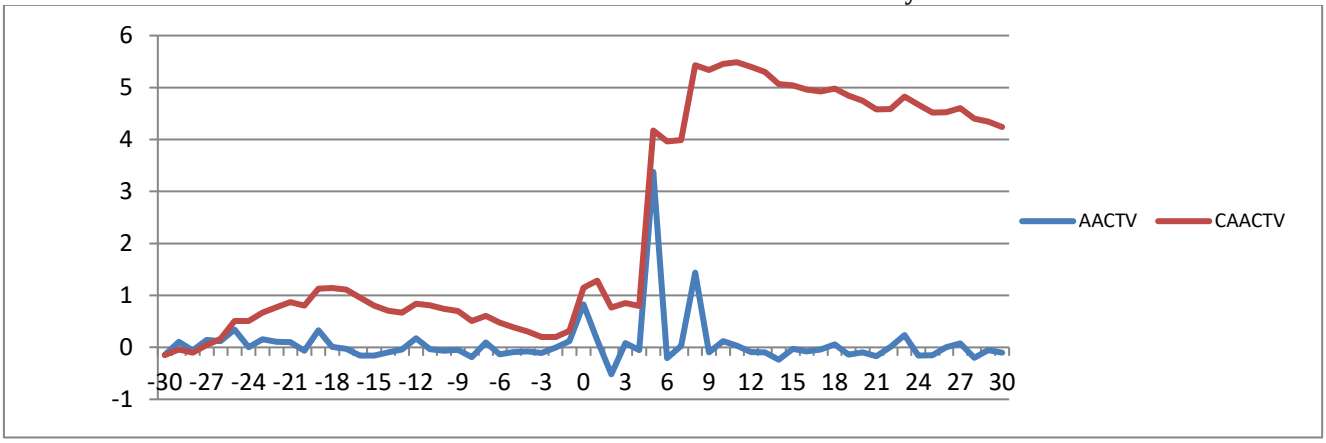

Table-3: AAR's and CAAR's for 61-Days Event window for First and Second time split announcement.

Event Days	First time Split				Second time Split			
	AAR	t value	CAAR	t value	AAR	t value	CAAR	t value
-25	0.372	0.826	0.285	0.258	-0.087	-0.675	-0.738	-2.347*
-24	0.372	1.129	0.656	0.754	-0.176	-1.077	-0.914	-2.114*
-22	-0.401	-2.907*	0.270	0.653	-0.063	-0.396	-0.996	-2.089*
-21	0.252	0.618	0.522	0.405	-0.079	-0.456	-1.075	-1.958*
-13	0.417	2.618*	1.631	2.416*	-0.260	-1.579	-0.858	-1.229
-12	-0.180	-1.204	1.451	2.230*	0.422	2.110*	-0.436	-0.499
-3	0.081	0.450	1.642	1.719**	0.263	1.078	1.204	0.933
-2	0.276	1.359	1.919	1.753**	0.190	0.558	1.394	0.761
-1	0.261	1.417	2.179	2.164*	-0.040	-0.233	1.354	1.440
0	-0.003	-0.007	2.176	1.048	0.341	1.343	1.695	1.198
1	0.269	0.562	2.445	0.904	0.100	0.345	1.795	1.093
2	-0.239	-0.922	2.206	1.480	-0.352	-2.279*	1.443	1.627
3	-0.088	-0.386	2.118	1.596	-0.358	-2.656*	1.086	1.383
5	-0.120	-0.578	1.996	1.603	0.293	1.667**	1.242	1.179
7	0.089	0.492	2.148	1.917**	-0.172	-0.975	1.183	1.088
9	0.186	1.048	2.609	2.327*	0.175	1.051	1.755	1.668**
10	0.061	0.363	2.671	2.460*	-0.348	-2.487*	1.407	1.570
11	-0.051	-0.251	2.620	1.994*	-0.206	-1.223	1.201	1.102
12	-0.188	-1.142	2.432	2.259*	-0.153	-0.725	1.048	0.757
13	0.279	1.911**	2.711	2.800*	-0.166	-0.761	0.882	0.610
14	-0.045	-0.424	2.666	3.764*	-0.126	-0.630	0.756	0.563
15	0.135	0.561	2.802	1.712**	-0.300	-1.729**	0.456	0.387
16	0.157	0.472	2.958	1.299	-0.365	-1.729**	0.091	0.063
17	0.211	0.954	3.170	2.066*	-0.066	-0.278	0.025	0.015
18	0.097	0.445	3.267	2.129*	0.142	0.576	0.167	0.097
19	0.072	0.459	3.339	2.996*	0.178	0.762	0.345	0.209
20	0.157	1.095	3.497	3.409*	0.324	1.072	0.670	0.310
21	-0.152	-0.812	3.345	2.486*	0.049	0.181	0.719	0.366
22	0.027	0.145	3.373	2.452*	0.000	-0.001	0.719	0.409
23	0.054	0.222	3.426	1.936**	-0.094	-0.474	0.625	0.429
25	0.175	1.168	3.226	2.883*	-0.449	-2.692*	0.055	0.044
26	0.188	0.976	3.414	2.347*	0.468	2.032*	0.523	0.301
27	0.270	1.060	3.684	1.899**	0.345	1.277	0.868	0.422

