“IMPACT OF SEBI ON PUBLIC ISSUE IN PRESENT SCENARIO”

A Thesis Submitted to
Babu Banarasi Das University
for the Degree of

Degree of Doctor of Philosophy

in

Management

By

MS. JYOTI SHUKLA

Under the Supervision of

Prof. (Dr.) Manoj Kumar Rastogi

School of Management
Babu Banarasi Das University
Lucknow 226028 (U.P.), India

June, 2017

Certificate of the Supervisor

This is to certify that the thesis entitled "Impact of SEBI on the Public issues in present Scenario" Submitted by Ms Jyoti Shukla for the award of Degree of Doctor of philosophy by Babu Banarsi Das University, Lucknow is a record of authentic work carried out by her under my /our supervision. To the best of my Knowledge, the matter embodied in this thesis is the original work of the candidate and has not submitted elsewhere for the award of any other degree or Diploma.

Date

Prof (Dr) M.K Rastogi
Head
Department of Management Studies
BBDNIIT Lucknow

Declaration by the Candidate

I hereby declare that the work presented in this thesis entitled "Impact of SEBI on the Public issues in present Scenario" in fulfillment of the requirements for the award of degree of Doctor of philosophy of Babu Banarsi Das University, Lucknow is an authentic record of my own research work carried out under the supervision of Prof (Dr) M.K Rastogi.

I also declare that the work embodied in the present thesis is my original work and has not been submitted by me for any other Degree or Diploma of any university or institution.

Date   Name & Signature of Candidate

ACKNOWLEDGMENT

At the conclusion of what has been a mammoth Endeavour, it is but natural that I should like to convey my heart-felt thanks to all who went out of the way to help me complete this thesis.

Firstly I would like to thank my guide **Prof (Dr.) M.K. Rastogi**, Head Department of Management Studies, BBD NIIT, Lucknow, who guided me in more ways than one and helped me to complete this thesis. His constant words of advice and encouragement egged me on to complete this thesis.

Mention must be made of the generous help I received from **Prof (Dr.) Sushil Pande,** School of Management, BBDU Lucknow was supportive of my intellectual pursuit and helped me readily and generously by providing the inputs I sought from him for the completion of this thesis. I owe him a deep debt of gratitude.

Finally I thanks my parents, Mr Prem Kumar Shukla and Mrs Anita Shukla and my husband Mr. Mohit Kr Koushik, my daughter Kavya, my brother Mr. Deepak Shukla and my friends for bearing with me when I distanced myself from them all to single-mindedly focus on this thesis.

Date:

Lucknow **Jyoti Shukla**

PREFACE

The capital market in India has witnessed spectacular growth during the nineties. The trend was overwhelmingly euphoric in consequence with the process of reforms and the gradual shift towards economic liberalization replacing controls by the free market forces. A sound capital market is an essential condition for a rapid economic growth of a country. It enables corporate sector to raise resources for gainful employment in industries, reducing dependence on the institutional financing agencies. With the number of Indian companies opting to get listed each year is increasing, equity market's role in financing India's economic growth has expanded greatly. The primary issue market, an important constituent of capital market provides the base for capital formation with direct participation of small investors investing their savings (resources) in the shares newly offered by corporate sector.

Public issues can be either initial public offering or follow on public offerings. When an unlisted company makes either a fresh issue of securities or an offer for sale of its existing securities for the first time to the public it is known as initial public offering (IPO). Shares issued by an already listed company on a stock exchange are called a further public offering (FPO). Till May 1992, the issue of capital by companies was controlled by the Government under the Capital Issues (Control) Act, 1947. The control was exercised through the Office of the Controller of Capital Issues, which also regulated the pricing of such issues. The SEBI took hold of the primary market in 1992.

New reforms by the SEBI, in the primary market, included improved disclosure standards, introduction of prudential norms and simplification of issue procedures. Companies are now required to disclose all material facts and specific risk factors associated with their projects while making public issues. The SEBI has also introduced a code or advertisements for public issues for ensuring fair and true picture. In order to reduce the cost of issue, the underwriting of issues has been made optional subject to the conditions that if the subscription is less than 90 per cent of the amount offered, the entire amount collected would be refunded to the investors.

This dissertation has been presented in seven chapters which are as follows:

In the Chapter 1, the Indian Capital Market has been discussed in detail including its participants, instruments, markets, institutions and regulatory framework. The chapter also includes the pre-reform phase of the Indian Economy, the stock exchanges of the Indian capital Market and the financial sector reforms has been discussed in detail.

In the Chapter 2, there has been extensive literature review done that has been included here. the chapter is based upon the review of literature, findings and suggestions of various committees/sub-committees set up by the government, and also by various institutions which are closely connected with the Securities and Exchange

Board of India (SEBI) and Stock Markets in India. This chapter is closely based upon the review of different books and researches relating to the present study.

The Chapter 3 discussed the Public Issues in the Primary Market, its types and the different modes to raise fund through the primary market by the corporate. It also contains the financial intermediaries for the public issues and the procedure for listing of public issues. Also the chapter includes the pricing method for the issue.

The establishment, Powers, functions and role of Securities and Exchange Board of India has been discussed in the Chapter 4 named as "Securities and Exchange board of India : its establishment, functions and powers". Also the Chapter include the various Acts related to the Primary Market. There has been a comparison done between the rules and regulations in the year 1992 and the changed rules in the year 2010 which has been presented in the form of a Table in this chapter.

The chapter 5 explains the Research Methodology followed in the study to fulfill the objectives framed and the testing of the hypothesis made. Here in this study to know the impact of SEBI on Public Issues, there has been four objectives set and two hypothesis have been framed. To test the hypothesis Chi-Square test and Correlation Coefficient have been used. The data has been collected through Primary as well as Secondary data sources. The Primary data has been collected through two questionnaires duly filled from the retail investors and the capital market intermediaries. Also the return and risk have been calculated for 73 stocks listed in the time frame of ten years from 2001 to 2010. All data has been compiled and tabulated in Ms excel.

The Chapter 6 explains the data analysis of the primary as well as secondary data in accordance with the objectives of the study and the research methodology explained in the chapter 5.

The Findings of the study have been compiled in the chapter 7 where they are explained in two sections. First section explains the findings by Objectives and second section discuss the Findings by Hypothesis. This chapter also explains the Conclusion of the Study.

It is concluded that this decade from 2001 to 2010, is a decade of IPOs with some a big names from various industries like Banking, cement & construction and power. After the overall study it was concluded that establishment of the Securities and Exchange Board of India played a significant role on the growth of Public issues in Primary market of India as it was found that the regulatory actions taken up by the SEBI have significantly correlated with the change in the volume of funds mobilized through the Public issues.

Limitations of the Study

The following are limitations of the Study:

1. The study attempts to generalize the work done by SEBI as seen from its perspective to the whole of the Primary Market in India.
2. The study is based only on those companies with complete data for the period 2001 to 2010.

3. Time and resources were the major constraints on this study; hence the study is confined to the Uttar Pradesh and the findings are then generalized nationally.
4. The primary data for market intermediaries and investors is collected from one investment zone.
5. The sample size may be small, but it is representative.

Areas for further Research

- The present study analyzed the data on opinions of respondents on public issues only. Similar study can be conducted on secondary market instruments.
- The price changes that occur on follow on offers after listing and their performance can be evaluated.
- Opinion of the investors on the reforms that occurred in the last one decade in the secondary market can be studied.
- A study on opinions and preferences of investors in the rural areas on primary market may also be considered.
- Investors awareness regarding various policies of the primary market can be analyzed.

List of research papers containing the results of the Thesis:

1. **International Journal of Engineering & Management Research**, "Role of Security and Exchange Board of India on Public Issues". ISSN (Print): 2394-6962 Volume-7, Issue-3 of May-June 2017 (Second Edition).
2. **International Journal of Management and Humanities"** Emerging Trends in Investment Strategies in Public Issues" ISSN: 2394-0913, Volume-2 Issue-11, June 2017.
3. **International Journal of Engineering Technologies & Management Research,** "Assessment and Factors of Risk in an IPO's", ISSN 2454-1907, Volume 4, No. 5(2017).

TABLE OF CONTENT

List of Table

List of Figure

LIST OF ABBREVIATIONS

ADR	American Depositary Receipt
AMC	Asset Management Company
AMFI	Association of Mutual Funds in India
AML	Anti-Money Laundering
ANMI	Association of National Exchanges Members of India
APs	Authorised Persons
ASBA	Application Supported by Blocked Amount
BBF	BSE Brokers' Forum
BO	Benefi ciary Owner
bps	Basis Points
BSE	Bombay Stock Exchange Ltd.
BTI	Banker to an Issue
CDR	Corporate Debt Restructuring
CDs	Certifi cate of Deposits
CDSL	Central Depository Services (India) Limited
CFA	Chartered Financial Analyst
CFERM	Certifi cate in Financial Engineering and Risk Management
CFTC	Commodities Futures Trading Commission
CIC	Central Information Commission
CII	Confederation of Indian Industry
CIS	Collective Investment Scheme
CM	Clearing Members
CPs	Commercial Papers
CRA	Credit Rating Agency
CRR	Cash Reserve Ratio
DIP	Disclosure and Investor Protection
DPAI	Depository Participants Association of India
DPs	Depository Participants
DRs	Depository Receipts
ELSS	Equity Linked Saving Scheme
ETF	Exchange Traded Fund
F & O	Futures and Options
FAQs	Frequently Asked Questions
FII	Foreign Institutional Investment
FIIs	Foreign Institutional Investors
FOREX	Foreign Exchange
FPOs	Follow-on Public Off erings

FRAs	Forward Rate Agreements
FY	Financial Year
GDCF	Gross Domestic Capital Formation
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
GOI	Government of India
IA	Investors' Associations
ICAI	Institute of Chartered Accountants of India
ICCL	Indian Clearing Corporation Ltd.
ICDR	Issue of Capital and Disclosure Requirements
IMF	International Monetary Fund
IMSS	Integrated Market Surveillance System
IMD	Investment Management Department
IRD	Interest Rate Derivative
IRS	Interest Rate Swap
INR	Indian Rupee
IOSCO	International Organisation of Securities Commissions
IPEF	Investor Protection and Education Fund
IPF	Investor Protection Fund
IPO	Initial Public Off er
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
KYC	Know Your Client
LAF	Liquidity Adjustment Facility
MCX-SX	MCX Stock Exchange
MFD	Mutual Fund Department
MFs	Mutual Funds
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NASDAQ	National Association of Securities Dealers Automated Quotations
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NCD	Non Convertible Debenture
NDP	Net Domestic Product
NFO	New Fund Off er
NGOs	Non-Government Organisations
NISM	National Institute of Securities Markets
NSCCL	National Securities Clearing Corporation Ltd.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

PAN	Permanent Account Number
PF	Provident Fund
PFI	Public Financial Institution
PSU	Public Sector Undertaking
QIB	Qualifi ed Institutional Buyer
QIP	Qualifi ed Institutional Placement
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
UPSE	Uttar Pradesh Stock Exchange Ltd.

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The Financial System of any economy consists of financial markets, financial intermediation and financial instruments or financial products. The economic development of any nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government and household sector. In attempting to perform their activities, these units are always placed in a surplus/deficit/balanced situation, which gives rise to the process of lending and borrowing. There are units or people with surplus funds and there are those with a deficit. A financial system or financial sector functions as an intermediary and facilitates the flow of funds amongst the various units. People from the areas of surplus provide funds to the areas of deficit. The word "system", in the term "financial system", implies a set of complex and closely connected or interlined financial institutions, agents, practices, markets, transactions, claims, assets and liabilities in the economy helping to facilitate the movement of funds in order to enhance development. The economic development of any nation, is therefore, reflected by the progress of the various economic units, broadly classified into corporate sector, government and the household sector. They contribute to the economic growth by providing funds and encouraging investment and other sustainable activities.

A financial system (Fig. 1.1), performs the following functions in order to provide growth and sustainability to the economy:

(i) It serves as a link between savers and investors. It helps in utilizing the mobilized savings of scattered savers in all the communities in a more efficient and effective manner. It provides a central pool of funds which can be carefully channeled towards productive investment.

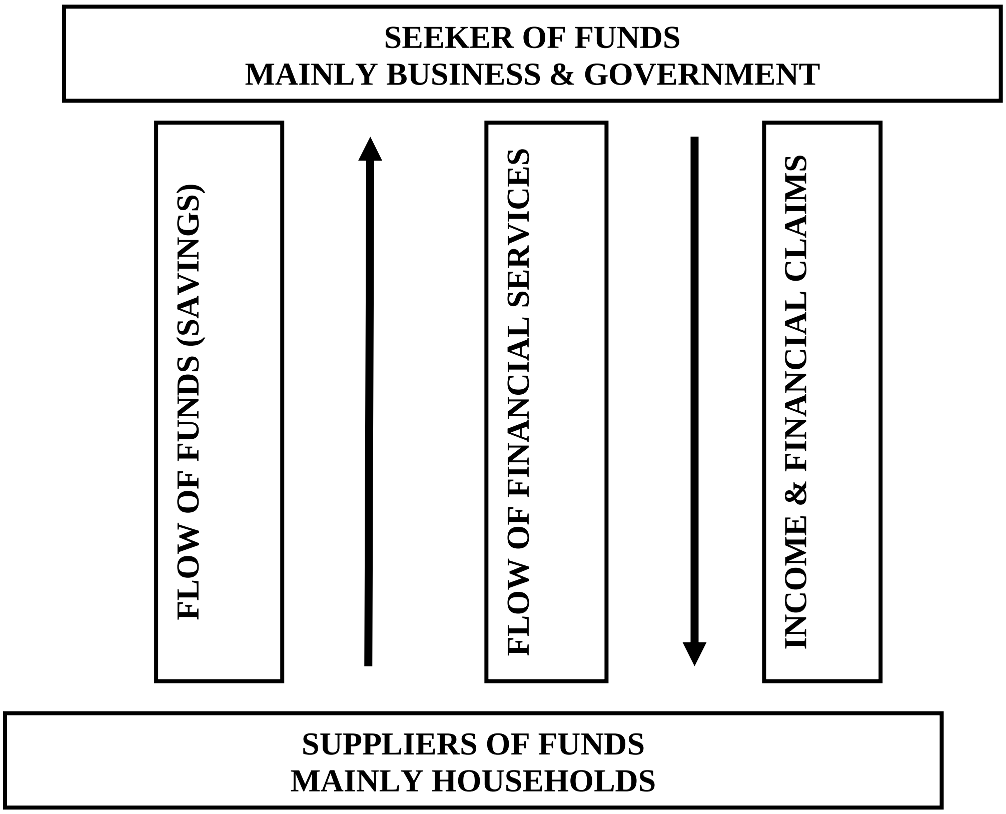

Fig 1.1: A TYPICAL FINANCIAL SYSTEM

(ii) It assists in the selection of the projects to be financed and also reviews the performance of such projects periodically, making sure that funds are not wasted on unprofitable investments.

(iii) It provides a payment mechanism for the proper exchange of goods and services.

(iv) It provides a mechanism for the transfer of resources across geographic boundaries, from zones with surpluses to zones where funds are scarce and needed for profitable investments.

(v) It provides a mechanism for managing and controlling the risk involved in mobilizing savings and allocating credit.

(vi) It promotes the process of capital formation by bringing together the supply of savings and the demand for investible funds.

(vii) It helps in lowering the cost of transaction and increases returns. It also helps in reducing the cost of funds and motivates the people to save more.

(viii) It provides the detailed information to the operators/ players in the market such as individuals, business houses, Governments and creditors to help them decide on future investment opportunities.

The Financial System is concerned about money, credit and finance - the three terms are intimately related yet they are somewhat different from each other. The following are the four main components of Indian Financial system:

1. Financial Institutions
2. Financial Markets
3. Financial Instruments/Assets/Securities
4. Financial Services.

(1) **Financial Institutions** Financial institutions are the intermediaries who facilitate smooth functioning of the financial system by creating a link between savers and borrowers. They mobilize savings of the surplus units and allocate them in productive investments promising a better rate of return. Financial institutions also provide services to entities seeking advice on various issues ranging from restructuring to diversification of investments. They provide a whole range of services to the entities who want to raise funds from the markets and elsewhere. Financial institutions act as financial intermediaries, because they act as middlemen between savers and borrowers. These financial institutions may be of Banking or Non-Banking institutions.

(2) **Financial Markets** Finance is a prerequisite for modern business and financial institutions play a vital role in economic systems. It is through the help of financial markets that the financial system of an economy works. The main functions of financial markets are:

a. to facilitate creation and allocation of credit and liquidity;

b. to serve as intermediaries for mobilization of savings;

c. to assist process of balanced economic growth;

d. to provide financial convenience

A Financial Market can be defined as the situation in which financial assets are created or transferred. As against a real transaction that involves exchange of money for real goods or services, a financial transaction involves the creation or transfer of a financial asset. Financial Assets or Financial Instruments represent claims to the payment of a sum of money sometime in the future and /or periodic payment in the form of interest or dividend. The financial market has four main components, namely:

(i) the money market,

(ii) the capital market,

(iii) foreign exchange market and

(iv) the credit market

A. **Money Market** - the money market is a wholesale debt market for low-risk, highly-liquid, short-term instrument. Funds are available in this market for periods ranging from a single day up to a year. This market is dominated mostly by government, banks and financial institutions.

B. **Capital Market** - the capital market is designed to finance the long-term investments of the economy. The transactions taking place in this market will be for periods over a year.

C. **Foreign Exchange Market** - the Foreign exchange market deals with the multicurrency requirements, which are met by the exchange of currencies. Depending on the exchange rate that is applicable, the transfer of funds takes place in this market. This is one of the most developed and integrated market across the globe.

D. **Credit Market** - Credit market is a place where banks, FIs and NBFCs purvey short, medium and long-term loans to corporate and individuals.

(3) Financial Instruments There is another important constituent of the financial system, they are financial instruments. They represent a claim against the future income and wealth of others. It will be a claim against a person or an institution, for the payment of money at a specified future date.

(4) Financial Services Efficiency of an emerging financial system (the Indian financial system) largely depends upon the quality and variety of financial services provided by financial intermediaries. The term financial services can be defined as "activities, benefits and satisfaction connected with the sale of money that offers to users and customers, financial related value".

When financial instruments are designed, the issuer should ensure that these financial assets reach the ultimate investor in order to garner the requisite amount. When the borrower in need of funds approaches the financial market to raise funds, the mere issue of securities will not suffice. Adequate information of the issue, the issuer and the security should be carefully prepared and understood by the parties before fund raising can take place. There should be a proper channel within the financial system to ensure that the proper procedures are followed. To serve this purpose, financial intermediaries come into existence. Financial intermediation in the organized sector is conducted by a wide range of institutions, functioning under the overall surveillance of the Securities and Exchange Board of India and the Reserve Bank of India. In the initial stages, the role of the intermediary was mostly related to ensure transfer of funds from the lender to the borrower. This service was offered by banks, financial institution, brokers, and market dealers. However, as the financial system widened along with the developments taking place in the financial markets in India, the scope of its operations has also widened. Some of the important intermediaries operating in the financial markets include; investment bankers, underwriters, stock exchanges, registrars, depositories, custodians, portfolio managers, mutual funds, financial advertisers, financial consultants, primary dealers, satellite dealers, self-regulatory organizations, etc. Though the markets are different, there may be a few intermediaries offering their services in more than one market e.g. underwriters, the services they offer vary from one market to another.

a) Money Market Instruments

The money market can be defined as a market for short-term money and financial assets that are near substitutes for money. The term short-term means generally a period of up to one year. The instruments used in the money market are near substitutes to money. They are financial assets which can be quickly converted into money with minimum transaction cost.

Some of the important money market instruments are briefly discussed below:

1. Call/Notice Money
2. Treasury Bills
3. Term Money
4. Certificate of Deposit
5. Commercial Papers

(1) Call /Notice-Money

Call/Notice money is the money borrowed or lent on demand for a very short period. When money is borrowed or lent for a day, it is known as Call/Overnight Money. Intervening holidays and/or Sunday are excluded for this purpose. Thus money, borrowed on a day and repaid on the next working day, (irrespective of the number of intervening holidays) is "Call Money". When money is borrowed or lent for more than a day and up to 14 days, it is "Notice Money". No collateral security is required to cover these transactions.

(2) Inter-Bank Term Money

Inter-bank market for deposits of maturity beyond 14 days is referred to as the term money market. The entry restrictions are the same as those for Call/Notice Money except that, as per existing regulations, the specified entities are not allowed to lend beyond 14 days.

(3) Treasury Bills.

Treasury Bills are short term (up to one year) borrowing instruments of the union government. It is an IOU of the Government. It is a promise by the Government to pay a stated sum after expiry of the stated period from the date of issue (14/91/182/364 days i.e. less than one year). They are issued at a discount to the face value, and on maturity the face value is paid to the holder. The rate of discount and the corresponding issue price are determined at each auction.

(4) Certificate of Deposits

Certificates of Deposit (CDs) is a negotiable money market instrument, issued in dematerialised form or as a Usance Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period. Guidelines for the issue of CDs are presently governed by various directives issued by the Reserve Bank of India, as amended from time to time. CDs can be issued by (i) scheduled commercial banks excluding Regional Rural Banks (RRBs) and Local Area Banks (LABs); and (ii) select all-India Financial Institutions that have been permitted by RBI to raise short-term resources within the umbrella limit fixed by RBI. Banks have the freedom to issue CDs depending on their requirements. A Financial Institution (FI) may issue CDs within the overall umbrella limit fixed by RBI, i.e., issue of CD together with other instruments viz., term money, term deposits, commercial papers and inter-corporate deposits should not exceed 100 per cent of its net owned funds, as per the latest audited balance sheet.

(5) Commercial Papers

A Commercial Paper (CP) is a note in evidence of the debt obligation of the issuer. On issuing a commercial paper the debt obligation is transformed into an instrument. A Commercial Paper is, thus, an unsecured promissory note privately placed with investors at a discount rate to face value determined by market forces. A

Commercial Paper is freely negotiable by endorsement and delivery. A company shall be eligible to issue Commercial Papers provided:

(i) the tangible net worth of the company, as per the latest audited balance sheet, is not less than Rs. 4 crore;

(ii) the working capital (fund-based) limit of the company from the banking system is not less than Rs.4 crore and

(iii) the borrower's account of the company is classified as a Standard Asset by the financing banks.

The minimum maturity period of CP is 7 days. The minimum credit rating shall be as determined by market forces or such equivalent rating by other agencies in India.

(b) Capital Market Instruments

The capital market generally consists of a long term period, that is, more than one year period, financial instruments; in the equity segment, Equity shares, preference shares, convertible preference shares, non-convertible preference shares etc. and in the debt segment debentures, zero coupon bonds, deep discount bonds etc.

(c) Hybrid Instruments

Hybrid instruments have both the features of equity and debenture. This kind of instruments is called as hybrid instruments. Examples are convertible debentures, warrants etc

In India, the money market is regulated by the Reserve bank of India (www.rbi.org.in) and Securities Exchange Board of India (SEBI) [www.sebi.gov.in] regulates the capital market. The Capital market consists of primary market and secondary market. All Initial Public Offerings comes under the primary market and all secondary market transactions dealings are in the secondary market. The secondary market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange. The secondary market comprises of the equity markets and the debt markets. In the secondary market transactions BSE and NSE play a very significant role in the exchange of capital market instruments. The Securities and Exchange Board (SEBI) is the umbrella body overseeing the smooth functioning of the Indian Financial System. Hence, the responsibility for regulating the financial system is jointly shared by the Department of Economic Affairs (DEA), the Ministry of Company Affairs (MOCA), SEBI and the Reserve Bank of India (RBI). The activities of these agencies are carefully co-ordinated by a high level Committee on Capital and Financial markets. The orders of SEBI under the securities laws are appealable before the Securities Appellate Tribunal. SEBI is the regulator for the corporate debt market and investments in debt instruments by FIIs are also under the supervisory eye of SEBI. SEBI gets involved whenever there is any entity raising money from the Indian Capital Market. It has to make ensure that there is fair play for the retail investors. SEBI therefore, is charged with the protection of investors and regulating the market, making sure that there is growth and development.

1.2 THE PRE-REFORMS PHASE OF THE INDIAN ECONOMY

Until the early 1990s, the role of the financial system in India was primarily restricted to the function of channeling resources from the surplus to deficit sectors. Whereas the financial system performed this role reasonably well, its operations came to be marked by some serious deficiencies over the years. The banking sector suffered from lack of competition, low capital base, low Productivity and high intermediation cost. After the nationalization of large banks in 1969 and 1980, the Government-owned banks dominated the banking sector. The role played by innovation and technology was minimal and the quality of service was not given significant importance. The Indian Banks at the time did not follow proper risk management systems and the prudential standards were weak coupled with the fact that corporate governance was still in its rudimentary stage. All these resulted in poor asset quality and low profitability, which was not at all motivating to foreign investors. Among non-banking financial intermediaries, development finance institutions (DFIs) operated in an over-protected environment with most of the funding coming from assured sources at concessional terms. It was again less motivating investors who were more risk averse. In the insurance sector, there was little competition, since risk factors overshadowed the capital market environment. The mutual fund industry also suffered from lack of competition and was dominated for decades by one institution, viz., the Unit Trust of

India, was the lone player. Non-banking financial companies (NBFCs) grew rapidly, but there was no regulation of their activities. Financial markets were characterized by control over pricing of financial assets, barriers to entry, high transaction costs and restrictions on movement of funds/participants between the market segments. This, however, apart from inhibiting the development of the markets also affected their efficiency.

