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## USING PIOTROSKI F-SCORE FOR ASSESSING FINANCIAL HEALTH: EVIDENCE FROM LEADING INDIAN PRIVATE BANKS

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### ABSTRACT:

This research investigates the efficacy of Piotroski F-score to screen firms with good financial health and to identify early signs of financial distress in Indian banking stocks. This study complements existing empirical evidence which indicate that the venerable model can provide valuable insight for investment decision making and risk management.

The evidence is drawn from valuation signals across leading private banks in India for a period ranging from 2014-2020. Piotroski F-score evaluates companies with a discrete number between zero and nine, the score facilitates determination of financial strength of the company. Higher score indicates better financial health and vice versa. The F-score is calculated as a sum of criteria which evaluates profitability signals, leverage and liquidity, sources of funds and operating efficiencies. In this study, each of these ratios have been analyzed to gain valuable insight on the banks (company-level). Analysis of Variance of various ratios, ascertains intensity of relationship across banks (industry-level). This can help manage exposure in the portfolio as per the economic environment. The Piotroski F-score evaluates the generic financial health of the firm and indicates the direction in which the firm is headed. By studying individual factors, relative strength can be assessed. Piotroski F-score ranged between 0-7 for all the banks under study, indicating that none of them were a 'compelling buy' (score 8 or 9) over the seven-year horizon. Some banks have consistently shown depleting F-score over at least 3 years, this can be interpreted as a signal of financial distress. It is evident that consistent monitoring of F-score empowers pro-active risk management.

This work attempts to introduce Piotroski F-score as an integral valuation metric in evaluating Indian banking stocks. F-score can be used for initial screening; it's consistent monitoring can facilitate optimized returns at risk-adjusted levels.

**Keywords:** Piotroski, Indian Private Banks, F-score, Valuation, Risk Management

## CENTRAL BANK DIGITAL CURRENCY (CBDC) CAN IT REPLACE NOTES AND COINS IN INDIA

Dwijendra Kumar Kashyap<sup>1</sup> and Dr.J. Meenakumari<sup>2</sup>

### ABSTRACT:

In golden old days when notes and coins were still to become medium of exchange, barter system was prevalent. Many modern analysts feel that the system was free from the complexities in managing modern day's Monetary Policy or issues in International Trade, and therefore had its own advantages. However, with the growth of economies and trade relationship amongst countries, notes and coins emerged as means of exchange with global acceptability of currency unit of some countries in foreign trade. Major disruption in the present system of use of currencies in settlement of goods and services is glaring in the form of digital currencies, popularly known as Crypto Currencies or bitcoin. In this paper, effort has been made to understand need of Digital Currency from Central Banks (CBDC). The paper is an attempt to explain possibility of CBDC as replacement of actual currency, advantages and disadvantages for India if we use digital currency and possible impact on monetary policy.

In India, crypto currency is illegal either as means of exchange or as commodity for storage. A study of major crypto currencies around the world in brief will give idea of its disruptive nature in modern world. Efforts in other countries to introduce CBDC so far will also give idea of how far the world has moved to introduce digital currency as legal object. Further, study on basic nature of currency and digital currency and possible technologies for introduction of CBDC in India will give us idea of how far CBDC can replace usage of currency. The study will also look into aspects related to CBDC which can help in India's goal of universal financial inclusion.

The study will help in understanding the nature, method and usage of CBDC in Indian context and desirability and success of CBDC as replacement of actual currency.

**Keywords:** Central Bank Digital Currency (CBDC), Crypto currency, Disruptive technology, Bitcoin