

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



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**Banker on Board and the Debt-Equity Choice - Evidence from India**

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## **Banker on Board and the Debt-Equity Choice - Evidence from India**

### **Abstract:**

We study the effect of bank nominee director on listed Indian firms' debt-equity choice and indirectly examine the trade-off, pecking order, and market timing theories. Consistent with the monitoring effect, our findings indicate that the presence of a bank nominee on a board of directors favours equity over debt. Contrary to expectations, the nominee's presence does not appear to favour high leverage. Additionally, having a banker on board promotes credit availability during periods of constrained external funding.

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