1.3 FINANCIAL SECTOR REFORMS IN INDIA

It was in this backdrop that wide-ranging financial sector reforms in the Indian economy were introduced as an integral part of the economic reforms initiated in the early 1990s in an attempt to improving the macroeconomic performance of the economy. The reforms in the financial sector focused on creating efficient and stable financial institutions and markets. The approach to financial sector reforms in India was one of gradual and progressive through a consultative process with all hands on deck. The Reserve Bank of India has been consistently working towards setting an enabling regulatory framework with prompt and effective supervision, development of technological and institutional infrastructure, as well as changing the interface with the market participants through a consultative and constructive process. Increasing efforts have been made towards the careful adoption of international benchmarks as appropriate to the Indian conditions. However, certain changes have been made in the legal infrastructure and in the development of the markets, which have so far brought the Indian financial system closer to global standards. The reform of the interest regime constitutes an integral part of the financial sector reform. With the onset of the financial sector reforms, the interest rate regime has been largely deregulated with a view towards better price discovery and efficient resource allocation. It is evident that from the 1990s, steps have been carefully taken to develop the domestic money and capital markets leading to the freeing of the money market rates and permitting the forces of demand and supply to take the lead. The interest rates offered on Government securities were progressively raised, so that the Government borrowing could be carried out at market-related rates. However, in respect of banks, a major effort was undertaken to simplify the administered structure of interest rates. The Banks now have sufficient flexibility in making decisions as to their deposit and lending rate structures and to manage their assets and liabilities accordingly. At present, apart from savings account and NRE deposit on the deposit side and export credit and small loans on the lending side, all other interest rates are deregulated. The Indian banking system operated for a long time with high reserve requirements, both in the form of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). This was a consequence of the high fiscal deficit and a high degree of monetization of fiscal deficit. The efforts in the recent period have been to lower both the CRR and SLR there by making the money market more liquid. The statutory minimum of 25 per cent for SLR has already been reached. However, the Reserve Bank continues to pursue its medium-term objective of reducing the CRR to the statutory minimum level of 3.0 per cent.

In India, due attention has also been given to diversification of ownership leading to greater market accountability and improved efficiency and profitability. The Indian economy is very competitive, now, because during the 1990s, there was a gradual infusion of capital by the Government in the public sector banks. This was followed by expanding the capital base with equity participation by the private investors. This was followed again by a reduction in the Government shareholding in public sector banks to 51 per cent. Consequently, the share of the public sector banks in the aggregate assets of the banking sector have come down from 90 per cent in 1991 to around 75 per cent in 2008. The view has been to enhance efficiency and productivity through competition. As a result, guidelines were laid down for the establishment of new banks in the private sector and the foreign banks have been allowed more liberal entry, hence, this was great motivation for foreign investment. After 1993, twelve new private sector banks have been set up. This is a major step towards enhancing competition in the banking sector, foreign direct investment in the private sector banks is reckoned now to have been allowed at up to 74 per cent, subject to conformity with the guidelines issued from time to time. The Indian financial system has undergone structural transformation over the past decade. The financial sector has acquired strength, efficiency and stability by the combined effect of competition, regulatory measures, and the policy environment. It is evident that competition, consolidation, convergence and good corporate governance have been recognized as the key drivers of the Indian financial system. They have contributed very strongly to the Indian stable economy, making it more competitive.

1.4 RECOGNIZED STOCK EXCHANGES IN THE INDIAN FINANCIAL SYSTEM

The Indian Stock Markets are one of the oldest in Asia. The history dates back to about 200 years. The earliest records of security dealings in India are meager and obscure. The East India Company was the dominant institution in those days and business in its loan securities used to be transacted towards the close of the eighteenth century. By the 1830's business on corporate stocks and shares in Banks and Cotton presses took place in Bombay. Though the trading list was broader in 1839, there were only half a dozen brokers recognized by banks and merchants during 1840 and 1850. The 1850's witnessed a rapid development of commercial enterprise and brokerage business attracted many men into the field and by 1860 the number of brokers increased into 60. By 1860-61 the American Civil War broke out and cotton supply from United States to Europe was stopped; thus, the 'Share Mania' in India started. The number of brokers increased to about 200 to 250. However, at the end of the American Civil War, in 1865, a disastrous slump began; for example, the Bank of Bombay Shares which had touched Rs 2850 crashed to Rs. 87. At the end of the American Civil War, the brokers who thrived out of the Civil War in 1874 found Dalal Street where they conveniently assembled and transacted business. In 1875, they formally established in Bombay, the "Native Share and Stock Brokers' Association" (which is alternatively known as “The Stock Exchange"). In 1895, the Stock Exchange acquired a premise in the same street and it was inaugurated in 1899. Thus, the Stock Exchange at Bombay was consolidated and has been a leading Stock Exchange till date.

Ahmedabad gained importance next to Bombay with respect to cotton textile industry. After 1880, many mills originated from Ahmedabad and rapidly forged ahead. As new mills were floated, the need for a Stock Exchange at Ahmedabad was realized and in 1894 the brokers formed "The Ahmedabad Share and Stock Brokers' Association". What the cotton textile industry was to Bombay and Ahmedabad, the jute industry was to Calcutta. Also tea and coal industries were the other major industrial groups in Calcutta. After the Share Mania in 1861-65, in the 1870's, there was a sharp boom in jute shares, which was followed by a boom in tea shares in the 1880's and 1890's; and a coal boom between 1904 and 1908. On June 1908, some leading brokers formed "The Calcutta Stock Exchange Association". In the beginning of the twentieth century, the industrial revolution was on the way in India with the Swadeshi Movement; and with the inauguration of the Tata Iron and Steel Company Limited in 1907 and an important stage in industrial advancement under the Indian enterprise was witnessed. In 1920, the then modest city of Madras had the maiden thrill of a stock exchange functioning in its midst, under the name and style of "The Madras Stock Exchange" with 100 members. However, when the boom faded, the number of members stood reduced from 100 to 3, by 1923, and so it went out of existence, giving to the formation of the M.P. Stock Exchange in 1930. By 1935, the stock market activity improved, especially in South India where there was a rapid increase in the number of textile mills and many plantation companies were floated. By 1937, the Madras Stock Exchange again resurfaced, now known as Madras Stock Exchange Association (Pvt) Limited.

The Uttar Pradesh Stock Exchange Limited (1940), Nagpur Stock Exchange Limited (1940) and Hyderabad Stock Exchange Limited (1943) were incorporated. In Delhi two stock exchanges - Delhi Stock and Share Brokers' Association Limited and the Delhi Stocks and Shares Exchange Limited - were floated and later in June 1947, amalgamated into the Delhi Stock Exchange Association Limited. The Bangalore Stock Exchange Limited was registered in 1957 and recognized in 1963. Most of the other exchanges languished till 1957 when they applied to the Central Government for recognition under the Securities Contracts (Regulation) Act, 1956. Only Bombay, Calcutta, Madras, Ahmedabad, Delhi, Hyderabad and Indore, the well-established exchanges, were recognized under the Act. Some of the members of the other Associations were required to be admitted by the recognized stock exchanges on a concessional basis, but acting on the principle of unitary control, all these pseudo stock exchanges were refused recognition by the Government of India and they thereupon ceased to function. Thus, by the 1997 there were twenty-four recognized stock exchanges in India. The Cochin Stock Exchange (1978), Uttar Pradesh Stock Exchange Association Limited (at Kanpur, 1982), and Pune Stock Exchange Limited (1982), Ludhiana Stock Exchange Association Limited (1983), Gauhati Stock Exchange Limited (1984), Kanara Stock Exchange Limited (at Mangalore, 1985), Magadh Stock Exchange Association (at Patna, 1986), Jaipur Stock Exchange Limited (1989), Bhubaneswar Stock Exchange Association Limited (1989), Saurashtra Kutch Stock Exchange Limited (at Rajkot, 1989), Vadodara Stock Exchange Limited (at Baroda, 1990), Meerut Stock Exchange (1991), the Over-the-Counter Exchange of India Limited (OTCEI) (1993), the National Stock Exchange of India Limited (NSEIL) (1993), Coimbatore Stock Exchange (1996) and the Sikkim Stock Exchange (1997) (see Appendix VI).

1.5 THE PURPOSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA IN THE FINANCIAL SYSTEM

The 1980s boom revealed the insufficiency of the Capital Issues Act and this situation gave birth to the Securities and Exchange Board of India (SEBI) in 1988.

The Government of India issued an ordinance on January 30, 1992 giving statutory powers to the Securities and Exchange Board of India. The Act was passed by the Indian Parliament, Act Number 15 of 1992. This Act received the assent of the Indian Parliament on 4th April, 1992. As a result of Act Number 15 of 1992 being enacted, the Capital Issues Control Act of 1947 was abolished.

The Act of 1992 established the Securities and Exchange Board of India. The purpose of this Board was laid down in its preamble as follows:

a. To protect the interests of investors in the Securities Market.

b. To promote the development of the Securities Market.

c. To regulate the Securities Market, and

d. For matters connected therewith or incidental thereto.

The Board brought into force regulations governing the functioning of the Securities Market in relation to trading, clearing, settlements, depositories, capital adequacy norms, margining, Stock Exchanges and their role, equity financing, dematerialization and the custody services. Subsequent to the enactment of the SEBI Act, 1992, the following regulations have been framed over the years:

1. The Securities and Exchange Board of India, (stock brokers and sub-brokers) Regulations, 1992.

2. The Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations, 1992.

3. The Securities and Exchange Board of India, (Prohibition of Fraudulent and Unfair Practices Relating to the Securities Market) Regulations, 1995.

4. The Securities and Exchange Board of India, (Depositories and Participants) Regulations, 1996.
5. The Securities and Exchange Board of India, (Custodian of Securities) Regulations, 1996.

These regulations set out the basic framework and guidelines for operations of the Stock Exchanges and all the related intermediaries. The regulations are suitably modified from time to time.

The Securities and Exchanges Board of India (SEBI) has adopted many important roles in the area of policy formulation, regulation, enforcement and market development. SEBI ensures that it vets every element of the Capital Market reforms, designed in India. It attempts enforcements against problems such as market manipulation and payment crises, and is the overseer of all market intermediaries. In late 1993, SEBI banned badla. This was a major milestone in two respects:

a. It marked the commencement of a major role for SEBI, and
b. It curtailed the market manipulation and systemic risk that accompanied badla.

1.6 THE MEMBERS OF THE INDIAN FINANCIAL SYSTEM

The Indian financial system comprises a set of financial institutions, financial markets and financial infrastructure. The financial institutions mainly consist of commercial and co-operative banks, regional rural banks (RRBs), all-India financial institutions (AIFIs) and non-banking financial companies (NBFCs). The banking sector which forms the bedrock of the Indian financial system falls under the regulatory ambit of the Reserve Bank of India (RBI), under the provisions of the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. The Reserve Bank also regulated the AIFIs. Consequent upon the amendments to the Reserve Bank of India Act in 1997, a comprehensive regulatory framework in respect of NBFCs was put in place in January 1997. The financial market in India comprises the money market, the Government securities market, the foreign exchange market and the capital market. A holistic approach has been adopted in India towards designing and developing a modern, robust, efficient, secured and integrated payment and settlement system. The Reserve Bank of India set up the Institute for Development and Research in Banking Technology (IDRBT) in 1996, which is an autonomous centre for technology capacity building for banks and providing core IT services. The other members of this sector are the Mutual funds which are seen as institutions for providing small investors with avenues of investment in the capital market and the venture capital funds (also known as VC or Venture Capital) which is a type of private equity capital typically provided for early-stage, high-potential, growth companies in the interest of generating a return through an eventual realization event such as an IPO or trade sale of the company,

1.7 OBJECTIVES OF THE STUDY

This research study revolves on the axis of FOUR objectives which are carefully outlined hereunder:

1. To study the holistic and strategic aspects involved in Public Issues.

2. To critically examine SEBI & its regulations with special reference to Public Issues.
3. To enhance our understanding for Risk and Return related to Public Issues.
4. To analyze the changing trends in investment strategy for Public Issues.

1.8 NEED OF THE STUDY

The Securities and Exchange Board of India (SEBI) is a government organization with independent powers set up to control and regulate the Securities Market in India. Despite the activities and functioning of the Board, there are still a lot of malpractices, insider trading and rosy pictures presented by managers to investors about the security of investments, in the form of high dividends and capital gains which actually do not exist. This is posing a big problem to investors and to SEBI. Therefore, there are lots of risks in the Indian Capital Market which investors should watch out for. There is a need to carefully quantify the risks for the benefit of the investors. Is SEBI doing enough to reduce these risks in order to protect the investors?

The importance of this research work is that it will serve as an eye opener to investors, revealing the enormous work that SEBI is doing in order to offer them the protection that they need, in the vulnerable environment of the Securities Market

1.9 SCOPE OF THE STUDY

This research study is based on the Securities and Exchange Board of India (SEBI), on its activities in the protection of investors in the Indian Capital Market. This study covers the period 2001 to 2010. The literature review covers up to the year 2013. The study concentrates basically on Public issues in the Securities Markets. The focus is on the retail investors' perception regarding the impact of SEBI on public Issue. In order to achieve the retail investors' perception aspect, the study looks at Investor preferences towards the public Issue instruments and their agreeability regarding the measures taken by SEBI to attract the investors towards public issues.

CHAPTER 2

LITERATURE REVIEW

In this chapter, the discussion is based upon the review of literature, findings and suggestions of various committees/sub-committees set up by the government, and also by various institutions which are closely connected with the Securities and Exchange Board of India (SEBI) and Stock Markets in India. This chapter is closely based upon the review of different books and researches relating to the present study. An extensive attempt is made towards review of the past literature related to SEBI and Primary Market Instruments and this attempt has been done for a period of 2 years 2011 to 2013.

Some of the relevant studies are reviewed in this chapter.

Anbalagan C and Pujitha B.V.T.S (2012) studied the Investor's preferences on investment of capital market in India. Explorative approach research type research was used. Hundred samples were chosen to be the sample size to meet the required objective. For the growth process in the economy, reduction plays a vital role. Production of output depends upon material inputs, human inputs, and financial inputs. Material inputs are in the form of raw materials; plant, and machinery etc., Human inputs are like labor and enterprise. Financial inputs are in the kind capital, cash, credit etc., the proper coordination between these inputs; it promotes the growth process in the economy and promotes the well-being and standard of living of in the country. So this paper tries to find the various factors. Finally he concluded that the investors should be aware of the various hedging and speculation strategies, which can be used for reducing their risk. Awareness about the various uses of derivatives can help investors to reduce risk and increase profits. Though the stock market is subjected to high risk, by using derivatives the loss can be minimized to an extent. Indian markets amongst the best regulated markets in the world. Need for greater integration with international markets in terms of capital flows, products and processes need to introduce new age.

Arifuzzamanl S.M et al (2012) analyzed the "Investors' stock trading behavior of IPOs in Dhaka Stock Exchange". Descriptive statistics was used in the stock trading behavior of investors of Dhaka Stock Exchange, explored the relationship between demographic characteristics and trading behavior, and examined the difference in trading behavior of stock traders with different demographic characteristics. Major findings of this study included that majority of the traders had an average holding period of IPOs less than a month, target for a minimum profit of 0 per cent – 40 per cent before selling stocks, could tolerate a maximum loss of 0- 40 per cent before selling their stocks. Traders preferred to the maximum amount of their investment money in the banks and financial institutions, invested more than 50 per cent of their investment money in the most preferred industry. It also found the major differences in trading behavior gender, age group and highest educational level categories.

Arrow (1978) was on the view that older individuals invest smaller fraction of their wealth in risky assets as a by-product of the correlation between age and wealth.

Arunachalam A (2006) analyzed the post listing returns. The subscription levels and offer made by public to IPO in the year 2005 was not as enthusiastic as in the previous year 2004. The former's average listing gains were only 50 per cent against the latter's 56 per cent. The pricing of offers had become more aggressive in line with the secondary market valuation levels, and this appeared to have reduced the scope of gains on listing. Another reason for the reduction on the scope of gains on listing, as stated by him, was the newly enforced regulatory requirements on FIIs.

Ashuman and Chandra (1991) examined the government policy of favouring the small shareholders in terms of allotment of shares. They argued that such a policy suffers from several lacunae such as higher issue and servicing costs and lesser vigilance about the functioning of companies because of inadequate knowledge. They suggested that there is a need to eliminate this bias in order to facilitate better functioning of capital market and strengthen investor protection.

According to Cohn et al., (1975) among different sections of investors, married individuals invest smaller proportion of their portfolios in risky assets than the single individuals, provided that other things being equal.

Corporate Bureau of the Economic Times survey (1993) pointed out that the fundamental company position was questioned and examined with as much care by the existing shareholders in the case of rights as against in the case of any fresh investment.

Department of Company Affairs (IQSS) in its study on the public response to capital issues during 1981-82 revealed that the public subscribed to the extent of 94 per cent of equity shares and 82 per cent of debentures but public response to the preference shares was only to the extent of 26 per cent of the amount offered. According to the size of capital issues, the study reveals that the public response was the highest 98 per cent in the highest group (Rs. 1 crore and above). The industry wise analysis of public response to capital issues reveals that it was nearly 100 per cent to the capital issues of companies engaged in agriculture and allied activities, mining and quarrying, transport and communication, community and business services and construction and utilization. Public response was the lowest at 67 per cent in case of companies engaged in processing and manufacturing of goods not elsewhere classified. It further reveals that during 1981-82 among the various underwriters six public financial institutions viz. LIC, IFCI, IDBI, UTI, QIC together accounted for 40 per cent of the total amount underwritten.

Fredrick Ambling, (1990), advocated that the stock market is the major indicator as well as an effective barometer of national economy, hence, the stock market indices must be watched carefully because they help to determine the further expansion and contraction of the economy. The capital market is based on two contents viz. long term as well as short term investment of funds. The investor who wants to invest his funds for a short period of time has a sign on the money market and its fluctuations. On the other hand, those investors who are either the permanent owners directly or indirectly and interested towards long term fixed rate of return have a look on the\ stock and bonds etc. a successful investor always invest only after analyzing and estimating the trend of bond yield and money market used it in forecasting the direction of stock market.

Friend and Herman (1964) stated that the prices of shares issued after the establishment of Securities Exchange Commission (SEC) in USA performed better than those shares which were issued pre SEC era due to the lower level of volatility. They concluded that the investors in the share issued after SEC were better than those who invested in the shares issued before SEC came into existence.

Gangadhar V and Begam A (2004) made a critical analysis of the capital issues in India. They discussed the aggregate investment pattern, ownership pattern, industry wise pattern and size wise analysis of capital issues in India. The study found that the decline in the number of public issues did not influence the decline in the value of public issue due to the fact that fifteen companies tapped the capital market through mega issues of IPOs. The study concluded that the maximum number of capital issues resulted from the size group of below Ministry 10 crores and the amount of maximum capital mobilized was in the mega size of 100 crores and above.

Gangadhar V and Yadagiri M (1996) analysed the trends and pattern of capital issues in India with references to pre and post economic reforms period and the impact of liberalization and economic reforms on the capital issues in India. The study found that liberalization and globalization policies have shown a significant encouragement both on the investing public and issuing corporate sector to achieve bullish tendencies in capital issues and capital market in India.

Gangadhar V and Reddy (2007) G.N analysed the impact of IPO scam on capital market. The paper analysed the process adopted to create an artificial demand in share pricing in the IPO scam, also examined the impact of the above said scam on the primary market and suggested the measures to prevent IPO scam in the capital market. The suggestions to check market evils in the form of scams were a) Depository Participants (DPs) should not open or close an account without due diligence (b) The regulators should spell out the circumstances under which a person is allowed to act on behalf of another person (c) The regulator should pay special attention to unusually large transactions (d) There is a need to strictly adhere to ceiling of 20 de-mat accounts one can have with one or more DPs (e) Banks and demat accounts should not be activated unless knows one customer (KYC) norms and adhered to (f) There is also a need to monitor off-market transactions and money transfers. This would happen if the PAN is made mandatory. (g) It is necessary to each market player, including investors, with a Unique Identification Number (MAPIN) to check many market evils. The number must be mandated in all primary market deals.

Gupta L.C., (1991), in his paper: "Asymmetric Information, Book-Building and Investor Protection" argues that Initial Public Offerings (IPOs) pricing through book building is neither efficient in the fundamental economic sense nor fair to the investing public. It places the investors (Bidders) at a distinct disadvantage vis-a-vis the issuing company. The study further argues that, instead of enhancing the IPO market's allocative efficiency, it reduces such efficiency, thereby harming the economy's growth. India's capital market cannot grow as a capital raising mechanism unless investor protection is given primacy *in* the regulatory scheme.

Gupta U.L., (1991), had examined the working of stock exchanges in Indian and had given good suggestions to improve the working of stock exchanges. The study emphasized the need to regulate the volume of speculation as to serve the needs of liquidity and price continuity. The present number of stock-exchanges (Eight stock exchanges at that time) was considered too small a number for the size and population of the country. It also suggested the enlistment of corporate securities on more than one stock exchanges simultaneously to improve liquidity and the lowering of the denomination. To protect the interest of the small investors and create confidence in their minds, it stressed the need to set up more sub-committees in order to provide better organization. To exercise a better control over the members, it had also been suggested to introduce annual renewal of membership based on London Stock Exchanges.

Halda P (1993) of the Prime Database had examined the primary market in 1993. The primary market was in its low, ebb in this year. His analysis showed that out of 73 companies only 20 were able to close their issues on the earliest closing dates. The responses from the investors to the issues were not appreciable.

Haldia P (2010) had reviewed the primary market in 2009-10. Follow on public offering dominated the new issue market than the initial public offerings in this year. Stringent entry norms and better vetting of issues had improved the quality of issues in general. Most issues in 2009-10 were made by companies and promoters of known stock. Right issues were made at a discount to the ruling price and they were able to draw a shareholder because the secondary market was doing well. Most follow on public offers disappointed the investors because of the aggressive pricing.

The Hindu Research Bureau (1993) had produced evidence that during the months of February and March 1993 though the number of issues floated were high; the responses from the market participants were not satisfactory. Even right issues had no exemption to this situation. The low level of responses from the existing shareholders to rights might be the reason that they had been priced extremely close to market price in many cases.

Huang Y.S (1999) in his study, The Behaviour of Initial Public Offerings on the Taiwan Stock Exchange, examined the price behaviour of the 311 IPOs on the Taiwan Stock Exchange for a period of 24 years from 1971 to 1995. This study found that IPOs were significantly under priced. The initial risk adjusted excess returns were 42.6 per cent. The initial risk adjusted returns were positively related to the over subscription ratio. The aftermarket performance was consistent with the efficient market hypothesis. The cumulative abnormal returns estimated by market model were not statistically significant after the initial trading. Further, the long-run performances of IPOs were not related to the initial risk adjusted returns.

The working group of capital markets headed by Hussian Abid, (1989) had given recommendations to provide a long term thrust to the capital markets. It recommended certain technical changes in the existing rules and regulations to ensure adequate protection of investor's interest. The finding of Abid Hussian, working group revealed that the present listing rules does not provide liquidity to the scripts and an investor was unable to take decision. According to this report, out of 5,000 companies listed on the stock exchanges, in the country hardly a few were actively traded. Thus, the group recommended a 'multi-tier' listing system and the responsibility was bestowed upon SEBI to prepare a such model. The investors would be able to judge, the market ability easily and new companies will also mobilize its resources effectively and would not have to compete with the larger companies in the security market.

Hussain Safdar Ali, (2001), examined the frauds and management in capital market and found that, in the late 90's, there have been instances of frauds, scams and mismanagement of capital market in the country. The cases of cheating, fraud and mismanagement by Ketan-Parekh and Harshad Metha are the cases in point. Inspite of the various initiatives taken by SEBI, the Current system in the stock market is polluted with money laundering operations, insider trading, and price rigging even by certain corporate houses. The proper-bureaucrat-politician nexus has provided protection from time to time. It is also proved that the nexus between banker-broker that affected banking sector. The surveillance system of SEBI is so weak that frauds come to knowledge when-the damage had already been done to the capital market. Therefore, Ali suggested that there is a need for a fool-proof method of checking and controlling the frauds and mismanagement of this sector in such a way that it operates without any sign of mismanagement and misgovernance.

Jigna Trivedi and Bindiya soni (2012) in their study tried to comprehend the concept of the book built issue, its importance and advantages over the Fixed Price Regime. It also tried to bring forth the short term return available to the subscribers of IPOs. A sample of 243 companies which came out with 100% book built IPO and got listed in NSE from the period 2006 to 2010 was taken as a primary data set for the short run analysis. Simple returns, market adjusted returns and excess return were computed to know the performance of the IPOs. The study finally concluded that investors before investing their kitty in the stock, must study the fundamentals, IPO grade and prospectus, rather than blindly relying on the tips given by brokers. SEBI must make it mandatory for companies to disclose their IPO grade in their prospectus, and companies without IPO grades should not be allowed to come out with an IPO. IPOs are a boon if proper homework was done by the investors for selecting a value buy company. IPOs turn out to be a bane when the groundwork of studying the company is not done.