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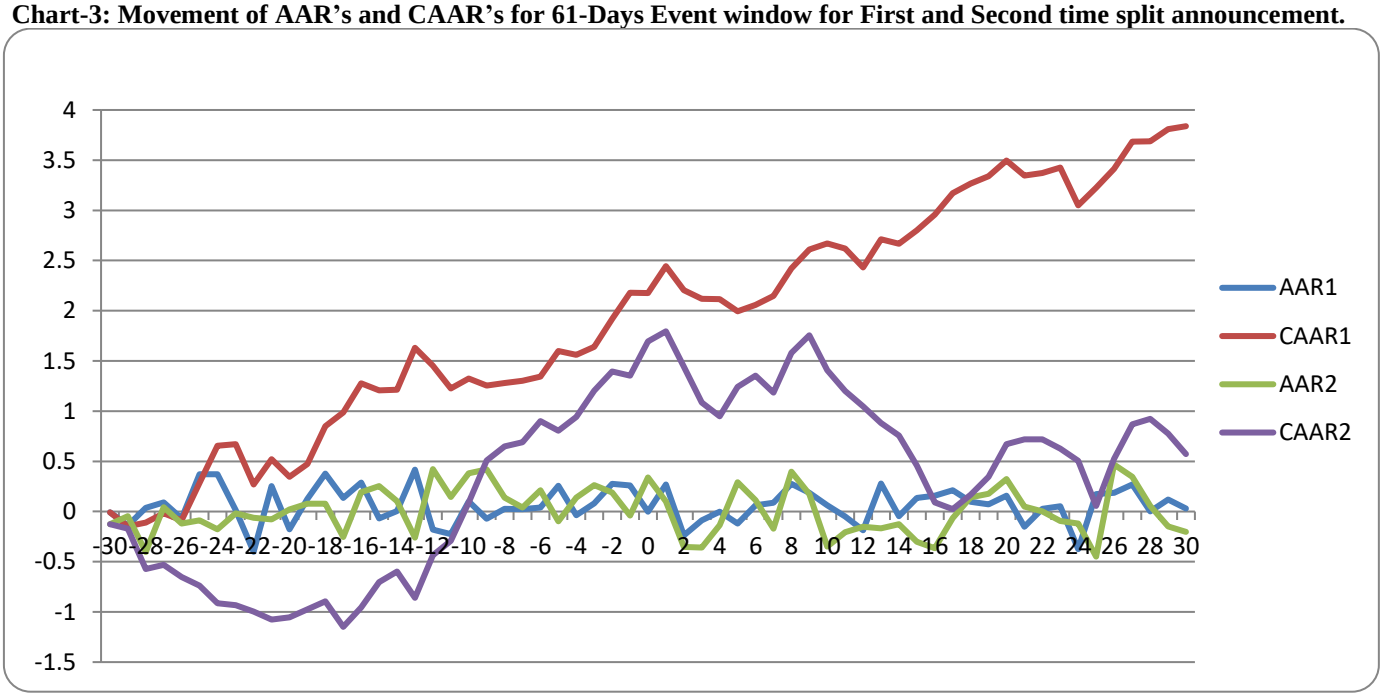
28	0.003	0.016	3.687	2.644*	0.055	0.336	0.922	0.739
29	0.121	0.691	3.808	2.807*	-0.147	-0.574	0.775	0.390
30	0.030	0.176	3.838	2.897*	-0.202	-1.046	0.573	0.380

