

ABSTRACT

This study approximates the relationship between Total Book Leverage (Dependent Variable) and independent variables as Firm Size, Market Book Ratio and Tangibility of listed Indian non-financial firms; which are listed on Bombay Stock Exchange (BSE) during a period of corporate income tax rate increase. It further investigates, what kind of relationship exists between the Firm Size, Market Book Ratio, Tangibility and Total Book Leverage. Fifty Indian firms are analyzed which were categorized in ten industries, for the period ranging from 2011 to 2017. The study uses the Generalized Methods of Moments (GMM) to investigate the relationship between the Firm Size, Market Book Ratio, Tangibility and Total Book Leverage. The GMM results reveal that Indian firms are highly affected by the Firm Size, Market Book Ratio and Tangibility with respect to Total Book Leverage of companies during a tenor of corporate income tax increase on state level. The increase in corporate income tax rate has policy implications with regards to total leverage of listed non financial companies in Indian market.