Kathode P.K., (2001), through his paper made an attempt to discuss various issues relating to private placements and found that, in recent times, the private placement market has become major route for mobilization of resources by the corporate sector. This is an easy and smooth route in which there is no need for statutory and non-statutory formalities. An issue does not require prior consent of SEBI. Thus, the issuer can access private placement market at a lesser or zero-intervention for raising funds by this route. Thus, it has become a popular route for long term financing.

He found that, it has shown phenomenon growth in the later 1990's and the rate of growth in terms of raising of funds has doubled and is much higher than the public issues.

The paper by Kakati M., (1992), "Do Entrepreneurial Shareholdings Signal the value of Initial Public Offerings?" examines the signaling hypothesis that suggests that the original entrepreneurs can signal the quality of their firm by their willingness to retain more equity (i.e. higher the equity retention by original entrepreneurs, higher is the value of the firm). The study concludes that there is a positive relation between equity retention by original entrepreneurs and relative value of the firm, but such relation stems more from the wealth effect rather than the signaling hypothesis. As such, the results of the study are not consistent with signaling hypothesis after controlling for wealth effect. The results are, however, not robust to a variety of alternative specifications.

The paper entitled, IPO Effect and Measurement of Risk, by Knopf J.D and Teall J.L (1999), was concerned with the comparison of the Parkinson Extreme Value Method for risk measurement with other commonly used risk surrogates. The results of this study indicated that the Parkinson measure did explain a significantly greater portion of IPO under pricing than the other methods, suggesting that the other studies have underestimated the explanatory power of uncertainty to predict underpricing.

Krishan (1990), had evaluated the existing system of security markets. He recommended necessary changes in the capital issue (Control) act, 1947, securities contract (Regulation) rules, 1957 with respect to form of organization of stock exchanges, membership eligibility criteria composition of the governing board, listing of securities rules and regulations of trading in securities etc. he also suggested to bring radical changes in the new issue market with respect to procedure of issue of shares and allotment/refund structure of interest rates, broadening the share ownership base, checking the malpractices of promoters who were selling shares to the public at a premium from the promoters' quota with the help of brokers etc.

Krishnan A and Sivakumar S (2007) had observed that due to the prevalence of a see-sawing stock market and the enforcement of restrictions by the SEBI on multiple applications made by the some IPOs had to lose made sheen among retail investors. There was a decline in the level of retail response on IPO in the year 2007 compared to the year 2006. The same had happened in the concept of oversubscription. The quantum of over-subscription had declined from an average of 191 times in the year 2005, to just around 5 times in the year 2006. It was found that the retail investors were applying for fewer shares in the year 2006 than they did in the year 2006.

Kumar K.C.J.S attempted to find out the fundamental risk and returns involved in investment of IPOs and the performance of initial public offers between 2005 and 2009. The performance of the IPOs during these five years had been studied with the help of secondary data collected from NSE, BSE and other relevant data sources. The performance of IPOs had been evaluated on the basis of returns on the day of listing and the next day, three months, six months, 12 months, 24months, 36months, 48 months and 60 months. It was found from the study that returns out of IPOs during the short period was0 very promising. Several large equity offerings including those from reputable business houses had failed to reach their price targets. Out of the 285 companies that raised 99, 218 crore money from investors in India through IPO, many are quoting below their issue price.

Kumar P.M.D and Raju G (2003), in their paper “Indian Capital Market – A Retrospect” explained that there was an all round development in the capital market operations in terms of the volume of funds through shares and debentures did not improve and many of the investors were interested in reducing their exposure to equity even in absolute terms rather than increasing it.

Kumar S.A (2005) in his paper depicted the aspects of primary market that influence the confidence of the investors with reference to the retailers. The author viewed that introduction of book building process and green shoe option (GSO) were good move on the part of SEBI in the interest of small investors. But at the same time, few areas of the Book Building Process and GSO were not clear with the operators and they were not in a position to execute the controlling measure. The author concluded that to make the total process transparent, educating the investors for improved awareness of primary market was necessary. Many active investors’ associations should be provided with the information related to the risk associated with investment in shares and initial public offer rating by professional rating agencies.

Lall Shadi, (1981), study on company financial trends and capital issues for the period 1971-72 points out that the public response during the first quarter of 1971- was practically of the same order for equity shares, whereas it was markedly lower in the case of debentures and preference shares. The public response to equity issues had been quite encouraging but it was very halting and lower in case of debentures. It also points out that the underwriters have to subscribe to the extent of 16.7 per cent as a part of their underwriting obligations, while it was 8.4 per cent in the previous quarters.

Lall Shadi, (1981), studied the structure of capital issues as regard the proportions equity, preference and debentures issue in the total amount of capital issued over the period of last ten years, i.e. during 1971-72 to 1980-81. He analyzed the public response to different types of capital issues. The author points out that there have been wide fluctuations in the number of companies entering the capital market and the amount of capital issued by them over the period under study. As regard the capital structure of these issues, the public preference for investment had uniformly been towards equity shares. For the last three reference years, public has been attracted to invest overwhelmingly in debenture issues also. Public response to preference shares had remained only nominal throughout the period studied. The study highlights that the companies had invariably earmarked a part of their capital issues for allotment to their promoters, directors, foreign collaborators, employees and existing share-holders before making the offer for public subscription.

Lall T (1990) suggested that public sector banks should be utilized as underwriter houses by those companies which go for IPO and the setting up of the firm underwriting form should be made on the basis of scientific lines.

Lall T., (1990), studied the primary capital market and give valuable suggestions to improve its working. He had suggested that an autonomous corporation-project evaluation corporation be set up which would help in the flotation of sound and viable concerns. To strengthen its activities he had further suggested setting up of saving Rehabilitation Corporation. It will have beneficial effect both for the security market and the project evaluation. It will also encourage the small investors to invest in the securities of those concerns which are cleared by these proposed corporations.

Lowry and Schwert (2000) analyzed the aggregate IPO market activity and also examined the initial returns at the firm level. They studied strong cycles in the number of IPOs by calculating the average initial returns realized by investors from 1960 -1997. The statistical measures used in the study were mean, median, standard deviation and auto-correlations. The results showed that IPOs cycles occurred and had subsequent effect on returns and underperformance.

Levy and Sarnat (1971) examined 125 sample of primary issue as a combination of a bonus issue and issue at par to existing shareholders. They also showed that issue price and issue ratio is irrelevant in perfect markets.

Lewellen et al., (1977) identified the systematic patterns of investment behavior exhibited by individuals found age and expressed risk taking propensities of the new issue market to be inversely related with major shifts placed at the age 55 and above. The relative risk aversion increased with wealth and a wealth increased with age.

Madhusoodanan T.P and Thiripalraju M (1997) analyzed the Indian IPO market for the short term as well as long term under pricing. They also examined the impact of the issue size on the extent of under pricing in these offerings and the performance of the merchant bankers in pricing these issues during the year 1996 to 1997 with 247 samples. The study indicated that in general, the under pricing of the Indian IPOs in the short run was higher than the experience of other countries. The study also revealed that none of the merchant bankers showed better pricing capabilities.

Madhusudhan (2002) studied the new issue market in India and measured the performance of IPOs. The study revealed that the initial returns of IPOs in India was abnormally high and in fact returns was much higher than the average initial returns of other developed countries The initial run was found to be extreme in the years 1991 and 1994 but the initial high returns, however, faded away over the period of one year after listing.

Majumdar U (2003) in his study covered the impact of opening and closing prices, the measurement of performance such as price performance in various phases of the market, impact to oversubscription, impact of risk and investment banker reputation in the public offering. The paper analyzed the way differences in institutional set up inhibit comparison of results of studies across the countries during the 2000 to 2001. The study had concluded that issues at par and issues at premium earn similar returns and their cross sectional variances were also similar. Finally, the author concluded that the aftermarket excess returns rose sharply for the first four days of trading and then tapered off to a slower pace.

Manas Mayur and Manoj Kumar (2013) in their study 'Determinants of Going Public Decisions in an Emerging Market: Evidence from India", investigates the determinants of going public decisions of the Indian firms, juxtaposing the two related issues such as what ex-ante characteristics of going-public Indian firms differentiate them from those Indian firms that continue to remain private even though they fulfill the eligibility criteria of going public and what ex-post consequences of IPOs on firm characteristics influence their going public decision. The preceding research issues are examined using two independent analyses namely a panel probit regression analysis and ex-post analysis. During past two decades, numerous Indian firms have gone public by undertaking IPO of their equity share. Traditionally, most corporate finance text books suggest that firms go public primarily to raise equity capital required for financing their growth. The study consisted of 306 public firms the sample selection process eliminated 215 public firms that went public between 1997 and 2006. The study concluded that the two tests implied that Indian firms go to public for the reason of raise capital for their growth and expansion, diversity the risk of initial owners and capital structure rebalancing, bring down their cost of capital, increase the liquidity of their shares, avoid excessive monitoring of large or block shareholders and seek publicity.

Manjri, Yamini and G. Kawadia, (2004), attempted to analyse the market integration based on the stock market, foreign exchange market and the bullion market. During study they sound that the growth of stock princes was much more than the growth in billion prices and exchange rate.

These markets are much more stable in the era of economic reforms. Further, they found that no one of these indicators leads this market but BSE sensex is the most sensitive indicator influenced by all other indicators of these markets. They study shows BSE sensex and exchange rate has inverse relationship and hence an increase in BSE sensex decreases the exchange rate. In most other indicators, the short run impact is less and insignificant. From this, they come to a conclusion that these indicators tape some time to adjust with the change in other indicators.

Marchisio and Ravasi (2001) conducted a survey on family owned companies of Italy. The result of the study was based on the responses of 54 family owned firms with 73% response rate) who went public during 1996-2001. The research question of the study was, “why do family owned firms do IPOs?” Specifically, authors investigated strategic motives behind going-public decision. The survey revealed that beside the usual financial motives, family owned firms go public to increase the visibility and to expand and strengthen the network of relationship that can sustain entrepreneurial activity.

Mathew R (2010) had studied the primary market over three decades from 1980 to 2010. In his opinion, taking advantage of the strength of the secondary market, many high profile companies raised funds in 2006. As a result of tougher regulations, the quality of the issues had gone up substantially. Issues such as United Bank of India, Hathway Cable and Datacom Limited and IL & FS Transportation Ltd were from well established and well known companies. Though some of these issues were overpriced, investors have made significant returns in most of the issues.

Mehla S and Prasad H (2009) discussed the SEBI's regulations framed for the revival of primary market during the period 1992- 2004. They attempted to study the impact of reforms on the growth of public and right issues. Some of the significant reforms such as abolishing the need for getting consent from the Controller of Capital Issues (CCI) for fresh issues, introduction of free pricing method for new issues enabled the number of public issues to climb to 1415 in 1995– 96 from just 531 in the year 1992-93, where as in the year 1994-95 it reached its peak of development by mobilizing 26417 crores from 1678 issues which included 1328 public issues and 350 right issues.

Meera Mohinadeen P.M (2004), in his doctoral dissertation entitled, A Study on New Issue Management Services of Lead Merchant Bankers in India, examined the functioning of the merchant bankers in the pre issue and post issue management phases and evaluated the new issue performance of the merchant bankers. The conclusion of the study was that functioning of merchant banking in new issue management services assumed significance.

Patil P (2008) studied the reasons for the non revival of the primary market had remained in the pits and was not showing any signs of revival during the months of

May and June of 2006, compared with the secondary market, which crossed many new heights. He had drawn the attention by pointing out the fact that all sorts of companies that began tapping the capital market were trying to ride the upbeat sentiments by pricing their shares aggressively during the year 2006. This had raised the presence of the investors being taken for an investment drive by unscrupulous promoters and operators. But the 'B' group and mid – caps stocks had not picked up in the secondary market and that had affected sentiments in the primary market

Prakash Somayaji (1992) had analysed the environment of primary market in 1992. He had concluded that investing in primary market was not easy. The investors had to be specialists to choose the correct issue.

Ramesh, (1996), in his article on "Performance evaluation of SEBI: Impact of Stock Market," revealed that till recently the issue of capital by companies was controlled by the government through the capital issue (control) Act. 1947. These controls have been removed by repeat of the capital-issues (control) Act, on 29-05-1992. Almost all powers under the securities contract (regulation) Act have been transferred to SEBI. SEBI has initiated measures with the objective of improving the working of stock market activities. These measures include broad-basing the stock markets with more exchanges, an improvement in system of trading and settlement procedures, registration of brokers and curbing insider trading companies and their management, ensure financial solvency and integrity, capital adequacy norms and eligibility criterion for registration of brokers. SEBI has also made compulsory for all mutual funds to register with it and a code of advertising has been evolved where by mutual funds advertisement shall disclose risk factors. Further, SEBI has advised not to give rosy pictures of high return that mislead the investors.

Rajarajan (1998) conducted a study, based on the primary data collected from 405 small investors in the Thanjur District during the period of 1997-1998 concluded that the relationship exhibited by the stage in life cycle with respect to risk bearing capacity of individual investors is in accordance with the theoretical model propounded by Milne and argument of ‘Arrow’ Samuelson and Bodies. The study concluded that stages in life cycle of individual investors is an important variable determining the size or investment in financial assets and the percentage of financial assets in risky category.

Raju T and Mishra G.S (1997) in their study on, “Prospects of Indian Capital Markets: The Primary Capital Market in India” described the developments of primary capital market in India between 1994 and 1996. The authors dwelt upon the changes in the regulatory system to give a boost to the primary market which had been dampened by some irregular deals.

Reserve Bank of India's (1989) survey of capital issues for the period 1981-85 covering new issues of equity shares (excluding bonus shares), preference shares and debentures offered to the public and the public response to such issues, The analysis depicts that the investors had preference for debentures over equity during the reference period. Also, the issues of debentures were increasingly over subscribed with a corresponding reduction in the devolution ratio on underwriters. About one half of the total amount of issues was offered to the public, mostly by way of debentures. The issues were underwritten mainly by financial institutions and brokers. Over the period, the cost of issues as a ratio of the amount offered registered a perceptible increase. The average cost was, however, the highest in respect of issues between Rs. 50 lakhs to Rs. 1 crore.

The Reserve Bank of India, (2000), conducted survey in 1978 which gives the data occupation wise break up of paid up value of shareholding of individuals in 356 companies. In these 356 companies, individuals held higher proportion of total paid up capital followed by professionals and self employed persons. The salaried class person held the largest number of accounts of total individuals but accounted for lower proportion of the paid up value. The number of accounts and value of shareholding of farmers, pensioners and retired persons, as expected by insignificant. This may perhaps be attributed to the sophisticated nature of the equity market and lack of awareness of functioning among them.

Ritter and Welch (2002) examined three main aspects i.e. why firms go public, why they reward first day investors with considerable underpricing and how IPOs perform in the long run. The paper explained the “Life cycle theories” and “Market timing theories”. This study presented both theoretical and empirical evidence for short run and long run underperformance of IPOs and showed that the underpricing was sensitive to methodology and to the time period chosen.

Roy M.K (2000) conducted a study to analyze the questions relating to the behaviour of issuers and investors in a new issue market. The study showed that pricing for IPO was almost identical in all developed and developing markets subject to slight variations depending upon institutional and legal structure of the respective country.

Sabarinathan G (2010) stated that since the empowerment of the Securities and Exchange Board of India (SEBI) through an Act of Parliament in 1992, SEBI has come up with a number of initiatives aimed at regulating and developing the Indian securities market and improving its safety and efficiency. These initiatives have made an impact on nearly every aspect of the market. Some of those initiatives have transformed the market fundamentally. Particularly noteworthy is the growth in the following:

- Market capitalization
- Number of listed firms
- Trading volumes and turnover both in the spot and futures markets.

Sabarinathan G (2010) indentified that the Indian securities market is among the safest and the most efficient trading destinations internationally. The Indian corporate governance code is compared to the Sarbanes Oxley Act of the USA. India has one of the fastest growing and well-developed asset management businesses in the world, with state-owned as well as private sector players. That said, the Indian market is often hostage to some scam or the other from time to time. Effective enforcement of compliance is cited as one of the reasons for these unsavoury episodes. The role that

SEBI’s initiatives have played in bringing about this transformation of the market has not been researched comprehensively so far.

Sahoo, M.S., (1992), paper "An Overview of the Securities Market in India", gives a brief account of the Indian Securities Market and the changes that have taken place in its operations, microstructure and the regulatory frame work. The paper gives a brief account of the resources mobilized from the primary market, secondary market indicators etc. Despite a long corporate history, the phrase 'Corporate Governance was unknown in India until 1993. It came to the force as a consequence of a spate of corporate scandals; fraudulent and unfair trade practices by capital market participants (including corporate) and the major securities scam of 1992 that occurred during the first flush of economic liberalization in the country, which began in 1991.

Samuelson (1989) suggested that older individuals rationally reduced their risk exposure because they need to ensure that their savings provide sufficient means to satisfy the levels of minimum subscription.

Sanjiv Mitaal, Naresh K Gupta and Sudesh Kumar Sharma (2012) in their study primarily aimed to find whether grading of IPOs uses a basis of investment decisions by the retail investors and to find whether IPO grades affect the issue size. It also states that Indian securities market regulator SEBI achieved a distinction of being the innovator of equity grading in the world. The study analysed 90 IPOs graded by different credit rating agencies to explore the effect of grading on subscription and issued share capital in the year 2006-07. Pearson’s product of movement test for correlation was applied to assess the correlation between IPO grades and the respective variable. However the findings of this study advocate that IPO grading influenced investor preference and demand.

Selvam M and Sukanya (2005) in their paper, "Price Efficiencies of Initial Public Offerings in India", studied the price efficiency of IPOs with references to 50 companies. There were totally 60 companies which employed IPOs, during the study period from 2000-01 to 2004-05. This study observed that among the new issues of all sectors taken for study, the issues of pharmaceutical industry generally realized positive returns (i.e after listing) except for one or two months.

Singh Gurcharan, (2001), assessed that the new issue market was highly fluctuating when CCI was in operation (between 1960 to 1990). After the establishment of SEBI, the number of issues stupendously increased till 1994-95. afterwards, there was a steep decline in the number of issues till 1997. Gurcharan Singh, through this paper tries to evaluate the reasons for this ongoing recessionary trend in the IPO's downturn in the right issue market, poor returns on the stocks in fiscal year of 2000 influence of FII's and NASDAQ, etc. Though there are Stricker disclosure norms, SEBI still argues for more powers. Further, he concluded that regulatory bodies should differentiate between investor and speculator, and the regulator of financial markets should be independent of its players so that the interests of investors could be protected.

Singh J.K, (2001), through his study assessed that, with the advent of economic liberalization in early 1990s, we were compelled to undertake various measures of economic reforms. Financial sector reforms were an integral part of this reform process. Our capital markets, both primary and secondary, witnessed a host of legal, structural and procedural changes which were aimed at better investor protection and improved market efficiency. But, adequate investor protection is still elusive. Registration of intermediaries like brokers, sub-brokers, etc., is still far from satisfactory. Underdeveloped debt market is a cause of concern. Uniformity in credit rating, access to, and flow of, information, integration of various segments of capital market, promotion of derivatives trading by removing bottlenecks, professionalization of work culture, etc., are various issues confronting the capital-market regulators. Further, he concluded that a combines strategy i.e. structural, legal and procedural, is required to make the capital market vibrant and suited to contemporary international business environment.

Singh Rajesh and Kumar Raj, (2001), found that a well organized stock market is an essential condition for rapid economic growth of a country as it enables the corporate sector to raise necessary funds from the small savers for gainful deployment in industries. The main attraction of stock market is that stockholders can always liquidate holding as and when they desire. Through this paper they made an effort to analyze the market size and liquidity-position of UPSE vis-a-vis BSE and all India after furnishing the comparative picture of their listed companies, market capitalization and turnover. Their study reveals that although the market-size of UPSE has been decreasing over the years, it has been quite successful in providing liquidity to investments.

Singh Vijay, (2001) discusses the nature of activities in the capital market, types of capital markets, the structural developments in Indian capital market and some emerging issues, and found that capital markets facilitates lending and borrowing of long term funds. A developed capital-market is essential for industrial growth and economic development. A number of countries including Malaysia, South Korea, Thailand and Brazil have developed their capital markets during the last two decades and have shown that there is a close link between development of capital market and economic-development. He further, analyzed that in India, the development of capital market has been facilitated by various policy measures taken by the government to make it strong and accelerate the base of industrialization.

The paper by Srinivasan R., (2000), "Security Prices Behaviour Associated with Rights Issue-Related Events" examines security price behaviour associated with rights issue related events to provide evidence on corporate capital structure, capital market efficiency, and event study methodology. Broadly, the paper concludes that a rights issue of equity is seen as 'bad' news by investors, and a rights issues of convertible debentures (FFCD) is seen as ‘neutral' news. The pricing of rights issues is not important. The capital market is efficient with the exception of an exrights abnormality. Finally, in conducting event studies a native methodology is adequate.

Swarup S (2003) surveyed the measures of improving common investor confidence in Indian primary market. He focused on the investors’ decisions in primary market issues, factors affecting the equity primary market and measures to improve primary market situation. The responses given by the sample of investors clearly demonstrated that the current market price was an important indicator before investing in new issues and the investors did attach any importance to investment advice from the broker for investing in primary market. It was found from the survey that investors paid attention to recommendations of analysts for investing in primary market.

Swarup, Verma, Amika, (1998), examined the important stock exchange reforms during the period 1992 to 1997 and their impact on capital market development as perceived by intermediaries. A sample of 30 brokers from Delhi was selected and their perceptions were studied using questionnaires and informal interviews. These brokers have felt that the reforms have resulted in a fair, transparent and strong regulator structure for the efficient and smooth functioning of the capital market. However a lot more is required to be done by the regulators to bring the Indian capital market to international standards.

Subha M.V., (2005), Worked on a research paper named, "Indian Capital Market- A Road Ahead" and came to conclusion that with the liberalisation of the Indian capital markets, our securities market has grown into one of the most dynamic, modern and efficient market. Therefore, it is of utmost important that financial markets should gain and maintain investor's confidence. The responsibility of creating an environment of trust and confidence lies with regulators, stock exchanges and companies. Each of them should act in a responsible way and provide a healthy environment for the functioning of a efficient capital market. She further observed that the role played by SEBI has been very significant in the past years. It has launched a series of investor education scheme, creating mandatory disclosure standards and corporate code of conduct. But, we will still have a long way to go before investors can consider the capital markets a safe place to invest their had hard earned money. Therefore, if SEBI does not remain complacent and goes ahead with its reforms, we cannot hope that in future the Indian capital market can grow as an efficient market in the world.

Tripathy N.P and Sahu P.K (2000) in their study entitled, Behaviour Dynamics of Indian IPO Market: An Empirical Analysis, attempted to find out whether a stock had been priced at its intrinsic worth or not and determine the magnitude and degree of deviations of the market price. The study concluded that Indian investors got very good returns from the initial public offerings only after some time in the market. General market condition was considered as a variable for the better performance of the new issues. However, under pricing at the IPO did not result in favourable treatment at the seasoned offerings.

Vanniarajan T (2004) made an attempt to discriminate the investors from non investors on public issues. An association among the profile of risk and return and the investment preferences was found. This paper focused on the source of awareness towards public issues and the investors' attitude towards various public issues. This study concluded that the investors did not have a favourable attitude towards shares because the investors lacked the knowledge about equity investment.

Veena, D.R (1989), conducted a study based on an intensive information on various aspects like nature, structure, dimensions and magnitudes of the stock market in

India. The study reveals that under prevailing situations of the market the lost faith of investors in the market since mid 1986 cannot be brought back unless better lines of actions in a well coordinated manner are to be considered. In fact, prices involved in the stock market require a series of actions simultaneously on several fronts such as plan expansion or the activity of resource mobilization from the market for economic development and social justice, shift in approach, strategy, mechanism and process, modifications in organizational and administrative set up and application of suitable legislation for main actions- investors, brokers, consultants, financial institutions and companies of the stock market in the country.

CHAPTER 3

PRIMARY MARKET: THE FIRST STEP

3.1 INTRODUCTION

The economic development of a country depends mainly on the sustained growth of the industrial and service sectors. This sectoral growth, in turn, requires vast resources and a major part of it is met from domestic savings. In India, household sector savings are held mainly in physical assets and conventional forms of financial assets like currency, bank deposits, post office savings bank, chit funds, and insurance funds and provident and pension funds. If these savings can be directly channelized into the corporate sector, it will facilitate the development of the country through the development of industrial and service sectors. This demands the creation of an efficient capital market.

Capital market is the medium through which small and scattered savings of investors of investors are pooled and directed into productive activities of corporate enterprises. They can select the suitable instruments according to their desired level of risk, returns and liquidity. Investment in securities of capital market can be made through primary market or secondary market.

The Indian stock market has witnessed major transformation and structural changes during the past one decade as the result of ongoing economic reforms initiated by the Government of India since (1991) in the wake of Liberalizations, Privatizations and Globalizations (LPG). These reforms have been aimed at improving market efficiency, enhancing transparency, checking unfair trade practices and bringing the primary and secondary markets up to international standards. The primary market reforms have brought about changes in the institutional character of the market; regulatory environment in which it functions; investors’ profile and technology of the market.

3.2 STRUCTURE OF THE NEW ISSUE MARKET

While new issue market, as a channel for private corporate investments, has grown over the years, the pattern of growth of the NIM varies through the various phases of its growth, in terms of both financial instruments and channels of marketing used by private corporate firms. The choice of NIM as an instrument was substantially influenced by economic conditions and policy changes. Equity and debentures were the two main instruments issue through NIM because these instruments show a growing degree of complementarily over the years. Equity issues showed a consistent trend in all three phases, in correspondence with the growth in NIM. The intermediation phase witnessed a greater reliance on equities than on debentures, pointing to the influence of the intermediation activities by banks and FIIs which provided debt in the form of credits.