Source: Authors computation from NSE & Yahoo Finance data.
*Significance at 5% Level, **Significance at 10% Level

The AAR's and CAAR's of first time and second time split announcements by NSE listed companies in the period 2011-2022 presented in table-3. AAR's are positive significant for 2 days (-13,13) and negative significant for 1 day (-22) at 5% level of significance for first time announcement. AAR's are negative for 5 days (-28,2,3,10,25) and positive for 2 days at 5% level of significance. CAAR's are positively significant for 26 days in the window period (20 days 5% significant, 6 days 10% significant) in first time announcement and negatively significant at 5% level for 4 days in second time announcement.

Chart-3: Movement of AAR's and CAAR's for 61-Days Event window for First and Second time split announcement.



From the above chart-3 it is observed that AAR and CAAR comparatively significant in first time split announcement than second time announcement. Investors reacted well for first time and it yields good stock returns for them but second time split not attracted a significant attention of investors.

Table-4: AACTVs and CAACTV for 61-Days Event window for First and Second time split announcement.

Event Days	First time Split				Second time Split			
	AACTV	t value	CAACTV	t value	AACTV	t value	CAACTV	t value
-30	-0.257	-3.866*	-0.257	-3.866*	-0.039	-0.196	-0.039	-0.196
-28	-0.144	-3.538*	-0.164	-2.338*	0.029	0.241	-0.035	-0.169
-26	-0.198	-2.581*	-0.267	-1.553	0.435	0.861	0.589	0.522
-25	1.004	0.914	0.737	0.274	-0.316	-2.901*	0.274	1.026
-23	-0.158	-1.422	0.571	1.821**	0.476	0.659	0.762	0.373
-22	0.270	1.113	0.841	1.154	-0.058	-0.726	0.704	2.944*
-20	0.048	0.256	1.062	1.717**	-0.185	-2.131*	0.546	1.900**
-19	-0.085	-0.685	0.977	2.269*	0.737	0.795	1.283	0.400
-18	-0.072	-0.580	0.905	2.019*	0.092	0.424	1.374	1.761**
-17	-0.150	-2.125*	0.755	2.863*	0.094	0.405	1.468	1.699**
-16	-0.050	-0.491	0.705	1.794**	-0.261	-4.393*	1.207	5.237*
-15	-0.146	-2.451*	0.559	2.343*	-0.164	-1.418	1.043	2.260*
-14	-0.136	-1.385	0.423	1.042	-0.054	-0.537	0.989	2.398*
-13	0.090	0.560	0.513	0.751	-0.168	-2.098*	0.822	2.422*
-12	-0.278	-6.717*	0.235	1.307	0.625	1.119	1.447	0.594

