

## **IMPACT OF SHARE SPLIT ON RETURNS, VOLATILITY AND LIQUIDITY**

**Dr. Amit Mohindroo\***

\*Assistant Professor,

PG Department of Commerce and Management

G.G.D.S.D. College, Sector 32C, Chandigarh

Email id: amit.mohindroo@ggdsd.ac.in

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### **ABSTRACT**

*A share split is a decision by the board of directors of a company to divide each of its existing shares into multiple new shares. Share split decision does not involve any cash flow. This is just a subdivision of shares. Thus share split is only an accounting entry in the company books with no effect on the assets and liabilities. This paper studies the impact of share split on return, volatility and liquidity of shares around share split announcement date and execution date. The study analyses the data of 318 companies which announced stock split in India during four years from 2021 to 2024. The results indicate the significant positive abnormal returns around the stock split announcement but shows significant negative abnormal returns around the execution date. The liquidity and volatility increases significantly around the stock split announcement as well as around execution date.*

**KEYWORDS:** *Share Split, Liquidity, Returns, Volatility.*

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