The issuer may be either a new company or an existing company. In the new issue market, issuing houses, lead managers and underwriters take up the responsibility of selling the stocks to the public.

Stock Exchange is a secondary market for securities that have already been issued and listed on a recognized stock exchange. It facilitates continuous purchase and sale of securities by the investors among themselves.

3.3 TYPES OF ISSUES

Public issues can be classified into 3 types:

- **Initial Public Offering (IPO)**

Fresh issue of shares or selling existing securities by an unlisted company for the first time is known as IPO. Listing and trading of securities of a company takes place in IPO.

- **Rights Issue**

Rights issue is when the listed company issues new securities and provides special rights to its existing shareholders for buying the securities before issuing it to public. The rights are issued on a particular ratio based on the number of securities currently held by the share holder.

- **Preferential Issue**

It is the fresh issue of securities and shares by listed company. It is called as preferential as the shareholders with preferential shares get the preference when it comes to dividend disbursement.

3.4 METHODS OF FLOATING NEW ISSUES

The new issue market facilitates transfer of funds from savers to the companies raising fresh capital. The amount of funds available for investment depends largely upon the factors such as

(i) Rate of growth of economy

(ii) Total money supply

(iii) Saving capabilities and propensity to save

(iv) Corporate performance

(v) Protection available to investors and the like

There are four methods of placing new issues in the market, namely.

- ❖ **Public Issues**

Trade through a prospectus is a direct process of floating shares. When a new company has to raise gigantic funds, it goes in for public issue. Under this method, the issuing company offers to public, a fixed number of shares through a lawful manuscript called prospectus. Thus prospectuses form and contain the following.

(i) Name of the issuing company

(ii) Address of the registered office of the company

(iii) Existing and proposed business activities

(iv) Location of the industry

(v) List of directors of the company

(vi) Minimum subscription

(vii) Dates of opening and closing of subscription list

(viii) Names and addresses of the institutional underwriters and the amounts underwritten by them

(ix) A declaration that it will apply to the stock exchange for listing and quotation of its shares.

- ❖ **Offer for Sale**

While trade through prospectus is a direct method, the offer for sale is a roundabout method of hovering new shares. Under this technique, securities are opened to public through intermediaries such as issue house and brokers. Two phases are concerned in the sale of securities. Initially, the issuing company issues securities to issuing houses and brokers at a preset price. Subsequently, the intermediaries resell the securities to the eventual investors at an elevated price.

The earnings charged by the issue house are known as ‘turn’ or ‘spread’. This method is beneficial to the issuing company as it is reassured from the trouble of printing and advertising prospectus.

- **Placement**

Under this process, the issue is positioned with inadequate number of financial institutions, corporate bodies and remarkable folks. These intermediaries acquire the shares and vend them to investors at later date at a right price.

Placement gives bountiful advantages. Primarily, there is no necessity for underwriting preparations, as the placement itself amounts to underwriting.

Secondly, private placement securities are traded at to financial institutions like UTI, Mutual Funds, Insurance Companies, Merchant Banking subsidiaries of apparent commercial banks. As these institutions are trendy among the investing public, securities can effortlessly be sold to them. Finally, this process is appropriate when the issuing company is tiny in size. However, this method put up with one serious limitation. The securities are not far and wide spread to a huge segment of the society.

❖ Right Issue

Shares of accessible companies, which are previously listed in the stock exchange, are sold through right issue. Under the right issue, the shares are first presented to the existing shareholders. These shares are called right shares. The rights themselves are manageable and marketable in the market by the shareholders who are permitted to purchase right shares. Under section 81 of the Companies Act, 1951, a company which issues new shares either after two years of its formation or after one year of its first issue of shares, whichever is earlier has no first offer them to the existing shareholders.

The company contributing right shares should propel a circular to all the accessible shareholders. The circular shall cite about the projected use of supplementary resources and its outcome on the take home competence of the company. The existing shareholders of the company will be given adequate time to work out their right.

Under section 81 of the Companies Act, 1951, the company has to gratify definite conditions to issue right shares.

(i) Right shares should be offered to the existing shareholders in proportion to their existing share-ownership.

(ii) A circular should be issued specifying the number of shares issued.

(iii) Not less than 15 days time should be given to accept the right offer.

(iv) Shareholders should be given the right to renounce the offer in favour of others.

(v) If the right shares are not fully taken up by the existing shareholders, the balance left over may be disposed of in a manner that is most beneficial to the company.

❖ Book Building

SEBI guidelines define book building as “a process undertaken by which a demand for the shares up and the price for the securities is assessed on the basis obtained for the quantity. The process provides an opportunity to the discover price for the securities on of equity shares of a company. The process is named so because it refers to collection of bids after the closing date of the bid.

A company planning an IPO appoints a merchant bank as a book runner. Then the company details related to the issue size, the company’s operating area and business, the promoters. A particular time frame is also fixed as the bidding period. Then the book runner builds as offer are allowed to revise their bids at any time during the bidding period.

At the end of bidding period the order book is closed and consequently the quantum of shares of final price is based on demand at various prices and also involves negotiations. The book runner and the company finalize the pricing and allocation to each syndicate mentioned.

Generally, investors demand shares at various prices and on this basis an offer price is arrived at. Book building records all these demands of the investors and uses them as an essential input for fixing offer price. The following steps are involved in the book building method.

1. The company willing to issue shares informs its merchant banker about the quantum of issue and other pertinent information related to the company.
2. Then, the merchant banker invites the institutional investors and presents the offer of shares. The investors specify the prices at which they are willing to buy. The price is finalized and shares are allotted on the basis of highest price bid. The company can withdraw its issue if the price is too low and not acceptable.

3.5 PARTIES INVOLVED IN THE NEW ISSUE MARKET

In earlier times, the company and its recruits managed the issue of securities. But, in the recent days the rules and regulations are rigorous. Capital market changes its picture according to the circumstances. To make the issue successful support of many agencies are called for. The vital parties involved in the new issue are.

- **Managers to the issue**

To administer the activities relating to the issue, the issuing company appoints the administrators i.e., managers. The proficient to act as managers to the issue are merchant banking division, subsidiary of commercial banks, foreign banks, private banks and private agencies. The below said are the duties performed in common.

(i) Outlining of prospectus,

(ii) Planning budgeted expenses related to the issue,

(iii) Establishing the appropriate timing of the issue and

(iv) Recommending the company on the matters related to the appointment of registrars, underwriters, brokers, bankers to the issue, advertising agencies and the like.

- **Registrar to the issue**

Discussing with the lead managers the Registrars are appointed to the issue. Principles relating to the appointment of registrar are clearly laid down by the Securities Exchange Board of India. Companies having aptitude and proficiency, manpower, infrastructure and capital adequacy are allowed to appoint registrar to the issue. A conciliator who performs all the activities related to the new issue management is none other than a registrar. Habitually, the registrar to the issue performs those function connected with the allotment of securities. The registrar executes the following duties in the time of issue.

(i) The registrars assist in recognizing the collection centers and collecting banker. They entertain share applications from various collection centers.

(ii) They reshuffle valid applications for allotment of securities.

(iii) They move towards the regional stock exchange and conclude the basis of allotment. Then they confirm the allotment of securities on the basis of approval by the stock exchange.

(iv) The registrars assemble for the send out of the share certificate.

(v) The registrars make preparations to shell out the brokerage and underwriting commission.

(vi) They also support the company in receiving the shares listed on the stock exchange.

- **Underwriters**

Underwriting is an indenture in which the underwriter assures subscription to the issue. They may be financial institutions, banks and investment companies.

While employing an underwriter, his financial potency in the primary market, past underwriting performance, outstanding underwriting commitment, investor customers and the like are considered by the issuing company.

After the finality of subscription, the company endows the details of shares, which are not subscribed to the underwriter. He would receive the agreed portion of the shares. If he fails to do so, the company may declare damages from the underwriter for any loss bear by it.

- **Bankers**

The part of bankers in connection with issue is very significant. They gather application money along with application forms. They charge commission in deliberation of the services carried out for the issuing company. If the issue is bulky, more than one banker may be employed. The banker should have branches in those collection centers specified by the Central Government. Bankers may be synchronizing bankers or collecting bankers. Collecting bankers collect subscription, while synchronizing bankers synchronize the collection work. They also keep an eye on the issue and inform to the registrars.

- **Advertising Agencies**

Advertising plays an imperative role in prop up the issue. Hence, selecting an advertising agency, the fitness and the precedent evidence of the agency are the features that are well thought-out before its selection moreover; the timid proposals and anticipated outlay of various agencies are analyzed before opting for one. As a final point, an appropriate advertising agency is selected in discussion with the lead managers to the issue. Advertising agencies accept to give extensive exposure to the issue in the course of media such as newspapers, magazines, billboards, television, radio and the like.

- **Financial Institutions**

Financial institutions too underwrite the issue in India context. They also lengthen term loans to the issuing company. The lead managers send a copy of the prospectus and the projected plan for public issue to the financial institutions. On the might of those documents, the financial institutions consent to underwrite and bestow financial help.

- **Government and Statutory Agencies**

The below said are some significant government and statutory agencies linked to the new issue in the primary market.

(i) Securities Exchange Board of India [SEBI]

(ii) Registrar of Companies

(iii) Reserve Bank of India

(iv) Stock Exchange

(v) Industrial Licensing Authorities and

(vi) Pollution Control Authorities, whose clearance is obtained for the project, is to be stated in the prospectus.

3.6 PRICING OF THE ISSUE

The companies eligible to make public issue can freely price their equity shares or any security convertible at later date into equity shares in the following cases:

- **Public or Rights Issue by Listed Companies**

A listed company whose equity shares are listed on a stock exchange, may freely price its equity shares and any security convertible into equity at a later date, offered through a public or rights issue.

- **Public Issue by Unlisted Companies**

An unlisted company eligible to make a public issue and desirous of getting its securities listed on a recognized stock exchange pursuant to a public issue, may freely price its equity shares or any securities convertible at a later date into equity shares.

- **Infrastructure Company**

An eligible infrastructure company shall be free to price its equity shares, subject to the compliance with the disclosure norms as specified by SEBI from time to time.

- **Initial public Issue by Banks**

The banks (whether public sector or private sector) may freely price their issue of equity shares or any securities convertible at a later date into equity share, subject to approval by the Reserve Bank of India.

3.7 DIFFERENTIAL PRICING

Any unlisted company or a listed company making a public issue of equity shares or securities convertible at a later date into equity shares, may issue such securities to applicants in the firm allotment category at a price different from the price at which the net offer to the public is made, provided that the price at which the security is being offered to the applicants in firm allotment category is higher than the price at which securities are offered to public.

3.8 PRICE BAND

Issuer company can mention a price band of 20 percent (cap in the price band should not be more than 20 percent of the floor price) in the offer documents filed with the Board and actual price can be determined at a later date before filing of the offer document with ROCs.

If the Board of Directors has been authorized to determine the offer price within a specified price band such price shall be determined by a Resolution to be passed by the Board of Directors.

The Lead Merchant Bankers shall ensure that in case of the listed companies, a 48 hours notice of the meeting of the Board of Directors for passing resolution for determination of price is given to the Designated Stock Exchange.

In case of public issue by listed issuer company, issue price or price band may not be disclosed in the draft prospectus filed with the Board.

In case of a rights issue, issue price or price band may not be disclosed in the draft letter of offer filed with the Board. The issue price may be determined anytime before fixation of the record date, in consultation with the Designated Stock Exchange.

The final offer document shall contain only one price and one set of financial projections, if applicable.

3.9 BASIS OF ALLOTMENT

In a public issue of securities, the Executive Director/Managing Director of the Designated Stock Exchange along with the post issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size as fixed and disclosed by the issuer.

- **Reservation for Retail Individual Investor**

The above proportionate allotments of securities in an issue that is oversubscribed shall be subject to the reservation for retail individual investors) as described below:

a. A minimum 50per cent of the net offer of securities to the public shall initially be made available for allotment to retail individual investors, as the case may be.

b. The balance net offer of securities to the public shall be made available for allotment to:

   (i) individual applicants other than retail individual investors, and;

   (ii) other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.

c. The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of the designated stock exchange and the public representative (where applicable) in addition to the lead merchant banker responsible for post issue activities and the Registrar to the Issue. The designated stock exchange shall invite the public representative on a rotation basis from out of the various public representatives on its governing board.

3.10 OTHER RESPONSIBILITIES

The lead merchant banker shall ensure that the dispatch of share certificates/ refund orders and de-mat credit is completed and the allotment and listing documents submitted to the stock exchanges within 2 working days. The post issue lead manager shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within 7 working days of finalization of basis of allotment.

Lead Merchant Banker shall ensure payment of interest to the applicants for delayed dispatch of allotment letters, refund orders, etc. as prescribed in the offer document.

The Post-issue Lead Merchant Banker shall ensure that the dispatch of refund orders/allotment letters /share certificates is done by way of registered post / certificate of posting as may be applicable. (In case of all issues, advertisement giving details relating to oversubscription, basis of allotment, number, value and percentage of all applications received including Applications Supported by Blocked Amount, number, value and percentage of successful allottees for all applications including Applications Supported by Blocked Amount, date of completion of dispatch of refund orders /instructions to Self Certified Syndicate Banks by the registrar, date of despatch of certificates and date of filing of listing application.

Such advertisement shall be released within 10 days from the date of completion of the various activities.

Post-issue Lead merchant banker shall continue to be responsible for post issue activities till the subscribers have received the shares/ debenture certificates or refund of application moneys and the listing agreement is entered into by the issuer company with the stock exchange and listing/ trading permission is obtained.

3.11 APPLICATION SUPPORTED BY BLOCKED AMOUNT (ASBA)

ASBA is an application containing an authorization to block the application money in the bank account, for subscribing to an issue. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his/her application is selected for allotment after the basis of allotment is finalized, or the issue is withdrawn.

3.12 LISTING

Listing means the admission of the security of a public limited company on a recognized stock exchange for trading. After the enactment of Companies

(Amendment) Act, 1988 listing of securities offered to public has become compulsory. Moreover, the SEBI grants permission to the new issue of securities only when they are listed on a recognized stock exchange. Financial institutions also underwrite the issues, which are properly listed. The principal objectives of the listing:

i) To provide marketability, liquidity and transferability of the securities.

ii) To ensure fair dealings in securities

iii) To safeguard the interest of the investors and the general investing public.

- **Listing Procedures**

Listing refers to the securities that are included in the official list of the stock exchange for the purpose of trading. After the issue closes date, the listing will be within 21 days. To do so, the listing companies should comply with the rules laid down by the SEBI.

- **Attaching Listing application and documents**

Any company, which intends to offer its shares to the public, should make an application of the stock exchange where the shares are to be listed. The application for listing should be accompanied by the following documents.

i. Certified copies of Memorandum and Articles of Association, prospectus or statement in lieu of prospectus, director's report, Balance Sheet and agreement with underwriters.

ii. Specimen copies of the share certificate, debenture certificate, letters of allotment, letters of acceptance, letters of renunciation, transfer receipts and renewal receipts.

iii. Particulars regarding capital structure.

iv. A statement showing distribution of shares along with a list of highest 10 holders of each class of security of the company.

v. Particulars regarding dividends and cash bonuses paid in the last ten years.

vi. Details of shares or debentures for which listing is sought.

vii. History of the company is brief since its formation.

- **Scrutiny of listing application**

After receiving the application from the listing company, the stock exchanges scrutinize the application in the following areas.

a. Whether the Articles consist of the following provisions

   i. Use of a common form for transfer

   ii. Fully paid shares should be completely free from lien.

   iii. Calls paid in advance carry only interest but shall no confer a right to receive dividend.

   iv. Unclaimed dividends should not be forfeited before the claims become time barred.

   v. The right to call on shares shall be given only after the necessary sanction by the General Body Meeting.

b. Whether 60 percentage of each class of securities issues were offered to the public for subscription and whether the minimum issued capital was 3 crores.

c. Whether the company is of fair size, has a broad based capital structure and there is sufficient interest in its securities.

- **Listing Agreement**

After the scrutiny of the application, the stock exchange authorities may become satisfied with the particulars of the applications and documents submitted.

If so, they may call upon the company to execute a listing agreement. The agreement covers various aspects pertaining to the issue.

i. Letters of allotment

ii. Share Certificate

iii. Transfer of Shares

iv. Closure of register of members for the purpose of payment of dividend.

v. Issue of bonus and right shares and convertible debentures

vi. Holding of meetings of directors, Director's report, Annual reports, Accounts, Resolutions.

The purpose of these provisions in the listing agreement is to enable the shareholders to know more about the company, which enable them to take a wise decision.

- **Listing Fees**

The Company’s scrip to be traded in the stock exchange the listing company may pay some payment. These payments differ from major stock exchanges to regional stock exchanges. The regional stock exchanges fees are less than the major stock exchanges. The fixation of the fee is based on the company’s equity base.

CHAPTER 4

SECURITIES AND EXCHANGE BOARD OF INDIA : ITS ESTABLISHMENT, FUNCTIONS AND POWERS

This chapter presents the Securities and Exchange Board of India (SEBI). It explains why SEBI was formed, its functions, the Board's management and its powers as regulator of the Indian Capital Market. In general, the chapter evaluates its establishment and performance as the overseer of the Indian Capital Market. Also the last section of the chapter explains the regulations in relation to primary market.

4.1 MAJOR ELEMENTS OF THE PRE-REFORM LEGAL FRAMEWORK

Prior to the liberalization of Indian Capital Market, the following Acts were prevailing:

- **Capital Issues (Control) Act of 1947 (CICA)**

The Capital Issues (Control) Act was designed to check the access of the private sector to capital market. It limited the amount of capital a private company could raise in the capital market. The Controller of Capital Issues (CCI) approved all aspects of private companies' issuances of capital: the instruments, the volumes and the offer price. The price was based on historical earnings, a practice which often resulted in under-pricing of public offerings of equity shares.

- **Chartered Accountants Act of 1949 (CAA)**

The CAA placed governance of the accounting profession, including standards setting and discipline, under the Institute of Chartered Accountants of India (ICAI). However, compliance with the standards was not mandatory, and the ICAI lacked the power to enforce them.

- **Companies Act of 1956**

The Companies Act dealt with issue, allotment, and transfer of securities, and various aspects of company management. It placed responsibility for registration and oversight of all companies, whether closely held or listed and widely traded, under the Department of Company Affairs. The ability to prosecute errant companies for misleading information in their offer documents and other periodic disclosures remained with the Company Law Board, under the Department of Company Affairs.

- **Securities Contracts (Regulation) Act (SCRA) of 1956**

"The SCRA's objective (as stated in its preamble) was "to prevent undesirable transactions in securities by regulating the business of dealing therein." It governed stock exchanges, securities contracts, and listing of securities. It also declared options in securities illegal, and, until 1999, its definition of "securities" was limited to listed stocks and debentures and "exchange" referred only to the "trading floor," without including an electronic trading platform."

- **Unit Trust of India Act (UTI Act) 1963**

"The UTI Act established the Unit Trust of India (UTI), accountable only to the Parliament as a hybrid development bank and mutual fund. It was the first and only mutual fund-like investment available in the Indian capital market throughout the first 40 years of its existence until 1987. The UTI Act, among other things, did not require the investment assets to be valued at market prices, nor mandate portfolio disclosures."

- **Securities Exchange Board of India Act (SEBI) 1992**

"A key element of the reform strategy was building a strong independent market regulator. The SEBI Act, which came into force on January 30, 1992, established the Securities Exchange Board of India (SEBI) as an autonomous body "to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected or incidental thereto." SEBI was given authority to regulate the stock exchanges, stock brokers, share transfer agents, merchant banks, portfolio managers, market intermediaries, collective investment schemes, and primary issues. The SEBI Act granted SEBI licensing, rule making, investigative, and directive powers, and broadly empowered SEBI to achieve its goals by such measures as it sees fit." The Act also enumerated specific regulatory approaches SEBI could take. SEBI was empowered to control entry to the market; monitor market participants; issue regulations and guidelines to establish market standards; prohibit fraudulent and unfair trade practices; regulate substantial acquisitions of shares and takeovers; and to enforce the securities laws. SEBI was formed in 1988, but was not granted the statutory powers described above until speculative price rises in the secondary market made clear the need for a stronger regulator. The impact of the regulations SEBI would subsequently adopt shaped much of the institutional structure of India's capital markets."

"The equity market was high on the reforms agenda after the Scam of 1992.

4.2 THE BIRTH OF SEBI

The Securities and Exchange Board of India (SEBI or the Board) is a watchdog organization, put in place by the Central Government of India to help in the regulatory activities of the Indian Capital Market. In 1988 the Securities and Exchange Board of India (SEBI) was established by the Government of India through an executive legislation, and was subsequently upgraded to a fully autonomous body (a statutory

Board) in the year 1992, with the passing of the Securities and Exchange Board of India Act (SEBI Act) on 30th January.

SEBI's main task is to control the Capital Market's working environment. The concern for Capital Issues was introduced in India for the first time in May, 1943, by a rule framed under the Defence of India Act, 1939. It was in 1947 that the Capital Issues Act was enacted and was further placed permanently on the Statute Book in 1956. The Control of Capital Issues was then administered by the Department of Economic Affairs, Ministry of Finance of the Government of India, with the office of the Controller of Capital Issues taking full responsibilities relating to capital issuing practices.

The main objective of the Control of Capital Issues was to ensure a better and healthier growth of the corporate sector in India, with the participation of the Indian public. This was to ensure that:

a. Investments did not go into wasteful channels, which were not in accordance with investment plans;
b. Companies must have a capital structure, which was very sound and conducive to public interest, and
c. There should be no congestion of offers for public subscription during any season of the year.

Later, researches proved that the above objectives were found insufficient and could not be monitored and malpractices in the Stock Markets were not properly checked. The insufficiency of the Control of Capital Issues Act, 1947, was clearly exhibited during the boom of the late 1980s, when investors were misled by companies presenting rosy richness about the security of their investment. Such promising pictures showed that the investors were going to earn high dividends and capital gains, which turned out to be a farce and many small investors lost the savings of their of their life.

Thus, the late 1980s boom revealed many lapses in the control of the securities markets, in India. There was a growing need to carefully check and control the functioning of the securities markets in order to protect the interest of the investors. With this view in mind the Government of India, through a legislation, formed the Securities and Exchange Board of India, with the main task of promoting a healthy and growth oriented securities market, which could be capable of protecting the interest of the investors. Currently, SEBI takes care of the market development and investor protection in a fair and transparent manner. As a result, the Government of India promoted the practice that the Stock Exchanges should be made liable for their activities and conduct of business in a transparent and effective manner, in the Capital Market. It was found out that a lot of changes and improvements were desired to be brought in. As a result, the SEBI Act, 1992 was enacted and that led to the creation of the Securities and Exchange Board of India. It is a Regulatory Body for the securities market, the Stock Exchanges and related intermediaries are liable to report to it about their activities. The Stock Exchanges were informed to adhere to the rules and regulations and by-laws as designed and developed for implementation from time to time by the Securities and Exchange Board of India.

Now, the Indian Capital Market has only registered Stock Exchanges operating in the Capital Market. Their regulation and recognition is governed under the provisions of the Securities and Contract Act, 1956. There are 24 Regional Stock Exchanges in India. The Bombay Stock.

Exchange (BSE) and the National Stock Exchange (NSE) are the pillars of the Indian Capital Market. A large number of Indian companies are registered with the two major Stock Exchanges. As such, they are the busiest of all the Stock Exchanges in India and recording a daily turnover of over Rs.30,000 crores. The Bombay Stock Exchange (BSE) is 134 years old. It was established in the year 1875. The National Stock Exchange (NSE) is 16 years, having been established in 1993, to support the heavy trading activities which were being handled alone by the Bombay Stock Exchange.

The Act of 1992 created the Board and provided specific guidelines as to the management structure. Section 4 states that 9 persons being Principal Officers should be appointed to man the activities of SEBI. Section 5 states the term of office and the conditions of service of the nine appointed members. The term of office and conditions of service of the Chairperson and the members appointed by the Central Government shall be as prescribed. The appointment can be terminated at any time before the expiry of the prescribed period by giving not less than three months’ notice in writing or three months’ salary and allowances in lieu thereof.

As the members of the management team are appointed by Central Government, they can equally be removed by a Central Government order. Section 6 states that the Central Government shall remove a member from office, if he:

(a) Is, or at any time has been adjudicated as being insolvent;

(b) Is of unsound mind as declared by a competent authority;

(c) Has been convicted of an offence involving moral turpitude;

(d) Has so abused his position as to render his continuation in office detrimental to public interest. No staff shall be removed under this clause, unless he has been given a reasonable opportunity of being heard in the matter.