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-11	-0.126	-1.342	0.110	0.261	0.062	0.351	1.508	1.918**
-10	0.027	0.214	0.137	0.234	-0.158	-1.953**	1.350	3.643*
-9	-0.046	-0.470	0.090	0.195	-0.049	-0.302	1.302	1.721**
-8	-0.100	-0.913	-0.010	-0.019	-0.274	-1.702**	1.028	1.333
-7	-0.147	-2.213*	-0.157	-0.482	0.340	1.074	1.368	0.882
-6	-0.028	-0.197	-0.186	-0.257	-0.233	-3.330*	1.135	3.247*
-5	-0.064	-0.893	-0.249	-0.684	-0.117	-1.294	1.018	2.216*
-4	-0.146	-2.012*	-0.395	-1.050	-0.009	-0.048	1.010	1.084
-3	-0.126	-1.684**	-0.521	-1.316	-0.088	-0.896	0.922	1.780**
-1	-0.168	-1.831**	-0.743	-1.481	0.408	0.792	1.381	0.490
0	0.846	1.145	0.102	0.025	0.811	1.394	2.192	0.677
1	0.154	0.810	0.256	0.238	0.121	0.704	2.314	2.373*
2	-0.322	-5.938*	-0.066	-0.210	-0.714	-1.988*	1.600	0.776
4	-0.043	-0.199	0.044	0.035	-0.065	-0.537	1.550	2.175*
6	-0.291	-7.292*	0.116	0.479	-0.127	-1.158	7.813	11.712*
7	0.085	0.511	0.201	0.197	-0.033	-0.248	7.779	9.341*
9	0.018	0.161	0.116	0.162	-0.206	-2.771*	10.556	22.412*
10	0.280	1.024	0.395	0.226	-0.040	-0.216	10.516	8.928*
11	0.320	0.815	0.715	0.281	-0.255	-4.593*	10.261	28.490*
12	-0.213	-2.574*	0.502	0.923	0.035	0.255	10.296	11.412*
13	-0.039	-0.265	0.462	0.470	-0.153	-2.429*	10.143	24.270*
14	-0.199	-3.373*	0.263	0.663	-0.273	-6.195*	9.870	33.433*
15	0.012	0.061	0.275	0.205	-0.066	-0.885	9.804	19.358*
16	0.130	0.538	0.405	0.244	-0.281	-5.204*	9.523	25.710*
17	-0.190	-3.408*	0.216	0.558	0.109	0.914	9.632	11.632*
18	-0.082	-0.648	0.134	0.151	0.196	0.630	9.828	4.514*
19	-0.185	-2.935*	-0.052	-0.116	-0.090	-0.875	9.738	13.337*
20	-0.016	-0.106	-0.067	-0.063	-0.174	-2.029*	9.564	15.649*
21	-0.164	-4.316*	-0.231	-0.845	-0.174	-1.105	9.390	8.275*
22	0.014	0.099	-0.217	-0.210	0.003	0.019	9.394	7.172*
23	0.202	0.905	-0.015	-0.009	0.273	1.479	9.667	7.116*
24	0.006	0.035	-0.008	-0.006	-0.318	-3.177*	9.349	12.593*
25	-0.120	-0.845	-0.128	-0.121	-0.182	-1.513	9.168	10.199*
26	-0.065	-0.690	-0.193	-0.272	0.075	0.603	9.243	9.843*
27	0.054	0.327	-0.139	-0.110	0.102	0.278	9.344	3.360*
28	-0.260	-6.779*	-0.399	-1.352	-0.148	-3.174*	9.196	25.726*
29	-0.153	-2.539*	-0.553	-1.180	0.044	0.175	9.241	4.696*
30	-0.043	-0.196	-0.595	-0.349	-0.163	-1.986*	9.078	14.180*

Source: Authors computation from NSE & Yahoo Finance data.
*Significance at 5% Level, **Significance at 10% Level

The AACTV and CAACTV of first time and second time split announcements by NSE listed companies in the period 2011-2022 presented in table-4. It is observed that AACTV is significantly negative for 19 days in first time split and 15 days in second time split at 5% level of significance. CAACTV is positively significant for 4 days (-19,-18,-17,-15) and negatively significant for 2days (-30,-28) in first time split. In second time split announcement CAACTV found positive for 57 days and it is significant for 40 days (34 days significant at 5% level of significance and 6 days at 10% level of significance.

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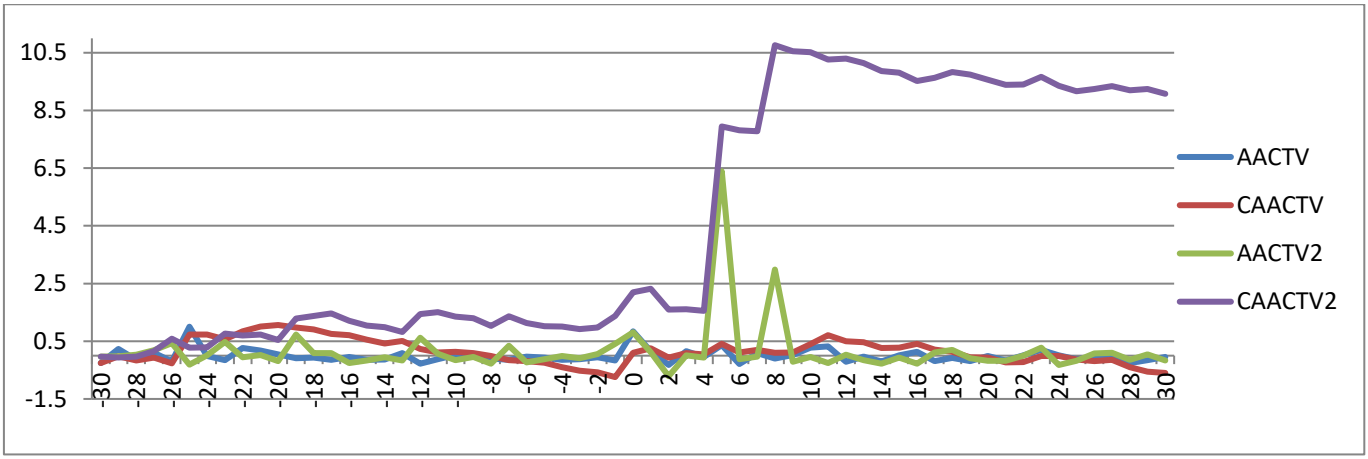
Chart-4: Movement of AACTV and CAACTV for 61-Days Event window for First and Second time split announcement.