Since its inception SEBI has been working tirelessly in the securities market and is attending to the fulfillment of its objectives with commendable zeal and dexterity. The improvements in the securities markets like capitalization requirements, margining and the establishment of clearing corporations, have been carefully designed to help the smooth functioning of the market. It has reduced the credit risk and has also reduced market malpractices and other ills. SEBI has introduced comprehensive regulatory measures, prescribed registration norms, the eligibility criteria, the code of obligations and the code of conduct for different intermediaries like, bankers to issues, merchant bankers, brokers and sub-brokers, registrars, portfolio managers, credit rating agencies, underwriters and others. It has framed by-laws, risk identification and risk management systems for clearing houses of Stock Exchanges and surveillance systems which have made dealings in securities both safe and transparent to the end investor. Another significant event was the approval of trading in stock indices, that is, the Nifty and

Sensex. A market Index is a convenient and effective product, because of the following reasons:

- It acts as a barometer for market behaviour;
- It is used to benchmark portfolio performance;
- It is used in derivative instruments like index futures and index options;
- It can be used for passive fund management as in the case of Index Funds.

SEBI is the principal regulator for the securities market in India. It was formed officially by the Government of India in 1992, with the SEBI Act 1992 being passed by the Indian Parliament. It is chaired by C. B. Bhave and has its headquarters in the popular business district of Bandra-Kurla complex in Mumbai. Its operations, nationwide, are supported by its Northern, Eastern, Southern and Western regional offices in New Delhi, Kolkata, Chennai and Ahmedabad.

4.3 ESTABLISHMENT AND INCORPORATION OF THE BOARD

The SEBI Act of 1992, provided for the establishment and incorporation of the Board under the following sections:

Section 3(1), states that with effect from such date as the Central Government may, by notification or appoint, there shall be established, for the purposes of this Act, a Board by the name of the Securities and Exchange Board of India.

Section 3(2), states that the Board shall be a body corporate by the name Securities and Exchange Board of India, having perpetual succession and a common seal, with power subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

Section 3(3), states that the Head Office of the Board shall be at Bombay, Section 3(4), states that the Board may establish offices at other places in India.

The Management of the Board at its Head Quarters is provided under the following sections of the SEBI Act of 1992:

Section 4(1), states that The Board shall consist of nine members, namely:

(a) Chairman;

(b) two members from amongst the officials of the Ministry of the Central Government dealing with Finance and administration of the Companies Act, 1956;

(c) one member from amongst the officials of the Reserve Bank of India;

(d) five other members of whom at least three shall be the whole-time members to be appointed by the central Government.

Section 4(2), states that the general superintendence, direction and management of the affairs of the Board, shall be vested in a Board of members, which may exercise all powers and do all acts and things which may be exercised or done by the Board.

Section 4(3), Serve as otherwise determined by regulations, the Chairman shall also have powers of general superintendence and direction of the affairs of the Board and may also exercise all powers and do all acts and things which may be exercised or done by that Board

.

Section 4(4), The Chairman and members referred to in clauses (a) and (d) of sub-section (1) shall be appointed by the Central Government and the members referred to in clauses (b) and (c) of that sub-section shall be nominated by the Central Government and the Reserve Bank of India respectively.

Section 4(5), The Chairman and the other members referred to in clauses (a) to (d) of sub-section (1) shall be persons of ability, integrity and standing who have shown capacity in dealing with problems relating to the securities market or have special knowledge or experience of the law, finance, economics, accountancy, administration or in any other discipline which, in the opinion of the Central Government, shall be useful to the Board.

The Board has a total of 9 appointed members. The Act of 1992 states that the Board Chairman and the other members shall be persons of ability, integrity and standing who have shown capacity in dealing with problems relating to the Securities Market or have special knowledge or experience in their various fields which in the opinion of the Central Government, shall be useful to the Board. The general superintendence, direction and management of the affairs of the Board are vested in the Board. The Chairman of the Board can exercise all powers of the Board in order to serve the interest of the Board and to offer better protection to the investors.

4.4 FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

SEBI has to be responsive to the needs of three groups, which constitute the market:

(a) the issuers of securities

(b) the investors

(c) the market intermediaries.

SEBI has three functions rolled into one body quasi-legislative, quasi-judicial and quasi-executive. It designs and drafts regulations in its legislative capacity, it conducts investigation and enforcement action in its executive function and it passes rulings and orders in its judicial capacity. Though this makes it very powerful, there is an appeals process to create accountability. There is a Securities Appellate Tribunal which is a three member tribunal and it is presently headed by a former Chief Justice of a High court - Mr. Justice NK Sodhi. A second appeal lies directly to the Supreme Court.

SEBI has enjoyed success as a regulator by pushing systemic reforms aggressively and successively (e.g. the quick movement towards making the markets electronic and paperless rolling settlement on T+2 basis). SEBI has been active in setting up the regulations as required under law.

SEBI has also been instrumental in taking quick and effective steps in the light of the global meltdown and the Satyam fiasco. It had increased the extent and quantity of disclosures to be made by Indian corporate promoters. More recently, in the light of the global meltdown, it liberalised the takeover code to facilitate investments by removing regulatory structures.

Section 11(1) of the SEBI Act 1992 states that Subject to the provisions of this Act,

1. it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.
2. Without prejudice to the generality of the foregoing provisions, the measures referred to therein may provide for:
    1. regulating the business in stock exchanges and any other securities markets;
    2. (i) registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;

       (ii) registering and regulating the working of the depositories, depositories participants, custodians of securities, foreign institutional investors, credit rating agencies and such other intermediaries as the Board may, by notification, specify in this behalf;

3. registering and regulating the working of venture capital funds and collective investment schemes, including mutual funds;
4. promoting and regulating self-regulatory organisations;
5. prohibiting fraudulent and unfair trade practices relating to securities markets;
6. promoting investors' education and training of intermediaries of securities markets;
7. prohibiting insider trading in securities;
8. regulating substantial acquisition of shares and take-over of companies;
9. calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market intermediaries and self- regulatory organizations in the securities market;
    (a) calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board;
10. performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation) Act, 1956(42 of 1956), as may be delegated to it by the Central Government;
11. levying fees or other charges for carrying out the purposes of this section;

12. conducting research for the above purposes;

    (a) calling from or furnishing to any such agencies, as may be specified by the Board, such information as may be considered necessary by it for the efficient discharge of its functions

13. performing such other functions as may be prescribed.

4.5 THE BOARD TO REGULATE OR PROHIBIT ISSUE OF PROSPECTUS, OFFER DOCUMENT OR ADVERTISEMENT SOLICITING MONEY FOR ISSUE OF SECURITIES:

(1) Without prejudice to the provisions of the Companies Act, 1956(1 of 1956), the Board may, for the protection of investors:

(a) specify, by regulations:

(i) the matters relating to the issue of capital, transfer of securities and other matters incidental thereto; and

(ii) the manner in which such matters shall be disclosed by the companies;

(b) by general or special orders:

(i) prohibit any company from issuing prospectus, any offer document, or advertisement soliciting money from the public for the issue of securities;

(ii) specify the conditions subject to which the prospectus, such offer document or advertisement, if not prohibited, may be issued.

(2) Without prejudice to the provisions of section 21 of the Securities Contracts (Regulation) Act, 1956(42 of 1956), the Board may specify the requirements for listing and transfer of securities and other matters incidental thereto.

4.6 THE POWERS OF SEBI

Section 11 of the SEBI Act of 1992 and 2002 specifies that the basic duties of SEBI are to:

(i) Protect the interests of investors in the Securities Market, and

(ii) Promote the development of, and to regulate the Securities Market.

The Act lays down measures which may be taken by SEBI to carefully fulfill its duties. These measures are:

(a) Regulating the business in the Stock Exchanges and any other Securities Markets,

(b) Registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, under writers, portfolio managers, investment advisers and such other intermediaries who may be associated with the Securities Market in any manner.

(c) Registering and regulating the working of depositories participants, custodians of securities, foreign institutional investors, credit rating agencies and such other intermediaries as the Board may, by notification, specify in this behalf.

(d) Registering and regulating the working of Venture Capital Funds and collective investment schemes including Mutual Funds;

(e) Promoting and regulating self-regulatory organisations;

(f) Prohibiting fraudulent and unfair trade practices relating to the Securities Markets;

(g) Promoting investors' education and training of intermediaries of Securities Markets;

(h) Prohibiting insider trading in securities;

(i) Regulating substantial acquisition of shares and take-over of companies;

(j) Calling for information from, undertaking inspection, conducting inquires and audits of the Stock Exchanges, Mutual Funds, market intermediaries, self-regulatory organisations and other persons associated with the Securities Market.

(k) Calling for information and record from any bank or any other authority or Board or corporation established or constituted by or under the Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board, Act 2002 (Amended).

(l) Performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation), Act 1956 as may be delegated to it by the Central Government.

(m) Levying fees or other charges for carrying out the purpose of this section.

(n) Conducting research for the above purposes.

(o) Calling from or furnishing to any agencies, as may be specified by the Board such information as may be considered necessary by it for the efficient discharge of its functions.

(p) Performing such other functions as may be prescribed.

- **Power of Inspection**

Without prejudice to the provisions contained in sub-section 2, the Board may take measures to undertake inspection of any books, or register, or other documents or records of any listed public company or a public company (not being intermediaries) which intends to get its securities listed on any recognized Stock Exchange where the Board has reasonable grounds to believe that such a company has been indulging in insider trading or fraudulent and unfair trade practices relating to the Securities Market.

- **Powers of the Court**

Unless rules are made by the Government, the Securities and Exchange Board of India cannot make its own regulations. This means that its regulations can be challenged in the court of law. This may be in contravention of Section 30 of the SEBI Act which gives powers to the Capital Market regulator to make regulations.

- **Power Regarding the Protection of Investors**

Without prejudice to the provisions of the Companies Act, 1956 (Section 1), the Securities and Exchange Board of India may for the protection of investors:

➢ **Specification by regulations**

(i) The matters relating to issue of capital, transfer of securities and other matters incidental thereto; and

(ii) The manner in which such matters shall be disclosed by the companies;

- **By general or special orders**

(i) It prohibits any company from issuing of prospectus, any offer document, or advertisement soliciting money from the public for the issue of securities;

(ii) It specifies the conditions subject to which the prospectus, such offer document or advertisement, if not prohibited, may be issued.

It states that without prejudice to the provisions of Sect. 21 of the Securities Contracts (Regulations) Act, 1956 the Board may specify the requirements for listing and transfer of securities and other matters incidental thereto.

- **Power to Issue Directions (Section 11B)**

As provided in Section 11, if after making or causing an enquiry to be made, the Board is satisfied that it is necessary:

(i) In the interest of investors, or orderly development of the Securities Market; or

(ii) To prevent the affairs of any intermediary or other persons referred to in Section 12 being conducted in a manner detrimental to the interest of investors or the Securities Market; or

(iii) To secure the proper management of any such intermediary or person, it may issue such directions as :

   (a) To any person or class of persons referred to in Section 12, or associated with the Securities Market, or

(b) To any company in respect of matters specified in Section 11A, as may be appropriate in the interests of investors in securities and the Securities Market.

- **Power to Carry out Investigation (Section 11C)**

As provided in Section 11, where the Board has reasonable ground to believe that:

(a) The transactions in securities are being dealt with in a matter detrimental to the investors or the Securities Market; or

(b) Any intermediary or any person associated with the Securities Market has violated any of the provisions of this Act or the rules of the regulations made or directions issued by the Board there under,

4.7 SEBI EFFORTS TOWARDS INVESTORS' EDUCATION

SEBI is working tirelessly towards the proper education of all the investors. Its task is to make sure that investors are aware of the risks which they are taking when opting to invest in the Indian capital market. SEBI has made a lot of progress in the following areas:

(i) It has launched intensive investor education exercises.

(ii) Help investor in redressal of complaints.

(iii) Disseminates information through its websites.

(iv) Published number of booklets on policy developments for educating the investors.

(v) It distributed booklets titled “A quick reference guide for investor”.

(vi) Issued a series of advertisements/ public issues in national as well as regional newspapers to educate and caution the investor about the risks associated with the collective investment schemes.

(vii) SEBI registered investor associations organized seminars for educating investors on various aspects relating to market. In the reform process it is clearly defined the various authorities that was accountable for and was redressing various kinds of the grievances. Some other steps for investors’ grievances redressed are;

(a) Investor Grievances Cell.

(b) (ii). Investor Protection Fund.

(c) Investor Service Fund.

(d) Complaints with consumer’s disputes redressal forums suits in the court of law.

(e) Investor empowerment: timely available of quality and reliable information increases confidence of the investor. Over the past one decade many regulatory requirements have been imposed on issuers to disclose relevant information to public. Thus investor’s empowerment has become possible.

(f) Transparency: market transparency refer to the ability of market participants to observe information about the trading process. Information can include prices, volumes, sources of order, identification of counter party to trade etc.

(g) Mutual Funds: the period between1987-1992 witnessed the broadening of the base of the industry by the entry of mutual funds sponsored by nationalized banks and public financial institutions. SEBI has been empowered to regulate mutual funds. The SEBI (Mutual Fund) notified regulation in the year 1993, which permitted entry of private mutual funds into the industry, the regulations 1996 cast greater responsibilities on trustees.

4.8 SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000

- **The Applicability of the Guidelines**

The Disclosure and Investor Protection (DIP) Guidelines are applicable to all public issues by listed and unlisted companies, all offer for sale and rights issues by listed companies. Whose equity share capital is listed, except in the case of rights issues where aggregate value of securities offered does not exceed Rs. 50 lakhs. The guidelines apply to the following types of companies:

(a) Public issue by listed companies

(b) Public issue by unlisted companies

(c) Offer for sale by listed and unlisted companies

(d) Rights issues by listed companies of value exceeding 50 lakhs

These guidelines were originally issued by SEBI in June, 1992 under Section 11 of the SEBI Act, 1992 and Fresh Disclosure and Investor Protection (DIP) Guidelines were issued in 2000 and came into effect on 27 January, 2000. The issue of capital by companies is governed by the DIP Guidelines SEBI has always been introducing amendments/clarifications in these guidelines from time to time aiming at stream living the public issue process for the better protection of the investors.

The SEBI guidelines provide norms relating to eligibility for companies issuing securities, pricing of issues, listing requirements, disclosure norms, lock-in-period for promoters' contribution, content of offer documents and pre and post listing obligations, etc.

- **Eligibility norms for companies issuing securities and some of the important conditions for the issue of securities are as under:**

(a) No company shall make any issue of a public issue of securities, unless a draft prospects has been filed with the SEBI, through an eligible Merchant Banker, at least 21 days prior to the filing of the prospectus with the registrar of companies.

(b) No company shall make any issue of securities through a rights issue where the aggregate value of the securities, including a premium, if any exceeds Rs. 50 lakh, unless the letter of offer is filed with the SEBI, through an eligible merchant banker,

at least 21 days prior to the filing of the letter of offer with the Regional Stock Exchange (or a designated Stock Exchange).

(c) The company should not have been debarred from issuing securities by any order or direction of SEBI.

(d) The company shall not make an issue of securities unless it had made an application for listing of these securities in the Stock Exchange(s).

(e) The company shall not make a public or rights issue or an offer for sale of securities unless the company enters into an agreement with a depository for dematerialization of the securities already issued or proposed to be issued to the public or existing shareholders and also gives our option to subscribers/shareholders/investors to receive securities certificates or hold securities in dematerialized form.

  (1) Any unlisted company shall not make any public issue of equity shall shares unless the company has a track record of distributable profits in terms of Section 205 of the companies Act, 1956 for at least three out of the immediate proceeding five years

  (2) A pre-issue net worth of not less than rupees one crore in three out of the proceeding five years, with the minimum net worth to be met during immediately preceding two years.

- **Public Issue by listed companies**

(a) A listed company shall be eligible to make a public issue of equity shares or any securities convertible at a later date into equity shares.

(b) Public issue by listed companies which has changed its name to indicate as if it was engaged in the business/activities in information technology sector during a period of three years prior to filling of the offer document with the SEBI shall be eligible to make a public issue of equity shares or securities convertible at a later date into equity shares, if it has a track record of distributable profits in terms of Section 205 of the companies Act, 1956 for at least three out of the immediate preceding five (5) years from the information technology business/activities

4.9 INFORMATION DISCLOSURE BY ISSUING COMPANIES

The prospectus of a company is the main document that must be made available to investors in good time before an issue is launched. This is of a major concern to companies offering Initial Public Offers (IPO). The contents of a prospectus should be as specified on schedule 11 part 1, 11 and 111 of the Companies Act 1956. It must also contain credit rating information for debentures and preference shareholders. A declaration was also required to be furnished to the effect that all the relevant provision of the Companies Act, 1956 and the guidelines issued by the government had been complied with and that no statement made in the prospectus was contrary to the Act and Rules made therein.

Where mutual funds and collective investment scheme prepare offer documents, such documents must be prepared to contain SEBI's regulations on mutual funds and collective investment scheme.

The following are the brief contents of a prospectus:

(a) General Information

(i) Name and registered office of the company

(ii) Name of the Stock Exchanges where listing is proposed

(iii) Minimum subscription

(iv) Statement about the refund of application money.

(v) Date of opening, closing of the issue.

(vi) Name and address of the auditors and lead managers

(vii) Details of credit rating information

(viii) Details of underwriting of the issue

(b) The capital structure of the company like - authorized paid up, pre-issued and post-issued capital.

(c) Terms of Present Issue

(d) Particulars of issue like object, project cost and the mode of finance

(e) Company Management

(i) History and main objects of present business

(ii) Subsidiary company if any

(iii) Promoters and their background details

(iv) Details of Manager, Managing Director and Director.

(v) Location of Project

(vi) Place and Machinery, Technology and Process

(vii) Infrastructure facilities like raw materials utilities, water and electricity

(viii) Schedule of project

(ix) Further prospects

(f) Outstanding litigation

(g) Risk Factors and Management Perception

Note – SEBI is the principal organization charged with the task to regulate the working of Issuing Companies, Consultants, Issuers Printers, Lawyers, Merchant Bankers, Advisor to the Issue, Underwriter, Brokers and Sub-brokers, Registrar to the Issue, Depositories, Depository, Bankers and The Investors.

Thus, SEBI is at the helm of the affairs taking charge and supervision of all the Securities Market participants in order to protect the interest of the investors.

4.10 SEBI AND PUBLIC ISSUE

Any company or a listed company making a public issue or a rights issue of value of more than Rs 50 lakhs is required to file a draft offer document with SEBI for its observations. The company can proceed further only after getting observations from SEBI. The company has to open its issue within three months from the date of SEBI's observation letter.

Through public issues, SEBI has laid down eligibility norms for entities accessing the primary market. The entry norms are only for companies making a public issue (IPO or FPO) and not for listed company making a rights issue.

The entry norms are as follows

- **Entry Norm I (EN I)**: The company shall meet the following requirements

Net Tangible Assets of at least Rs. 3 crores for 3 full years.

- Distributable profits in atleast three years.
- Net worth of at least Rs. 1 crore in three years.
- If change in name, atleast 50% revenue for preceding 1 year should be from the new activity.
- The issue size does not exceed 5 times the pre- issue net worth.
- SEBI has provided two other alternative routes to company not satisfying any of the above conditions to provide sufficient flexibility and also to ensure that genuine companies do not suffer on account of rigidity of the parameters, for accessing the primary Market.

- **Entry Norm II (EN II)**

- Issue shall be through book building route, with at least 50% to be mandatory allotted to the Qualified Institutional Buyers (QIBs).
- The minimum post-issue face value capital shall be Rs. 10 crore or there shall be a compulsory market-making for at least 2 years.

OR

- **Entry Norm III (EN III)**

- The "project" is appraised and participated to the extent of 15% by FIs/Scheduled Commercial Banks of which at least 10% comes from the appraiser(s).

- The minimum post-issue face value capital shall be Rs. 10 crore or there shall be a compulsory market-making for at least 2 years.

  Note :- The company should also satisfy the criteria of having at least 1000 prospective allotees.

- **The following are exempted from the ENs**
- Private Sector Banks
- Public sector banks
- An infrastructure company whose project has been appraised by a PFI or IDFC or IL&FS or a bank which was earlier a PFI and not less than 5% of the project cost is financed by any of these institutions.
- Rights issue by a listed company

The discussions have provided an explicit idea of the work SEBI has been during as a capital market regulator. It is evident that SEBI has brought in a lot of reforms, hence stabilizing the capital market and providing it with the great reputation it has now.

4.11 PRIMARY MARKET REFORMS

"If investors are still wary of equities in the 1990s, to blame are the excesses in the primary market in the 1990s. Of the thousands of IPOs (initial public offerings) and offers for sale made between 1994 and 1996, less than a hundred were from companies with track record. Even in this shortlist, only a few managed to complete planned projects and deliver value to investors. The rest just frittered the money away. This should occasion no surprise as the primary market of the mid-1990s was merely used as a channel to move public funds into private hands. The Securities and Exchange Board of India (SEBI) was late to wake up to the excesses, but when it did, it improved the disclosure framework, tightened the prerequisites for an IPO, and towards the end of the decade, introduced book-building. This route brought to market quality, wealth-creating IPOs such as Hughes Software, l-flex solutions, Maruti, Bharti Tele-Ventures, TV Today and Divi's Labs, Coal India Ltd, ONGC Ltd, ICICI Bank Ltd to name a few. Yet the corporate sector has still not fully lived down the consequences of the excesses of the mid-1990s."

Table 4.1 - Qualitative Comparison of Indian Securities Markets 1992-2010

Features	**Description**	
	1992	**2010**
Regulation	Information disclosures in Indian Companies Act, Issue provisions in Capital Issues (Control) Act, Trading regulations in Securities Contract	Securities Contract Regulation Act is administered by SEBI. SEBI has a range of regulations covering various aspects of the capital markets
Regulator	Central Government Departments	SEBI
Capital Market Access by Companies	Controlled by CCI	Free access subject to compliance with Disclosure and investor protection guidelines of SEBI

Organization of exchanges	Association of persons With limited or unlimited liability	Corporate structure
Management of exchanges	Boards made up of members and few public representatives	Demutualised format with management that is independent of membership
Membership pattern of exchanges	Dominated by individuals who inherit memberships	Increased share of institutional members. Membership on the basis of capital adequacy requirements
Pricing of issues	Determined by CCI	Determined by the market forces. Book building process with red herring prospectus
Issue Process	Limited institutional participation. Retail distribution by brokers and	Separate subscriptions by institutional and retail investors
Trading mechanism	Floor based open outcry system	Screen based electronic open order book
Trading hours	11 am to 2 pm	9 am to 3.30 pm
Execution of trades	Through market makers	On-line anonymous execution
Concentration of trades	BSE and Mumbai	Wider geographical spread of trading. Dominated by NSE terminals

Access to markets	Through broker offices and telephone Internet Access to broker networks	Through broker offices and telephone, Internet Access to broker networks
Price information	Electronic display within exchanges. End of day prices published	Real time dissemination of prices through multiple electronic and media channels
Brokerage	Included and grossed into price (gala). Estimated at 3.5% -4%	Separately disclosed. Estimated at 0.50% for retail 0.10% for institutional investors
Settlement of trades	Batch settlement. 15-day account periods. Settlement cycle completion in 21 days.	Rolling Settlement. T+2 cycles
Custody of Securities	Physical holding in lockers	Electronic holding with custodians
Trade confirmation and pay	Bilateral end-of-batch process.	Straight through processing and electronic confirmation of pay-in and pay-out
Payment mechanism	Cheques	Electronic Fund Transfer
Delivery of securities	Physical form	Demat form

Transfer of ownership in books	Executed through physical transfer of documents, along with transfer deeds	Executed through Demat accounts implemented electronically
Counter party risk	High. Incidence of bad delivery and fraudulent transfer high.	Eliminated through Clearing corporation and settlement guarantee funds.
Derivatives	Forward trading in indigenous form, known as badla. Counter party risk high due to low levels of	Futures and options in securities and index. Clearing corporation eliminated counterparty risk.
Risk Management	Ad hoc margining system imposed by exchanges	VaR based margins computed using risk management systems, multiple times of the Day

4.12 REGULATION OF PRIMARY MARKET AND MARKET ACCESS

There are twelve important aspects to SEBI's regulation of primary markets. These are (i) Criteria for issuance of securities to the public (ii) Disclosure requirements (iii) Alignment of economic interests of owner managers and outside shareholders (iv) Issuance process covering the pricing / price discovery mechanism, distribution of application forms, collection of subscriptions monies, allotment of securities and refunds in the case of applicants who did not receive allotments and timeline and procedure for allotment (v) Post issue servicing of investors and applicants (vi)

Preferential allotments at or prior to the public issue to select groups of shareholders, if any, and allotment of shares to an employee share purchase plan or employee stock option plan (vii) Listing obligations and (viii) Minimum dilution to qualify for listing. (ix) Green shoe options (x) Issuance of debt (xi) Issuance of securities by foreign issuers in the form of Indian Depository Receipts or IDRs, for short; and (xii) Private placement of securities. (This list is not in the order of the relative importance of the aspects.) SEBI's strengthening of the disclosure requirements for a public offering is reviewed under Disclosure related developments. The specifics of the other aspects are far too involved to be discussed in any detail in this paper. It is however necessary to point out the following:

- SEBI restricts issuance of equity and convertible securities to certain companies who qualify in terms of criteria of size and profitability which are presumably intended as a proxy for firm quality.
- SEBI allows free pricing of securities except in the case of private placements by listed companies, where shares may be issued at a price that is linked to the market price according to the SEBI formulation, and in the case of pricing of preferential allotments to select categories of shareholders.
- There appear to be other instances of micro-management too as with the lockin of owner-managers' equity and the extent of dilution, the impact of which has not been empirically tested.
- An interesting feature of the regulation of the primary market is the regulatory strategy adopted by SEBI. Issuance activity is governed through the provisions in the DIPG. The incentives for compliance with the same are contained in the regulations governing the individual categories of intermediaries who participate

in the primary market such as the merchant bankers, registrars to an issue, bankers to the issue and so on, who manage the issue process.

The activity on the primary market is thus regulated through a web of contracts that are intended to mitigate the various sources of potential market failure in the primary market.

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

Methodology is the key aspect which governs the outcome of the research. It encompasses and directs the researcher to conduct the research in a systematic process which ensures and facilitates the accuracy of the outcomes. It deals with the data collected for the study, sources of data, sampling plan of the study, population of the study, location of the research, instrument used to collect data, method of collecting data, analysis and interpretation of the collected data with different statistical tools in order to find out the strength of the collected data and limitations of the study.

5.2 DEFINITION OF RESEARCH PROBLEM

There is a thriving market for public issues in India. The instruments commonly offered are equity, debentures, and a variety of convertibles including debentures bundled with warrants. Public issues are made by both private and public sector companies. Unlike many other countries, where issues are privately placed, public issues in India are directly marketed to retail investors all over the country. In this study, a holistic and strategic aspect of Public Issue is being presented which is not only beneficial for the present but also will be useful for future investors. Also The developments that took place in the stock markets in India during the 1980's boom and the mega issues during that period took the investors for a ride. Companies raised over Rs. 12,000 crores from the public during that period and in many cases the investors were cheated by presenting rosy pictures about the security of investments, high dividends and capital appreciation which were not actually true. In view of the above, SEBI (Securities and Exchange Board of India) was initially constituted on 12 April, 1988 as a non-statutory body through a resolution of the government for dealing with all matters relating to development and regulation of securities market and investor protection and to advise the government on all these matters. Further, on May 29, 1992 the government issued an ordinance abolishing the Capital Issues Control Act, 1947. Accordingly, SEBI has been set up under the SEBI Act, 1992. The main purpose of the SEBI Act is to provide for the establishment of a board called Securities and Exchange Board of India. The purpose of the board as laid down in its preamble is as follows:

- To protect the interests of investors in securities.
- To promote the development of the securities market.
- To regulate the securities market; and
- For matters connected there with or incidental there to.

SEBl is regulating the stock market since its introduction in April, 1988. After reviewing the literature available on the current topic it is observed that there is none of the study conducted on same topic. It is further observed that there is research gap in the available studies. The present study is an attempt to bridge the research gap and to assess the impact of SEBI on Public issues in present scenerio.

5.3 OBJECTIVES OF THE STUDY

In this chapter, the focus is on the way this project has been carried out. The research methodology starts by presenting the objectives of this study. The study has been undertaken to fulfill the following objectives:

- To study the holistic and strategic aspects involved in Public Issues.
- To critically examine SEBI & its regulations with special reference to Public Issues.
- To enhance our understanding for Risk and Return related to Public Issues.
- To analyze the changing trends in investment strategy for Public Issues.

5.4 HYPOTHESIS FOR THE STUDY

The hypothesis of this study will help investors to decide whether the primary market is a secured place for their investment or not under the umbrella of SEBI. The hypothesis when tested will reveal to investors whether the watchdog organization SEBI is offering them the protection they need or not. The hypothesis of this study therefore can be stated as follows:

First Hypothesis:

- **Null Hypothesis (H_0):** The Rules and Regulations framed by SEBI in respect to Public Issues are insignificant on retail investors.
- **Alternative Hypothesis (H_1):** The Rules and Regulations framed by SEBI in respect to Public Issues have significant effect on retail investors.

Second Hypothesis:

- **Null Hypothesis (H_0):** The regulatory actions taken by SEBI are insignificantly correlated to the change in volume of resource mobilized in the form of Public Issues.
- **Alternative Hypothesis (H_1):** The regulatory actions taken by SEBI are significantly correlated to the change in volume of resource mobilized in the form of public issues.

5.5 PERIOD OF STUDY

The period selected for the study contains ten years starting from 2001 to 2010. During this period Indian financial market has witnessed several remarkable changes as far as Public Issues are concerned during this period many rules and regulations have been formed by SEBI to make this field of investment crystal clear. Study deeply looks in to different factors leading the comprehensive change in Investment strategy towards Public Issues, the reason behind it is SEBI's performance and its impact.

5.6 RESEARCH DESIGN

The research is basically descriptive in nature, since it carefully describes as well as quantifies the information presented in this study. It provides a detailed study and critical review Primary Market in India. The entire regulatory and empirical framework of the Securities and Exchange Board of India has been studied thoroughly. The basic methodology is presented in a framework that provides a structure for the nature of the analysis for a careful assessment of the implications of the Securities and Exchange Board of India’s regulatory policies towards the Primary Market.

5.7 DATA COLLECTION

The data for this study were collected from both primary and secondary sources. The data from both these sources were as detailed in the following paragraphs:

5.7.1 Secondary Data

The data for this study was collected from both the primary and secondary sources. The secondary sources of data are the websites, books, journals, newspapers, magazines, Stock Exchanges progress reports, selected companies’ reports, Securities and Exchange Board of India’s reports and other reference material, etc.

For the analysis regarding Objective three i.e. “To enhance our understanding for Risk and Return related to Public Issues”, Initial Public Offerings

(IPOs) for the period of ten years i.e. from 2001 to 2010 have been selected. But during this selection, it was witnessed that the number of IPOs during the said period were around 400 in number. So in consideration with the objective, Out of the total number of IPOs of each Year, IPO from each month has been selected to calculate the Return & Risk for their post-issue time period of Three Weeks. Then, a total of 73 IPOs have been selected for the analysis.

The Daily Prices of the selected stocks have been collected from the official website of Bombay Stock Exchange i.e. www.bseindia.com.

5.7.2 Primary Data

The questionnaire method was used to collect the primary data. The primary data was collected in order to find out the opinions of the different interest groups, that is, mainly the retail investors and Capital Market Intermediaries. For this purpose a convenience sampling design was used.

5.8 Sampling Design

A convenience sampling procedure was used for this study. The process was to sample the opinion of the retail investors and Capital Market Intermediaries on the services of SEBI in the Indian Primary Market.

The sampling population constitutes all the the retail investors and Capital Market Intermediaries in the Indian Capital Market. The universe for the study is Lucknow (UP).

The primary data sample size was 400 for retail investors and 100 for Capital Market intermediaries.

The retail investors and Capital Market intermediaries are distributed as follows:

- Retail investors - 400
- Capital Market intermediaries - 100

5.9 THE RESEARCH VEHICLE

The two questionnaires (see Appendix I) used for the collection of primary data were carefully administered personally. The retail investors were located at the Brokers' investors' room where the retail investors always gather to discuss their investments and also monitor market movements through the visual display unit placed in the investors' room. All capital market information is relayed to this room from the Bombay Stock Exchange and the National Stock Exchange, showing what was happening to investments via the movements in the Sensex and Nifty indices. The questionnaire 2 for Capital Market Intermediaries was delivered on an office to office basis.

5.10 DATA ANALYSIS AND PRESENTATION

Ms- Excel Sheets are used in analyzing the secondary data into information. Presentation is provided in the form of tables, appropriate diagrams and graphs. The Daily Prices of the selected stocks have been collected from the official website of Bombay Stock Exchange i.e. www.bseindia.com. Also the annual reports of SEBI have also been referred for data collection regarding Public Issues during the selected time period from 2001 to 2010. The data was first prepared into percentage returns by using ratio analysis. The final figures obtained from these processes are returns. The returns were used for the calculation of the risk level prevailing in the companies, hence, in the Securities Market.

The formula used for calculating Return is as follows:

$$\text{First Week Return} = \frac{\text{Price at the end of post listing week} - \text{Price on the listing day}}{\text{Price on the listing day}} \times 100$$

Likewise the Second & Third Week Returns have been calculated.

And the formula used for calculating Risk is :

The weekly fluctuations in the daily return of the newly listed shares were studied with the help of the standard deviation (σ).

$$\sigma = \text{SQRT}\ [\ (X - \overline{X})^2 / \text{n-1}]$$

Where

X = variable

n = number of observation

The primary data was carefully analysed using tables, appropriate diagrams and graphs. Percentages are used for analysis as well as scaling measurements.

Interpretations were derived and presented as follows:

(i) For primary data, two questionnaires were used for the collection of data which was processed and presented in the form of tables, figures - pie charts, frequency distribution and bar charts.

(ii) For secondary data, it was collected from SEBI annual reports and processed with the help of the following tools: - mean returns, standard deviation for required returns.

5.11 HYPOTHESIS TESTING

The first hypothesis outlined in this study was tested by using the help of the Chi Square Test . It can be calculated using the following formula:

$$\chi^2 = \sum [(O-E)^2/E]$$

where χ= Chi square Value

O= Observed Value

E= Expected Value

Level of Significance selected was at 95% i.e. 0.05.

Whereas the second hypothesis had been tested by calculating the Correlation between the variables i.e. the number of regulatory actions taken by SEBI annually and the yearly public issue resource mobilization.

Here the Variable X= Number of Regulatory actions taken by SEBI

And Variable Y = Resource mobilization through Public Issues

Correlation Coefficient= SQRT $(\sum(X-\overline{X})*(Y-\overline{Y}) / \sum(X-\overline{X})^2*\sum(Y-\overline{Y})^2)$

5.12 LIMITATIONS OF THE STUDY

The following are limitations of the Study:

1. The study attempts to generalize the work done by SEBI as seen from its perspective to the whole of the Primary Market in India.

2. The study is based only on those companies with complete data for the period 2001 to 2010.

3. Time and resources were the major constraints on this study; hence the study is confined to the Uttar Pradesh and the findings are then generalized nationally.

4. The primary data for market intermediaries and investors is collected from one investment zone.

5. The sample size may be small, but it is representative.

CHAPTER 6

DATA ANALYSIS AND INTERPRETATION

In this chapter, an attempt has been made to find the solutions to the objectives of the study. Here, both the primary and the secondary data collected are being analysed. The primary data has been collected through two questionnaires which was then coded, complied and then tabulated with the help of Ms Excel. Also the secondary data being collected through different sources and then complied and tabulated in the required format with the help of Ms Excel. So the data analysis has been done in order of the objectives of the study.

6.1 ANALYSIS FOR OBJECTIVE ONE

"To study the holistic and strategic aspects involved in Public Issues"

To find out the solution to this objective, an extensive literature review has been made to know the different aspects related to Public Issues, from which it was extracted that Public issues are of Three types, which are as follows:(Fig. 6.1)

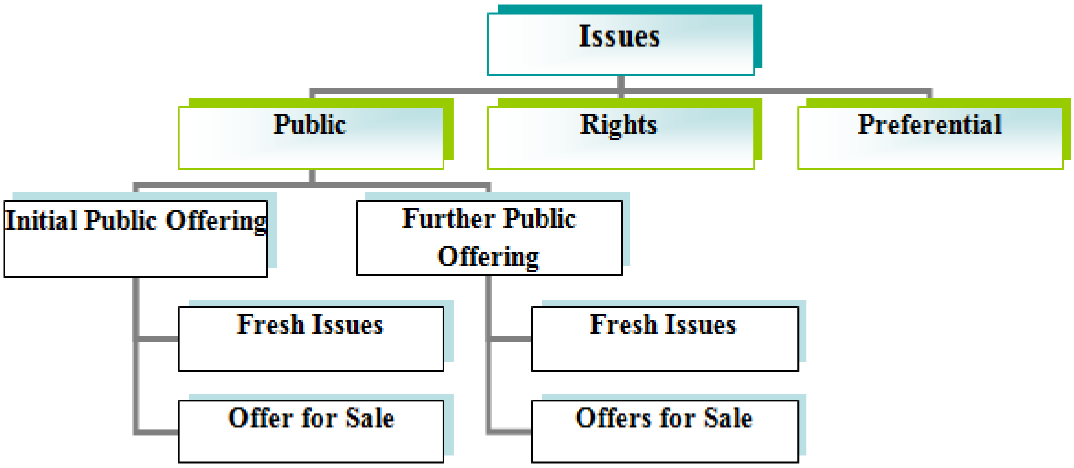

Fig 6.1: Kinds of Issue (Source: Shukla J (2017))

Public issues can be classified into 3 types:

- **Initial Public Offering (IPO)**

Fresh issue of shares or selling existing securities by an unlisted company for the first time is known as IPO. Listing and trading of securities of a company takes place in IPO.

- **Rights Issue**

Rights issue is when the listed company issues new securities and provides special rights to its existing shareholders for buying the securities before issuing it to public. The rights are issued on a particular ratio based on the number of securities currently held by the share holder.

➢ Preferential Issue

It is the fresh issue of securities and shares by listed company. It is called as preferential as the shareholders with preferential shares get the preference when it comes to dividend disbursement.

Also it was found that the following parties are Involved in the New Issue Market. By the establishment of SEBI as a regulatory body for the Capital Market, the rules and regulations are rigorous. To make the issue successful support of many agencies are called for. The vital parties involved in the new issue are.

- Managers to the issue
- Registrar to the issue
- Underwriters
- Bankers
- Advertising Agencies
- Financial Institutions
- Government and Statutory Agencies

The below said are some significant government and statutory agencies linked to the new issue in the primary market.

(i) Securities Exchange Board of India [SEBI]

(ii) Registrar of Companies

(iii) Reserve Bank of India

(iv) Stock Exchange

(v) Industrial Licensing Authorities and

(vi) Pollution Control Authorities, whose clearance is obtained for the project, is to be stated in the prospectus.

The Listing requirements, the price band and the listing process has been clearly explained the Chapter 3.

From 2001 to 2010, in the period of 10 years, the Indian primary Market witnessed a considerable increase in the resource mobilization by the Public issues. The volume of the funds raised through the number of new issues and premium on shares have increased over these years. The number of issues and the funds mobilized through the public issues during the period 2001-2010 are given in Table 6.1.

Table6.1 Number of Issues & Fund Mobilized during 2001-2010

Year	No. of Issues	Total Fund	Year	No. of Issues	Total Fund
2001-02	35	7543.58	**2006-07**	124	33508
2002-03	26	4070.29	**2007-08**	124	87029
2003-04	57	23271	**2008-09**	47	16220
2004-05	60	28256	**2009-10**	76	57555
2005-06	139	27382	**2010-11**	91	67609
			Total	779	352443.87

Source: SEBI Annual Reports 2001- 2010

Table 6.1 reveals that the fund mobilized through the initial public offer was the highest in the year 2007-08 whereas it was dismal in the year 2002-03.The number of issues steadily increased from 57 in 2003-04 to 139 in 2005-06. But with 124 issues only 33508 crore was raised during 2006-07 whereas it crossed around 67609 crore with 91 issues in the year 2010-11.

There was a slide in the year 2001-02 and 2002-03. Only a few issues floated during this year. Paucity of new issues entering the market and fading the investors' interest continued to characterize the market during 2002-03. The bulk of resources mobilized through the public issues in the market in 2002-03 were made by banks and financial institutions. Prompted by the secondary market positive response to banking sector, banks floated equity issues. Resources mobilization from the initial public offer through public issues increased by 160 per cent to 33508 crore during the year 2006-07 compared to the previous year 2005-06. Many mega issues were floated during this year. The market then flourished in the year 2004-05 and reached the zenith in the year 2007-08. There were 31 mega issues in 2007-08. The largest issue during 2007-08 was State Bank of India (16,736 crore). The other large issues include Reliance Power Ltd.(11,563 crore) and ICICI Bank Ltd (10,063 crore) which were the largest IPO and FPO, respectively during the year. The total amount mobilized during 2001 to 2010 is presented in the figure 6.2

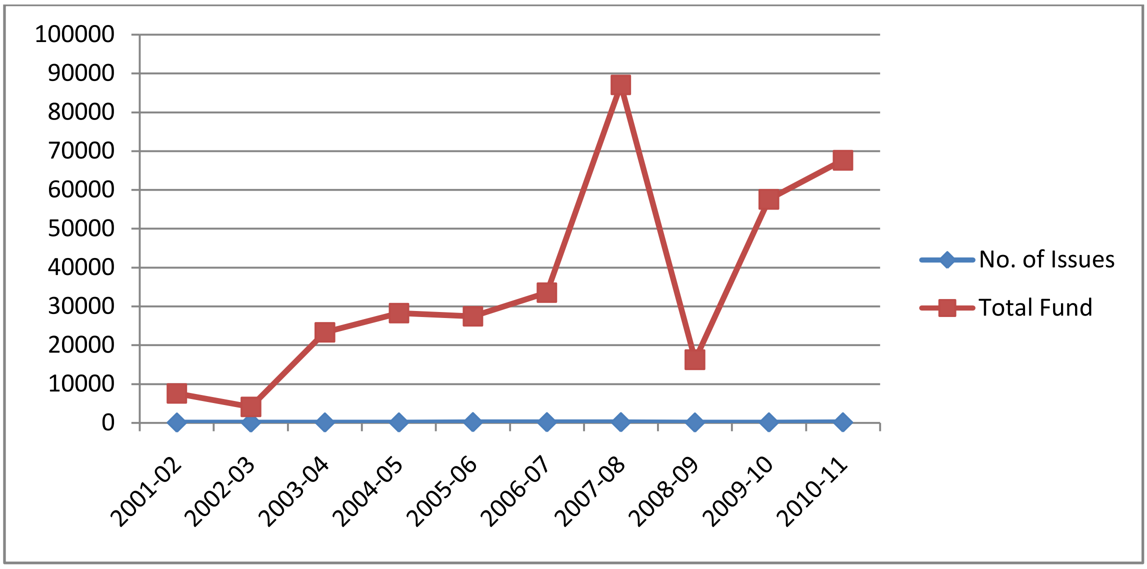

Fig 6.2 Total Amount Mobilized (public issue) during 2001-2010

To analyze the data, the study period was divided into two sub-periods i.e. 2001-2005 and 2006-2010. The average funds raised in the two sub-periods are given in Table 6.2.

Table6.2 Descriptive Statistics for Fund Mobilisation

Period	Mean	SD
2001-2005	18104.6	11448.9
2006-2010	52384.2	27941.7

The summary statistics reveals that an average of 18104.6 crore was raised during 2001 - 2005. In the second period the average amount raised through the issues was higher than the amount of the previous period. Likewise the value of the standard deviation was also high.

The average numbers of issues floated in the sub-periods are given in Table 6.3.

Table 6.3 Descriptive Statistics for Number of Public Issues

Period	Mean	SD
2001-2005	63	45
2006-2010	92	33

The Table 6.3 shows that the average number of issues floated during 2006 - 2010 is greater than the average number of issues floated during 2001 - 2005. The volatility of the number of issues floated during the second period (33) is less than the first period. Most of them were mega issues compared to that of the first period. In the first period, many small and medium companies accessed the market to raise the capital.

6.1.1 Category-wise Resources Mobilized

All public offers are made by prospectus. In this case, the form of application has to be accompanied by the statement or memorandum of prospectus. Besides, the abridged prospectus has to be supplied by the company or merchant banker or request, and even unabridged prospectus has to be supplied to members as per the latest guidelines. Right issue is a method of raising funds in the market by an existing company. Right shares are offered to the existing shareholders in a particular proportion to their existing share ownership. The ratios in which the new shares are offered to the existing share capital depend upon the requirement of capital. The rights themselves are transferable and saleable in the market.

Section 81, of the Companies Act deals with the rights issue. According to this section, where either a company increases its subscribed capital by the issue of new share after two years of its formation or after one year of its first issue of share whichever is earlier, these have to be first offered to the existing shareholders with the right to reserve them in favour of a nominee. The minimum cost of issue (with the absence of underwriting commission, advertising and printing expenses) equitable distribution of shares to all existing shareholders and prevention for issue and transfer of shares by directors to their personally interested circles are the chief merits of this type of issue. Table 6.4 gives the details of the nature of issues. Public issues here mean IPOs and follow on offers.

Table6.4 : Category-wise Resources Mobilized

Year	Particulars	Public Issue (I+II)	IPO (I)	LISTED (II)	RI	Total
2001-02	Number	20	07	13	15	**35**
	Amount	6501.81	1202	5299.81	1041.26	**7543.08**
2002-03	Number	14	6	8	12	**26**
	Amount	3639	1039	2600	432	**4071**
2003-04	Number	35	14	21	22	**57**
	Amount	22265	1412	20854	1006	**23271**
2004-05	Number	34	23	11	26	**60**
	Amount	24640	12382	12258	3616	**28256**
2005-06	Number	103	79	24	36	**139**
	Amount	23294	10936	12358	4088	**27382**
2006-07	Number	85	77	8	39	**124**
	Amount	29797	28504	1293	3711	**33508**
2007-08	Number	92	85	7	32	**124**
	Amount	54511	42595	11916	32518	**87029**
2008-09	Number	22	22	0	25	**47**
	Amount	3583	3583	0	12637	**16220**
						Contd......

						Table 6.4 contd.
2009-10	Number	47	42	5	29	**76**
	Amount	49236	27196	20041	8319	**57555**
2010-11	Number	68	63	5	23	**91**
	Amount	58105	45110	13095	9503	**67608**

Source: SEBI Annual Reports 2001-2010

From Table 6.4 it is clear that the amount raised through the public issue is larger than the right issues. The reason behind it is that all the companies cannot go for right issue, because the issue price must be lower than the public issue so the amount expected by the company will also be low. Secondly the right issue is a time consuming procedure.

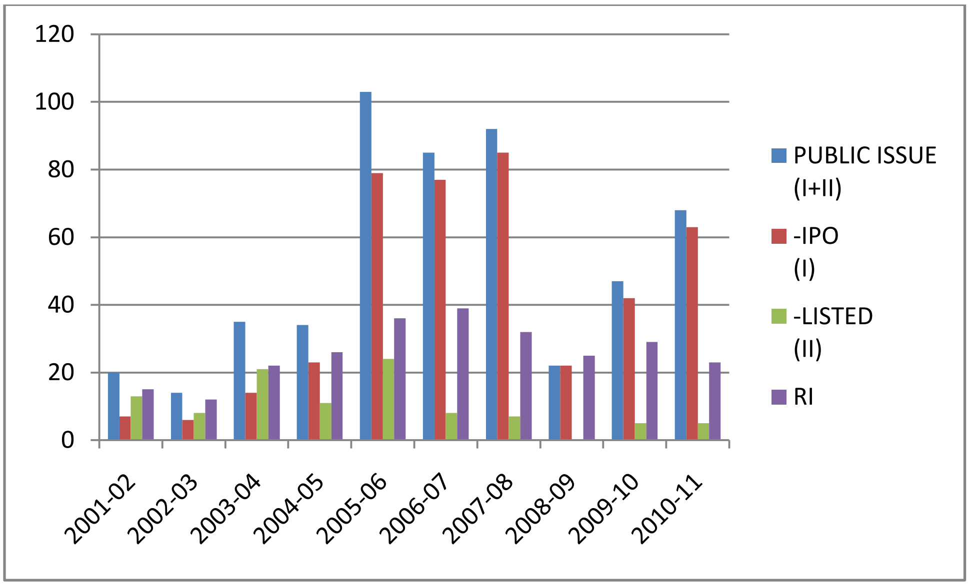

Fig 6.3-Category wise Number of Public issues form 2001-2010

The public issue category was at the top with 82 per cent of the public issues in 2001 -02and was only in the decreasing trend till 2002-08. Resource mobilized through the public issue from 2001-02 was in the increasing trend from 2003 to 2008.

Later from 2009-10 again more funds were mobilized through public issues than right issues.

The resource mobilized through the right issue is less than that of the public issue both issue wise and resource wise except in the year 2008-09. The American federal rate decreased in the mid of the 2008-09 financial year and the world stock market was totally affected by the global financial crisis. During that time, many companies did not go for a public issue, even if went there was no proper response in the stock market. Hence, the right issues dominated only in the year 2008-09.

The response to public issue was good in the year 2007-08. During 2007-08, there 32 mega issues (3000 million and above), the largest issue being the right issue (fast track) of State Bank of India (167360 million) followed by Reliance Power (115630) million and follow on offer on offer of ICICI bank of 106630 million. Maximum amount of was collected in 2010-11.

6.1.2 Private Placement

Under this method, the issue houses or brokers buy the securities by outright purchase with the intention of placing them with their clients afterwards. Here the brokers act as almost wholesalers selling them in retail to the public. The broker makes profit in the process of reselling to the public. The issue houses or brokers maintain their own list of clients and through customer contact, sell the securities. Timing of issue is important for successful floatation of shares. In a depressed market conditions when the issues are not likely to get public response through prospectus, private placement method is a useful method of floatation of shares and this method is suitable when small companies issue their shares.

The securities are not widely distributed to the large section of investors while selected group of investors are able to buy a large number of shares and get majority holding in a company. The promoters sell the shares to their friends, relatives and well-wishers to get minimum subscription, which is a precondition for issue of shares to the public.