From the above chart-4 it is observed that AACTV and CAACTV are comparatively significant in second time split announcement than first time announcement. Second time split results greater liquidity and volume of trading increased significantly because large number of outstanding shares available for trading after second split announcement. Second time split attracted a significant attention of investors.

Table-5: T-test for Cumulative average abnormal change in trading volume (CAACTC) in Short windows.

Short Term Event Windows	Over All		First time Split		Second time Split	
	CAACTC	T stat	CAACTC	T stat	CAACTC	T stat
t_{-30} to t_{-16}	0.956	1.096	-0.928	-0.847	1.248	0.787
t_{-15} to t_{-1}	-0.637	-1.317	-0.150	-0.143	3.362	2.073*
t_{-1} to t_0	0.948	1.839**	-0.072	-0.263	0.631	1.430
t0 to t1	0.966	2.169*	0.166	0.291	0.541	1.483
t_{-1} to t_1	1.086	2.213*	0.204	0.343	0.724	2.021*
t_1 to t_{15}	3.892	1.130	-1.132	-0.950	0.518	0.532
t_{16} to t_{30}	-0.798	-2.162	-1.206	-1.258	2.359	2.291*
t_{-30} to t_{30}	4.241	1.219	-3.525	-1.407	7.936	2.448*
t_1 to t_{10}	4.308	1.250	-0.015	-0.018	0.221	0.238
t_{10} to t_{20}	-0.587	-1.852	-1.712	-2.239	1.514	1.848**
t_{20} to t_{30}	-0.602	-2.057	-0.502	-0.668	1.228	1.655**
t_0 to t_5	3.855	1.200	-0.602	-0.752	0.308	0.542

Source: Authors computation from NSE & Yahoo Finance data.
*Significance at 5% Level, **Significance at 10% Level

From the above Table 5 it is clear that first time split is not statistically significant at 5% level for all event windows except t_{10} to t_{20} it is negatively significant, second time split is significant at 5% level in 4 windows (t_{-15} to t_{-1}, t_{-1} to t_1, t_{16} to t_{30} and t_{-30} to t_{30}) and significant at 10% level in 2 windows (t_{10} to t_{20}, t_{20} to t_{30}) . In overall first and second split event windows t_{-0} to t_1 and t_{-1} to t_1 are found statistically significant at 5% level and t_{-1} to t_0 window is significant at 10% level. In short window periods out of 12 windows we can reject null hypothesis in 8 windows, that there is a significant impact of stock splits announcement on cumulative average abnormal change in trading volume (CAACTV) of selected companies.

Findings of the Study

1. Repeated stocks split impacts significantly on market prices, returns of stocks and trading volume of selected companies.
2. First time split announcement attracts more attention of investors and repeated split announcements not ensure significant returns.
3. Second time split announcement brings significant change in volume of trading. Repeated stocks split results greater liquidity in stock.
4. In short term windows impacts of repeated splits on market prices of stock is not statistically significant, But repeated splits impacts statistically significant on volume of trading.

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Conclusion

In this study we analyzed the effects of repeated stock split announcements on market prices and volume of trading. We find that these announcements can lead to an increase in trading volume and liquidity as investors reacted to the news. Additionally, stock prices tend to experience a short term increase following the announcement a stock split. However, the long term impact of repeated stock splits on market prices and liquidity is less clear, and further research is needed to fully understand the implications of these announcements. Overall, our findings suggest that repeated splits can have a notable impact on market prices and liquidity in short term, with potential implications for market efficiency and investor behaviour.

Limitations of study

This study limited to only repeated stock split announcements made by NSE listed during the period 2011 to 2022. Further study may conduct by considering all repeated splits of listed companies and also can compare the impact of repeated forward and reverse stock splits.

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