Table6.5: Sector Wise Public Issue for 2001-2010

Year	Sector	Private	Public	Joint	Total
2001-02	**Number**	30	5	0	**35**
	Amount	660	941	0	**1601**
2002-03	**Number**	17	8	1	**26**
	Amount	1896	2173	2	**4071**
2003-04	**Number**	41	15	1	**57**
	Amount	3756	18522	993	**23271**
2004-05	**Number**	55	5	60	**120**
	Amount	17162	11094	28256	**56512**
2005-06	**Number**	131	8	139	**278**
	Amount	20199	7183	27382	**54764**
2006-07	**Number**	122	2	124	**248**
	Amount	31728	1719	33508	**66955**
2007-08	**Number**	120	4	124	**248**
	Amount	67311	19718	87029	**174058**
2008-09	**Number**	47	0	47	**94**
	Amount	16220	0	16220	**32440**
2009-10	**Number**	70	6	76	**152**
	Amount	26438	31117	57555	**115110**
2010-11	**Number**	77	14	91	**182**
	Amount	29385	38223	67607	**135215**

Source: SEBI Annual Reports 2001-2010

The money raised by public sector was greater than the private sector up to 2005-06. Afterwards except in the years 2009-10 and 2010-11 private sectors dominated the scene. The number of issues was higher in the private sector than the public sector during the study period.

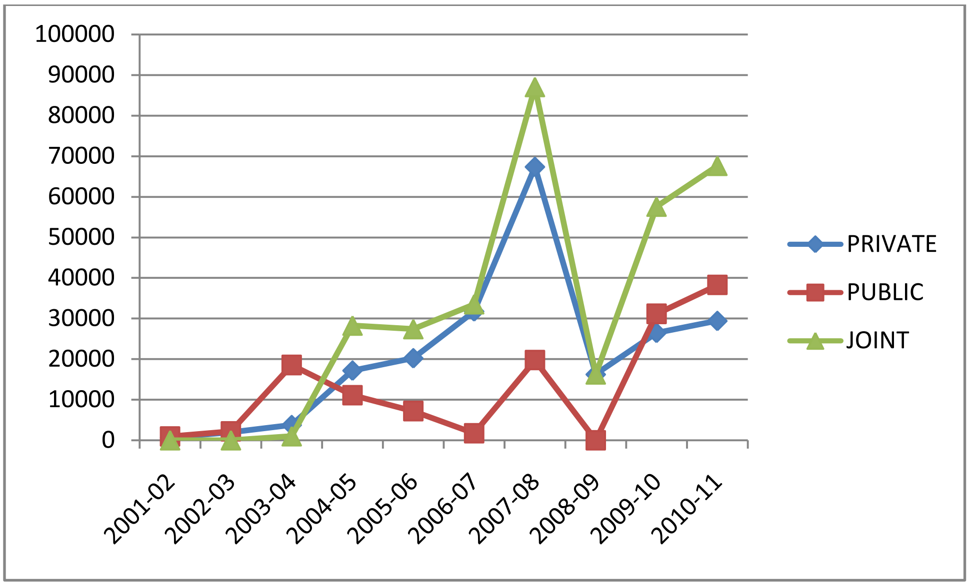

Fig6.4 : Resource Mobilized Through Private Placement by Private, Public and Joint Sectors

From Figure it can be concluded that the year 2007-08 witnessed a big high in resource mobilization which got dropped in 2008-09 due to the sub-prime crisis. But again the year 2009-10 and 2010-11 gave the mobilization an increase as compared to the previous year.

6.1.3 Size of the issues

The minimum size of the equity capital was fixed at 5 crore to be listed in Bombay Stock Exchange. To analyze the data, the issue size was divided into six groups i.e. more than five crore, five to ten crore, ten to fifty crore, fifty to one hundred crore and above hundred crore to Five hundred crore and more than five hundred crore. The average amounts raised in the six groups are given in Table 6.6.

Table 6.6 Size Wise Public Issues for the period 2001-2010

Year	Size	<5cr	=>5cr &<10cr	=>10cr &<50cr	=>50cr &100cr	=>100cr & 500cr	=>500cr	Total
2001-02	**Number**	3	3	8	3	14	4	**35**
	Amount	8	20	199	177	4506	2634	**7544**
2002-03	**Number**	2	1	10	0	13	0	**26**
	Amount	7	8	255	0	3800	0	**4070**
2003-04	**Number**	6	5	16	5	17	8	**57**
	Amount	15	36	330	351	4571	17968	**23271**
2004-05	**Number**	2	15	17	11	17	8	**70**
	Amount	3	44	461	723	3594	23431	**28256**
2005-06	**Number**	6	4	47	33	40	9	**139**
	Amount	20	32	1325	2189	8309	15506	**27381**
2006-07	**Number**	3	6	40	31	33	11	**124**
	Amount	10	45	1129	2386	7537	22400	**33507**
2007-08	**Number**	4	1	33	25	37	24	**124**
	Amount	16	6	920	1669	7999	76420	**87030**
2008-09	**Number**	1	1	21	6	12	6	**47**
	Amount	3	7	509	445	2591	12664	**16219**
2009-10	**Number**	1	3	18	9	24	21	**76**
	Amount	2	24	596	636	5824	50474	**57556**
2010-11	**Number**	1	2	13	20	29	26	**91**
	Amount	2	11	455	1406	8479	57256	**67609**

Source: SEBI Annual Reports 2001-2010

The number of small size issues has declined over the years. In 2001-02 the number of issues in the upto 10 crore category was 6, but it declined to a meager number of two in 2008-09. The number of issues in 10 crore to 50 crore categories also declined. However, the numbers of issues have increased in the 50 crore to 100 crore and above 500crore categories with fluctuations.

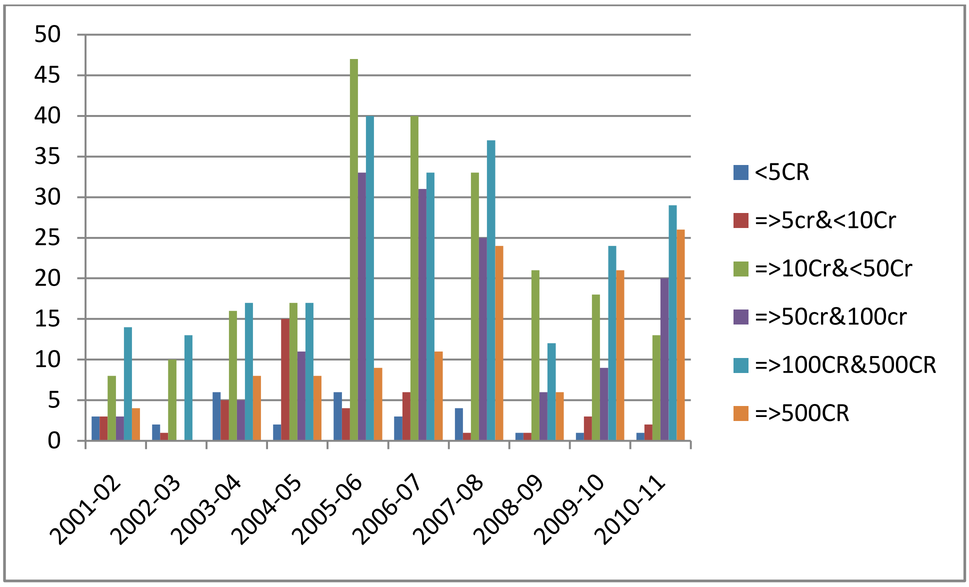

Fig 6.5 Size wise Number of Issues from 2001 to 2010

The resources mobilized through small size issues have declined over the years. In 2001-02 the amount mobilized in the upto 10 crore category was 25 crore, but it declined to a meager size of rupees 10 crore and 10 crore in 2008-09. The resources mobilized in 10 crore to 50 crore category also declined. However, the resources mobilized have increased in the 50 crore to 100 crore and above 100 crore categories. From 2009-10 to 2010-11 the share of the resource mobilized in > 100 crore category was above 95 per cent. In the above 500 crore category, the amount mobilized had increased considerably.

6.1.4 Industry Wise Resource Mobilization

Depending upon the macro economic factors certain industries was favoured than others, in the primary market. For example, Information Technology (IT) sector issues were more favoured compared to others in the year 2004-05. In this aspect, an analysis of the primary market has been carried out. To analyse the data, the number of issues and amount mobilized were divided into seven industries. The number of issues and the amount raised through the industry are given in Table 6.7 and 6.8

.**Table6.7 Industry Wise Number of Public Issues for period 2001-2010**

Industry	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Banking/Fis	14	13	11	12	12	5	6	0	6	18
Cement &Construction	2	1	0	2	11	13	27	3	8	3
Chemical	3	1	8	4	2	5	8	4	1	5
Electronic	0	0	5	2	2	9	4	0	1	0
Engineering	4	2	1	3	6	2	5	0	1	5
Entertainment	0	2	2	3	7	8	2	2	9	4
Financial	1	1	2	3	7	9	7	3	2	3
Food Processing	0	0	1	6	9	9	2	0	2	1
Health Care	0	2	1	2	10	2	3	3	2	3
Info Tech.	6	3	9	5	15	12	10	1	4	1
Misc.	2	0	13	12	34	25	31	22	29	40
Paper &Pulp	0	1	0	1	4	1	1	0	1	0
Plastic	0	0	0	0	0	3	5	0	1	0
Power	0	0	0	2	6	1	4	2	6	4
Printing	0	0	0	1	1	2	0	0	0	1
Telecom	1	0	0	2	0	3	2	2	0	0
Textile	2	0	4	0	13	15	7	5	3	3
Total	**35**	**26**	**57**	**60**	**139**	**124**	**124**	**47**	**76**	**91**

Source: SEBI Annual Reports 2001-2010

The number of issues by the Information Technology sector was higher in all the years compared to other sectors except in 2001 to 2008. The booming IT sector may be the reason behind it and the Information Technology sector steadily increased over the years and the highest was in 2005-06. Banking sector also had more number of issues than other sectors during the study period. In the years 2007-08 and 2008-09 banks did not access the market. Cement and construction sector had accessed the market every year, even though the number of issues fluctuated. Other sectors provide a mixed picture in some years they had no issues which is shown in the fig 6.6

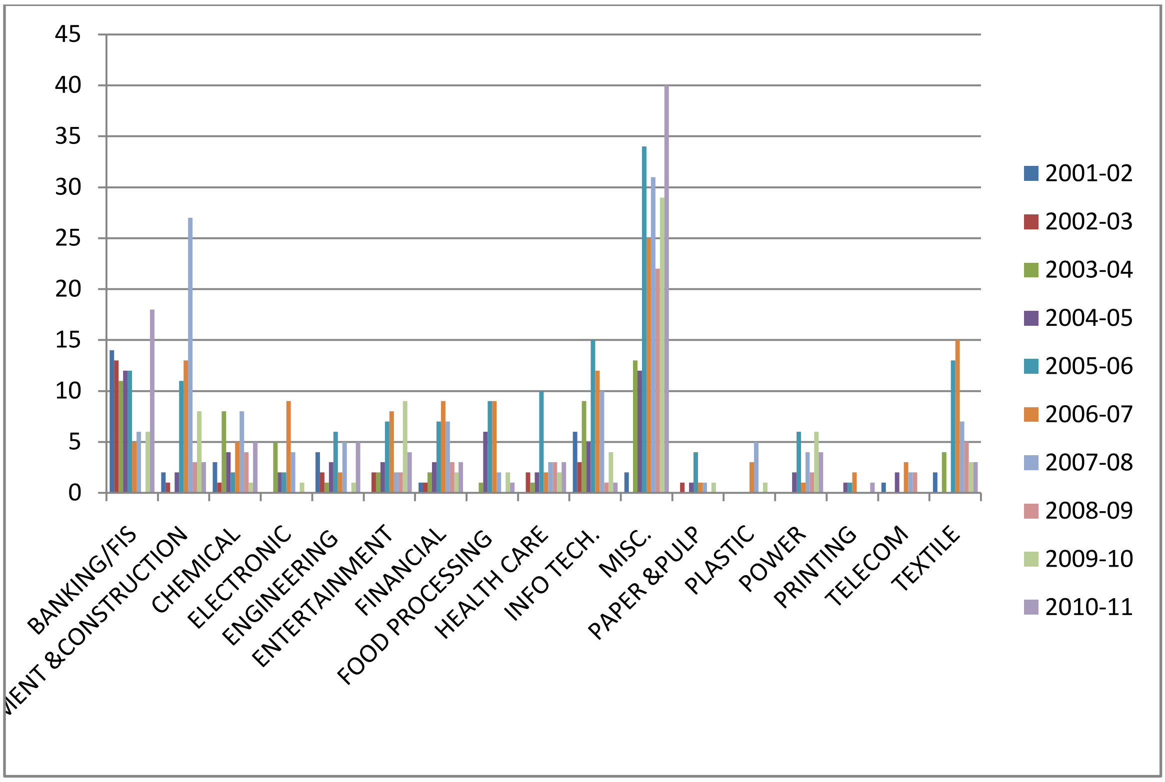

Fig 6.6 Industry wise Number of issues over 2001 to 2010

Table 6.8 Industry Wise Funds Mobilized for period 2001-2010

Industry	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Banking/Fis	5141.96	3443	5428	11311	12439	2190	30955	0	3138	17248
Cement &Construction	26.61	30	0	169	1020	2747	18905	80	2780	2841
Chemical	233.56	16	2085	128	128	147	661	218	36	247
Electronic	0	0	241	61	54	480	684	0	1156	0
Engineering	759.65	10	993	133	1124	465	378	0	50	1394
Entertainment	0	24	153	154	710	1219	403	1156	2461	715
Financial	32.82	30	71	116	824	2765	1773	1966	1826	2210
Food Processing	0	0	8	317	427	634	100	0	443	1245
Health Care	0	73	14	109	651	208	542	144	1002	292
Info Tech.	38.51	227	804	5095	902	2077	691	42	315	170
Misc.	401.03	0	13314	4595	5944	16246	16541	10845	18742	31519
Paper &Pulp	0	217	0	60	182	15	35	0	35	0
Plastic	0	0	0	0	0	106	211	0	39	0
Power	0	0	0	5854	2164	30	13709	958	25293	9469
Printing	0	0	0	130	43	121	0	0	0	52
Telecom	834.02	0	0	25	0	2994	1000	100	0	0
Textile	75.41	0	61	0	771	1064	442	710	237	207
Total	**7543.57**	**4070**	**23172**	**28257**	**27383**	**33508**	**87030**	**16219**	**57553**	**67609**

Source: SEBI Annual Reports 2001-2010

The resource mobilized by the Banking sectors was the highest in all the years compared to other sectors except in 2007-08 to 2010-11. The banking sector reforms may be the reason behind it and the banking sector steadily increased over the years and the highest was in 2011-12. Other sectors showed fluctuation in the resources mobilized.

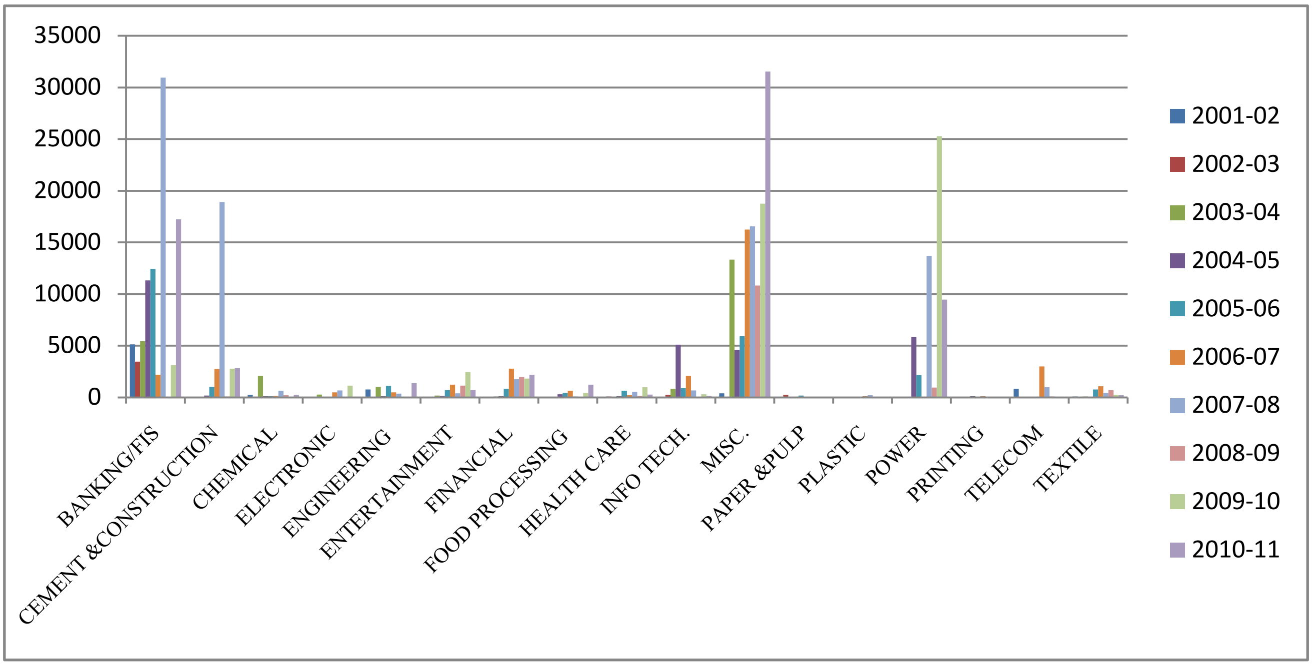

Fig 6.7: Industry wise Resource Mobilisation from 2001 to 2010

From the above figure, it can be interpreted that in terms of funds, Power sector had mobilized a huge amount of funds through the primary market between this time frame. Also banking, cement and construction industry and information technology are other big fund mobilizes.

6.2 ANALYSIS FOR OBJECTIVE TWO:

"To critically examine SEBI & its regulations with special reference to Public Issues."

SEBI is authorized in accordance with SEBI Act, 1992 to protect the interests of the investors in securities and promote the development of, and to regulate the securities market.

The role that SEBI's initiatives have played in bringing about this transformation of the market has not been researched comprehensively so far. Literature that has analysed the efficiency and the design of the Indian securities market has examined the role of certain specific regulatory provisions on the functioning of the primary market. So also the various annual reports of SEBI discuss the regulatory and other institutional developments that took place during the year under review.

SEBI has regulated the primary market through (i) the regulation of issuers' eligibility to offer securities to the public (referred to as access restrictions) (ii) regulation of information production at the time of issue; and (iii) regulation of processes and procedures relating to issuance of securities. These aspects have been primarily governed through the SEBI (Issuer of Capital and Disclosure Requirements) Regulations, 2009 (ICDR) and a set of regulations that govern the various intermediaries working on the issuance process such as the merchant banker, registrar to the issue and so on. All three aspects have evolved considerably over the years. Access-related regulations have, for example, evolved from a regime of unrestricted access to equity markets to the current regime which uses a combination of size and profitability record as proxies for quality of the issuer to restrict market access. Over the years, SEBI has brought about numerous changes to the issue process. These have ranged from items of minutiae such as the number of centres for receiving applications for public offerings to as the basis of allotment. SEBI relies on certification by the merchant banker for ensuring compliance with the regulations. The provisions cast the responsibility on the issue manager for validating the accuracy of the prospectus as well as for ensuring that other intermediaries involved in an issue such as the banker and registrar have the required license and that the underwriter has the financial capacity to provide the service. Incorrect certification would mean that the merchant banker runs the risk of facing stricture or monetary penalty or even being suspended or losing its license. Over time this certification mechanism has been continuously strengthened. (SEBI, 1995; 1996).

Three important institutional developments transformed the primary markets fundamentally. First, the guidelines for book-building enabled issuers to price securities based on investor interest and market conditions prevailing at the time of the offer to the public, subject to a floor price that is announced in the prospectus and a 20 per cent band above the floor. Prior to the announcement of the regulations for book-building, in the regime that is commonly referred to as the fixed price regime, the prospectus was required to mention the offer price.

In the earlier fixed price regime, the offer price was thus fixed well in advance of the issue, exposing the issuer to the risk of failure of the issue in case there was an adverse change in market conditions. Second, dematerialization and electronic book-building made it possible to reduce the issue time from the opening of the issue to listing and trading from a mean of 122 days and a maximum of 991 days! (Madhusoodanan and Thiripalraju, 1997).

Dematerialization allowed quick and efficient allotment of securities and provided liquidity to the investor immediately on the completion of the issue. This in turn helped bring down the investor's cost of applying to a public issue in terms of the cost of funds that was blocked in applying to the public issue. Thirdly, all these improvements appear to have led to a larger participation by institutional investors in public offerings.

Even though the guidelines were announced as far back as 1996, the number of book-built issues started picking up from 2000-01, the year in which SEBI threw open book-building to issues of all sizes and made some important amendments to the guidelines. It is very tempt- ing to infer as such that the growth in volume of issuances was the result of the various institutional changes and the resultant interest among institutional investors in IPOs. However, a more careful analysis would be necessary to understand the drivers of growth in public offering volumes. For example, it is highly likely that developments relating to the secondary market that reduced the settlement cycle and trade guarantee funds that reduced risks in settlement of trades may also have persuaded foreign institutional investors to participate in public offerings. The number of merchant bankers, registrars to issues and share transfer agents increased to begin with and then declined over time. This movement coincides with the increase in the number of public issues during the early and mid-nineties and the subsequent decline in the number during the later part of that decade and thereafter.

A cursory examination suggests that SEBI's regulatory interventions governing the activity of the various intermediaries may have played an important part in these developments. For example, in the case of merchant bankers, two regulatory developments may have significantly affected the structure of the merchant banking industry. One, merchant bankers were initially divided into four categories based on their level of capital.

Each category of merchant bankers was restricted to a certain range of business offerings (SEBI, 1994). These regulations may have affected the number of players offering various types of services. Second, the restriction on their taking up non-merchant banking and fund based activities that was imposed in 1997 (SEBI, 1998), may have played a part in the restructuring of the merchant banking industry and the exit of a large number of players.

SEBI enhanced the disclosures required of a company at the time of a public offering by building on the requirements in the Companies Act, 1956. The increase in disclosures was necessitated by "the quantitative growth of the market and the freedom to price issues had also raised questions about the quality of issues entering the market." (SEBI, 1996).

SEBI has also focused on the flow of information on the trading side. SEBI started by insisting that the brokers' notes to their clients indicated the price and the brokerage separately for the orders that they executed for their clients (SEBI, 1992-93). SEBI then followed it up by asking brokers to account for their own proprietary funds deployed in the trade and client funds separately (SEBI, 1993-94).

The analysis in Sabarinathan (2010) indicates that the regulations now require a copious flow of information which should result in a substantial improvement in the discovery of prices, both at the time of an issuance as well as once the securities are listed for trading.

6.3 ANALYSIS FOR OBJECTIVE THREE:

"To enhance our understanding for Risk and Return related to Public Issues"

The initial returns of most of the new issues are high in the market. Either it may be due to the under pricing of the new issue or the over optimistic purchase of new issues by the investors. The over optimistic investors are willing to purchase the offerings at prices higher than the offer prices. Speculative activities affect the IPO's prices during the first trading days or weeks more than the ordinary equities because market does not have a historic return of the particular new issue. It was stated that from July 2011 to August 2012 post-listing returns on initial public offers was good that it had conjured up an image of IPO trees, off which one can pick plenty of low-hanging fruit. But, the market has a combination of rational and speculative investors. After a short period, the primary market moves towards the normal return or its intrinsic value of the concerned issue. Some issues after one or two months disappoint the investors in the market. Quite a few stocks slide into penny category. In this chapter, post-listing returns and risks related to the return are analyzed.

6.3.1 New Issues

The initial issues made by the unlisted companies are taken up for analysis. As the period of study is from 2001 to 2010, there were in total 375 Initial Public Offerings, Year wise data has been shown in Table 6.8.

Table 6.9: Number of IPOs during 2001-2010

S No	Year	No. of IPO
1	**2001**	2
2	**2002**	2
3	**2003**	5
4	**2004**	21
5	**2005**	50
6	**2006**	73
7	**2007**	94
8	**2008**	36
9	**2009**	21
10	**2010**	71
	Total	**375**

Source: www.nseindia.com (Compiled by researcher)

6.3.2 Post listing Return

Investors invest in the share market with the aim of reaping returns at a shorter period through price appreciation. In the bull markets, prices soar high and investors gain positive returns. With the help of the rate of return financial analyst decides whether to accept or reject the investment proposal. A stock would be accepted if the actual return is higher than the minimum desired return, otherwise it is liable to be rejected.. Even in the seasoned offers, the returns were moderate. Rights offers, too, have proved a mixed bag. Pricing of offers has become more aggressive, in line with the secondary market valuation levels, and this appears to have reduced the scope for gains on listing and post-listing. The return of the scrip is calculated with the help of the following formula.

$$\text{First Week Return} = \frac{\text{Price at the end of post listing week} - \text{Price on the listing day}}{\text{Price on the listing day}} \times 100$$

Likewise the Second & Third Week Returns have been calculated.

- **IPOs in 2001-2010**

For the period of 2001-2003, there were in total 09 IPos listed but for the research 07 IPOs are considered. The criteria for this selection has been mentioned earlier in the chapter Research Methodology.

Table 6.10: Year 2001:Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
	2001							
1	Mid-Day Multimedia Ltd	55*	36	-34.55	38.65	-29.73	35.7	-35.09

*Source: www.bseindia.com

Only one IPO has been selected for the analysis, which shows that there is considerable decrease in return for all the three weeks.

Table 6.11 : Year 2002: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	I Flex Solutions Ltd	44.15	43.45	-1.6	42.20	-4.4	43.85	-0.7
2	Bharati Televentures Ltd	499.45	533.6	6.8	514.55	3.02	502.15	0.5

Source: www.bseindia.com

Table 6.11 above shows that for I flex Solutions ltd the return were negative while the situation is vice versa for Bharati Televentures Ltd where the Ist week returns are 6.8%, then 3.02% for the IInd week but the return decreased to 0.5% for the third week.

Table 6.12: Year 2003: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	TV Today Network Ltd	176.25	185.9	5.5	219.7	24.6	237	34.5
2	Indraprastha Gas Ltd	164.05	176.95	7.9	173.65	5.9	187.8	14.5
3	Maruti Udyog Ltd	119.2	148.3	24.4	126.20	5.9	111.3	-6.6
4	Divi's Laboratories Ltd	181.35	170.6	-5.9	146.55	-19.2	164.9	-9.1

Source: www.bseindia.com

There were 04 IPOs available for the research, out of only one showed negative returns for the Ist week and all other showed positive figures with 24.4% highest returns for Maruti Udyog ltd. But TV Today Network Ltd showed highest return in the IInd week with 24.6% and increased its return to 34.5% for the IIIrd week.

Table 6.13: Year 2004: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Corporation of India Ltd	721.35	744.95	3.3	775.3	7.5	767.55	6.4
2	Datamatics Technologies Ltd	164.85	166.75	1.15	167.5	1.6	143.2	-13.1
3	Tata Consultancy Services Ltd	987.5	987.8	0.03	980.0	-0.8	1024.1	3.7
4	National Thermal Power Corporation Ltd	75.55	74.6	-1.26	75.8	0.3	80.45	6.5
5	Indoco Remedies Ltd	396	338.35	-14.56	351.9	-11.1	329.95	-16.7

Source: www.bseindia.com

Total 6.13 05 IPOs are being analysed here for year 2004, no stock has gained a lot as two of the above has negative returns for the first week, second & third week. Only Corporation of India ltd showed positive returns for all the three weeks.

Table 6.14 : Year 2005: Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Talbros Automotive Components Ltd	138.4	135.65	-2.0	137.6	-0.6	125	-9.7
2	Emami Ltd	80.4	88.5	10.1	101.4	26.1	96.65	20.2
3	Jet Airways (India) Ltd	1305	1220.7	-6.5	1184.9	-9.2	1227	-6.0
4	3i Infotech Limited	97.8	93.3	-4.6	94.6	-3.3	94.05	-3.8
5	Shoppers Stop Ltd	372.6	386.2	3.7	383.0	2.8	390.05	4.7
6	Yes Bank Ltd	60.8	64.05	5.3	62.4	2.5	69.6	14.5
7	Shree Renuka Sugars Ltd	261.85	267.95	2.3	294.3	12.4	304.65	16.3
8	Bannari Amman Shipping Mills Ltd	132.3	120.95	-8.6	121.3	-8.4	116.55	-11.9
9	Repro India Ltd	236.3	228.45	-3.3	221.8	-6.2	231	-2.2

Source: www.bseindia.com

Here for year 2005, 09 stocks are analysed, Emami Ltd showed positive returns for all the 3 weeks with 10.1%, 26.1% & 20.2% return for consecutive weeks. Whereas 3i infotech ltd, Bannari Amman Shipping Mills Ltd, Talbros Automotive Components Ltd & Repro India Ltd displayed negative returns for all the 3 weeks.

Table 6.15: Year 2006: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Nitin Spinners Ltd	26.2	27.25	4.0	23.6	-9.9	21.95	-16.2
2	Mahindra & Mahindra FS Ltd	233	242.5	4.1	241.35	3.6	237.1	1.8
3	Sun TV Ltd	1466.05	1274.35	-13.1	1282.3	-12.5	1288.6	-12.1
4	Lokesh Machines Ltd	228.3	257.2	12.7	175.3	-23.2	178.45	-21.8
5	Allcargo Global Logistics Ltd	670.15	650.55	-2.9	663.1	-1.1	653.65	-2.5
6	Tech Mahindra Ltd	552.8	541.6	-2.0	536.05	-3.0	547.1	-1.0
7	Atlanta Ltd	192.3	192	-0.2	267.2	38.9	324.8	68.9
8	Hanung Toys & Textiles Ltd	96.45	92.1	-4.5	94.8	-1.7	95.4	-1.1
9	Parsvnath Developers Ltd	526.3	518.35	-1.5	468.9	-10.9	423.9	-19.5
10	Ess Dee Aluminium Ltd	238.45	266.25	11.7	265.1	11.2	320	34.2

Source: www.bseindia.com

Here in the year 2006, total 10 stocks were analysed and according to the analysis done for the Ist week only 04 out of 10 stocks have given positive returns, while in the Iind week only 03 exhibited positive returns. But Atlanta Ltd showed attractive returns in the course with -0.2% return in the first week & then elevated to 38.9% & then to 68.9% returns in the third week.

Table 6.16 : Year 2007: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Autoline Industries Ltd	257.95	430.45	66.9	412.9	60.1	326.9	26.7
2	SMS Pharmaceuticals Ltd	357.85	278	-22.3	290.1	-18.9	272.8	-23.8
3	Page Industries ltd	282.1	292.7	3.8	290.1	2.8	326.2	15.6
4	ICRA Ltd	741.05	742.8	0.2	679.65	-8.3	655.85	-11.5
5	Meghmani Organics Ltd	17.2	18.1	5.2	20.1	16.9	19.95	16.0
6	Housing Development & Infrastructural Ltd	558.6	572.85	2.6	526.05	-5.8	501.85	-10.2
7	Purvankara Projects Ltd	361.75	367.25	1.5	374.35	3.5	437.85	21.0
8	Motilal Oswal FS Ltd	977.45	956.9	-2.1	1003.8	2.7	1099.15	12.5
9	Supreme Infrastructural India Ltd	175.25	153.7	-12.3	128.35	-26.8	132.25	-24.5
10	Religare Enterprise Ltd	521.7	506.5	-2.9	524.5	0.5	525.25	0.7
11	Eclerx Services Ltd	448.3	419.65	-6.4	346.75	-22.7	351.55	-21.6

Source: www.bseindia.com

In the year 2007, 11 stocks have been selected for the analysis out of which 05 stocks showed negative returns but 06 stocks were gained. And by second & third week the same number of advances & declines were there. Page Industries Ltd exhibited 15.6% return in the IIIrd week which highest return for the stock in 3 weeks. Here, it could also be seen that Autoline Industries Ltd had given 66.9% returns in the Ist week & 60.1% in the second week which are nice figures.

Table 6.17 : Year 2008: Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Reliance Power Ltd	372.5	413.7	11.0	448.0	20.3	376.3	1.0
2	V-Guard Industries Ltd	73.5	60.9	-17.2	64.8	-11.8	68.7	-6.5
3	Titagarh Wagons Ltd	707.2	675.3	-4.5	821.4	16.1	777.5	9.9
4	Gokul Refoils & Solvent Ltd	181.1	201.6	11.4	224.6	24.1	200.7	10.8
5	Lotus EyeCare Hospital Ltd	35.5	36.9	3.9	40.3	13.4	45.0	26.8
6	NuTek India Ltd	199.3	201.2	0.9	173.2	-13.1	117.4	-41.1
7	Resugere Mines & Minerals India Ltd	524.4	300.7	-42.7	187.8	-64.2	148.8	-71.6
8	20 Microns Ltd	33.3	22.4	-32.9	20.4	-38.9	16.8	-49.5
9	Alkali Metals Ltd	173.2	149.2	-13.8	180.7	4.3	139.2	-19.6

Source: www.bseindia.com

Here 09 stocks had been analysed in the year 2008, where there is an approximately half- half situation for advances & declines during all the three weeks. But Resugere Mines & Minerals India Ltd showed highly negative returns from -42.7% to -64.2% to -71.6% during the time period. It was found that all the stocks more or less decreased by the time.

Table 6.18: Year 2009:Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	Edserv Soft Systems Ltd	137.55	45.15	-67.18	29.30	-78.70	21.70	-84.22
2	Mahindra Hoildays & Resorts India Ltd	317.10	363.50	14.63	356.30	12.36	336.80	6.21
3	Adani Power Ltd	100.05	104.45	4.40	98.60	-1.45	101.80	1.75
4	Oil India Ltd	1140.55	1172.60	2.81	1188.95	4.24	1140.35	-0.02
5	Indiabulls Power Ltd	39.25	34.25	-12.74	34.15	-12.99	32.50	-17.20
6	Astec Lifesciences Ltd	83.90	89.45	6.62	92.50	10.25	82.25	-1.97
7	Cox & Kings (India) Ltd	426.05	418.50	-1.77	451.95	6.08	423.00	-0.72

Source: www.bseindia.com

Out of the above 07 stocks in the year 2009, only three showed negative returns while others showed positive returns. But by the third week, the number increased to 05. Here, Edserv soft Systems Ltd very highly negative returns.

Table 6.19: Year 2010:Listing Price and Post Listing Holding Period Return of IPOs

S No	Scrip Name	Listing Price	Ist Week		Iind Week		IIIrd Week	
			Close Price	Return (%)	Close Price	Return (%)	Close Price	Return (%)
1	DB Corp. Ltd	265.90	265.75	-0.06	252.25	-5.13	240.55	-9.53
2	DB Realty Ltd	455.40	457.85	0.54	463.55	1.79	452.10	-0.72
3	United Bank of India	68.80	67.25	-2.25	73.65	7.05	71.75	4.29
4	Intrasoft Technologies Ltd	159.35	133.50	-16.22	123.45	-22.53	126.65	- 20.52
5	Jaypee Infratech Ltd	91.30	82.25	-9.91	79.15	-13.31	83.85	-8.16
6	Hindustan Media Ventures Ltd	189.20	181.85	-3.88	182.60	-3.49	185.05	-2.19
7	Prakash Steelage Ltd	187.95	216.75	15.32	161.05	-14.31	155.05	- 17.50
8	Indosolar Ltd	23.70	23.50	-0.84	22.25	-6.12	23.30	-1.69
9	Prestige Estates Projects Ltd	192.55	205.10	6.52	194.10	0.80	173.15	- 10.08
10	Coal India Ltd	342.35	328.45	-4.06	333.40	-2.61	316.50	-7.55
11	Punjab & Sind Bank	127.05	123.45	-2.83	118.85	-6.45	121.95	-4.01

Source: www.bseindia.com

In the year 2010, total 11 stocks were selected, out of which most of the stocks showed negative returns i.e. 08 stocks. United Bank of India shoed a positive slope as it started with -2.25% and end with 4.29% returns in the third week.

After the above analysis done for the period of ten years, i.e. for 73 IPOs, it could be concluded that there is a mix of positive & negative returns in all the stocks.

6.3.3 Inter Day Volatility

The distinct feature of stock market is its volatility. The indices move upward and downward frequently. The investors dislike the downward movements and often prefer the upward movement of Sensex or Nifty. Prolonged period of bear market create dullness in market sentiments. The volatility in share price is due to macro economic factors, industry and company related factors. The volatility in price movements after the listing of shares is mainly created by the size of the issue, company related factors and secondary market sentiments. The weekly fluctuations in the daily return of the newly listed shares were studied with the help of the standard deviation (σ).

$$\sigma = \text{SQRT} [(X - \overline{X})^2 / n\text{-}1]$$

Where

X = variable

n = number of observation

The post listing return's standard deviation in the end of the first, second and third week are given in tables below:

Table 6.20 :Year 2001: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Mid-Day Multimedia Ltd	55	4.23	2.03	1.35

Here for Mid-Day Multimedia Ltd, the risk has decreased during the three weeks from 4.23 to 2.03 to 1.35.

Table 6.21 :Year 2002: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	I Flex Solutions Ltd	44.15	1.3	1.3	0.94
2	Bharati Televentures Ltd	499.45	16.6	13.9	4.56

In the year 2002, for both the stocks standard deviations had been decreased during the three weeks. But for Bharati Televentures Ltd SD is towards the higher side of 16.6 which a lot more than I flex Solutions Ltd.

Table 6.22: Year 2003: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	TV Today Network Ltd	176.25	4.3	14.7	11.38
2	Indraprastha Gas Ltd	164.05	6.1	4.9	3.12
3	Maruti Udyog Ltd	119.2	13.1	9.3	2.28
4	Divi's Laboratories Ltd	181.35	10.5	8.7	3.98

Out of the 04 stocks, only TV today Network Ltd, showed increase in the standard deviation during the three weeks otherwise volatility for all other stocks has been decreased.

Table 6.23 : Year 2004: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Corporation of India Ltd	721.35	6.97	15.17	7.48
2	Datamatics Technologies Ltd	164.85	7.61	7.75	6.23
3	Tata Consultancy Services Ltd	987.5	10.85	3.78	13.76
4	National Thermal Power Corporation Ltd	75.55	0.40	0.44	1.36
5	Indoco Remedies Ltd	396	17.80	8.90	5.91

In the year 2004, the trends are a little bit changed as for Corporation of India Ltd & Datamatics Technologies Ltd the volatility increased in the second week as compared to the third week. Whereas for Tata Consultancy Services Ltd. the returns are more volatile in the third week as compared to the other two weeks.

Table 6.24: Year 2005: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Talbros Automotive Components Ltd	138.4	2.46	3.73	4.01
2	Emami Ltd	80.4	1.60	4.97	1.51
3	Jet Airways (India) Ltd	1305	32.08	11.59	34.21
4	3i Infotech Limited	97.8	1.68	0.31	0.29
5	Shoppers Stop Ltd	372.6	9.97	1.41	5.14
6	Yes Bank Ltd	60.8	2.74	1.02	3.88
7	Shree Renuka Sugars Ltd	261.85	2.91	13.36	13.07
8	Bannari Amman Shipping Mills Ltd	132.3	3.39	2.24	1.54
9	Repro India Ltd	236.3	10.91	3.65	9.64

For the year 2005, Jet airways (India) ltd showed highest volatility with 32.08 standard deviation in the Ist week and decreased to 11.59 in the IInd week but in the IIIrd week it again increased to 34.21 which represented the stock's riskiness. But stock like Repro India Ltd and Bannari Amman Shipping Mills Ltd exhibited decreasing trend in the volatility during the three weeks.

Table 6.25 :Year 2006: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Nitin Spinners Ltd	26.2	1.40	0.85	0.64
2	Mahindra & Mahindra FS Ltd	233	4.27	3.67	3.66
3	Sun TV Ltd	1466.05	75.62	17.91	73.12
4	Lokesh Machines Ltd	228.3	14.53	24.01	9.35
5	Allcargo Global Logistics Ltd	670.15	43.06	9.96	6.14
6	Tech Mahindra Ltd	552.8	9.29	7.34	5.83
7	Atlanta Ltd	192.3	2.18	26.07	25.45
8	Hanung Toys & Textiles Ltd	96.45	2.65	2.54	2.57
9	Parsvnath Developers Ltd	526.3	12.49	40.33	18.05
10	Ess Dee Aluminium Ltd	238.45	16.04	4.57	9.95

In the year 2006, out of the 10 stocks 05 stocks showed decreasing volatile nature whereas 02 stocks showed increase in the second week and then decreased in the third week. Allcargo Global Logistics Ltd showed very highest volatility in the first week with 43.06 standard deviation.

Table 6.26: Year 2007: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	IInd Week	IIIrd Week
			SD	SD	SD
1	Autoline Industries Ltd	257.95	57.322	19.211	19.490
2	SMS Pharmaceuticals Ltd	357.85	33.823	6.710	5.138
3	Page Industries ltd	282.1	15.455	3.945	24.276
4	ICRA Ltd	741.05	57.952	15.575	63.343
5	Meghmani Organics Ltd	17.2	1.020	0.552	0.390
6	Housing Development & Infrastructural Ltd	558.6	23.341	27.236	7.011
7	Purvankara Projects Ltd	361.75	5.969	8.014	20.352
8	Motilal Oswal FS Ltd	977.45	12.215	43.494	35.221
9	Supreme Infrastructural India Ltd	175.25	8.094	6.133	3.695
10	Religare Enterprise Ltd	521.7	15.201	2.579	11.659
11	Eclerx Services Ltd	448.3	27.424	27.923	25.924

As discussed earlier 2007 came up with a lot of IPOs, so here the analysis is done for 11 stocks. The volatility between the returns of the Ist, IInd & IIIrd weeks is very high among most of the stocks in the year.As ICRA ltd exhibited 57.95 standard deviation which has increased to 63.34 till the third week. For Motilal Oswal FS Ltd, the volatility showed an increasing trend from 12.21 to 43.49 and then to 35.22.

Table 6.27: Year 2008: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Reliance Power Ltd	372.5	13.70	5.06	7.84
2	V-Guard Industries Ltd	73.45	2.04	2.13	2.73
3	Titagarh Wagons Ltd	707.2	17.17	78.10	44.82
4	Gokul Refoils & Solvent Ltd	181.05	9.77	14.58	10.50
5	Lotus EyeCare Hospital Ltd	35.5	1.57	0.92	1.05
6	NuTek India Ltd	199.3	12.53	11.29	22.39
7	Resugere Mines & Minerals India Ltd	524.35	117.52	40.40	7.33
8	20 Microns Ltd	33.3	4.10	2.42	2.66
9	Alkali Metals Ltd	173.15	15.33	15.75	13.66

In the year 2008, the volatility for 09 stocks has been studied which showed that there is a mix of advances & declines. But for Resugere Mines & Minerals showed 117.52 standard deviation during the first week which is due to high variations in the prices of the stock in a week. And for Titagarh Wagons Ltd the volatility increased in the second week and again decreased in the third week.

Table 6.28: Year 2009: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	Edserv Soft Systems Ltd	137.55	32.20	4.84	2.21
2	Mahindra Hoildays & Resorts India Ltd	317.1	15.88	9.69	7.21
3	Adani Power Ltd	100.05	1.81	1.64	1.68
4	Oil India Ltd	1140.55	11.36	9.60	13.32
5	Indiabulls Power Ltd	39.25	2.62	0.44	0.60
6	Astec Lifesciences Ltd	83.9	0.64	2.12	3.30
7	Cox & Kings (India) Ltd	426.05	5.39	9.70	9.22

For the year 2009, the volatility is not so much as compared to last two year. Only Edserv Soft Systems Ltd exhibited standard deviation of 32.20 in the first week which has decreased to 4.84 and then to 2.21 in the third week. Also Oil India Ltd showed an increasing trend towards the end of third week to 13.32 form 9.60 of the second week.

Table 6.29: Year 2010: The Post Listing Return's Standard Deviation of IPO Stocks

S No	Scrip Name	Listing Price	Ist Week	Iind Week	IIIrd Week
			SD	SD	SD
1	DB Corp. Ltd	265.90	5.20	5.52	4.49
2	DB Realty Ltd	455.40	6.92	10.68	3.41
3	United Bank of India	68.80	0.96	1.59	0.86
4	Intrasoft Technologies Ltd	159.35	9.30	6.84	1.62
5	Jaypee Infratech Ltd	91.30	4.45	0.99	2.08
6	Hindustan Media Ventures Ltd	189.20	5.34	3.21	6.62
7	Prakash Steelage Ltd	187.95	18.59	20.61	2.50
8	Indosolar Ltd	23.70	0.56	0.31	0.66
9	Prestige Estates Projects Ltd	192.55	8.98	2.48	4.50
10	Coal India Ltd	342.35	11.42	5.50	10.70
11	Punjab & Sind Bank	127.05	1.29	1.79	0.42

In the year 2010, 11 stocks has been analyzed which showed that the risk in the stocks is less as compared to previous years risk profile. Only two stocks out of 11 showed increase in volatility in the second week.

6.4 ANALYSIS FOR OBJECTIVE FOUR

"To analyze the changing trends in investment strategy for Public Issues."

The growth of capital market is a reflection of the economic and social dynamism that has been underway over time. The main indicator of the state of capital market is the regular flow of new capital issues and their quantum. The overall progress of the nation depends on the new issue market which performs the crucial function of facilitating capital formation in the economy. The fund collected through the primary issue is utilized for the development of industry and infrastructure. The retail investors are considered vital for the stability and development of primary market and they form an important constituent of primary market. This chapter discusses the factors influencing the investment in primary market, sources of information, role of SEBI, types of issue and equity portfolio and this chapter also provides the profile of the respondents.

Also the chapter includes the perception of Capital Market Intermediary regarding the impact of SEBI on the primary market.

This is analysis done through the analysis of Two Questionnaire- One duly filled by the capital market retail investors and another filled by the capital market intermediaries.

6.4.1 Investor Perception Regarding SEBI and Public Issues Investment

- **Socio Economic Factors of the Investors in Study Area**

This section gives the personal factors of the respondent investors of the study area. The respondents are classified and distributed by gender, age, education, occupation, family size, annual income, sources of income, savings per month, number of dependents and wealth holding. The Table 6.30 expresses the personal factors of the respondents.

Table 6.30 Demographic Details of Investors in the study area

Age (in yrs)	No. of Respondents	%
Below 25	24	6
25-35	112	28
35-45	178	44.5
45-55	50	12.5
Above 55	36	9
Gender	**No. of Respondents**	**%**
Male	365	91.25
Female	35	8.75
Marital Status	**No. of Respondents**	**%**
Married	334	83.5
Unmarried	66	16.5
Education	**No. of Respondents**	**%**
School Education	54	13.5
College Education	232	58
Professional	103	25.75
Others	11	2.75
Occupation	**No. of Respondents**	**%**
Salaried	163	40.75
Professional	56	14
Business	123	30.75
Retired	26	6.5
Others	32	8
Monthly Family Income	**No. of Respondents**	**%**
Below Rs. 10,000	Nil	Nil
10,000-20,000	58	14.5
20,000-30,000	176	44
30,000-40,000	77	19.25
40,000 & Above	89	22.25

From the table 6.30, the gender wise classification of the respondents can be taken. It is inferred that the majority of the respondents are men (91.25 per cent) and women respondents are less in number. It clearly shows that out of the 400 respondents, 44.5 per cent of the investors belong to the age group 35 to 45 years. With the advancement of age this declines to 12.5 per cent. Only 6 per cent of the investors are upto 25 age group indicating that in the early earning period savings are small with large commitments. Education wise analysis reveals that more than half of respondents are in college level. It is interesting to note that this percentage is in on;y 13.5 in the school level education. Majority of the respondents are salaried employees and they account for about 40.75 per cent of the total respondents. The businessmen are 30.75 per cent, occupying the second place. More than half of the total respondents are business men and salaried people, the rest are professionals and others. The professionals occupy the third place with 14 per cent, while the others follow in rest. Out of 400 population. Nearly 83.5 percent are married investors which indicate there need for investment.

The table 6.30 above shows that highest number of investors is from Rs 20,000 to rs 40,000 slab of monthly income with 44 percent. 22.25 percent investors lie above Rs 40000 and above monthly income slab. Interestingly, no investor lies below the Rs 10000 monthly income slab.

- **Investment Profile of the investors**

This section indicates the profile of investment of the investors taken for the study. The study of investment profile reveal the investors' type, type of market operator, experience in the market, number of public issue invested and most importantly the ranking of the information source approached and used by investors for investment in public issues. Table 6.31 shows the above mentioned fields for the study:

Table 6.31 Investment Profile of the Retail Investors

Type of Investor	**No. of Respondents**	**%**
Hereditary Investor	278	69.5
New Generation Investor	122	30.5
Type of Market Operator	**No. of Respondents**	**%**
Primary Market	16	4
Secondary Market	73	18.25
Both	311	77.75
Experience	**No. of Respondents**	**%**
Less than 1 year	56	14
1-3 year	87	21.75
3 years & Above	257	64.25
No. of PI invested	**No. of Respondents**	**%**
Less than 10	98	30.0613
10 to 20	194	59.5092
20 & Above	34	10.4294

Table 6.31 shows that majority of the retail investors are hereditary investors with 69.5 percent respondents and new generation investors are nearly half the numbers with 30.5 %. Out of 400 respondents, if calculate the number of respondents investing in primary market, it is 326 which is the summation of the primary market

retail investors 16 and the 311 respondents investing in both primary as well as secondary market.

With 64.25 % retail investors there is majority of investors with experience in the market of 3 years & above whereas least number is towards the experience of less than 1 year.

Out of 400 repondents, it is found that 326 respondents invest in primary market. So for next question asked, it was found that 59.5 % investors have invested between 10 to 20 public issues whereas 30.06% invested in less than 10 public issues.

Table 6.32 Source of Information for Public Issue Investments

S. No	**Sources of Investment Information**	**Rank**									
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
a	Abridged Prospectus	3	6	12	5	23	45	53	78	65	36
b	Newspaper Journals & Magazines	23	37	15	67	78	54	22	13	6	11
c	TV Channels	54	63	78	34	22	26	21	9	11	8
d	Investments Related Websites	92	82	52	31	14	19	13	7	4	12
e	Brokers / Analysts Forecast	76	77	56	23	13	23	15	23	12	8
f	Investor Forum	6	5	12	14	24	36	14	45	14	156
g	Credit Rating Agencies	34	18	45	79	42	23	22	14	21	28
h	Company Announcements	12	0	1	26	22	3	131	102	11	18
i	Stock Exchange Announcements	0	3	12	11	21	20	12	23	178	46
j	Others (Friends , Relatives etc)	26	35	43	36	67	77	23	12	4	3

Out of 400 investors selected, 326 respondents answered this question and ranked the 10 sources of information for investment in public issues. And all the sources are ranked as follows:

Table 6.32.1 Rank of investment information source (for analysis refer Annexure-2)

Sources of Investment Information	Rank
Investments Related Websites	**1**
Brokers / Analysts Forecast	**2**
TV Channels	**3**
Others (Friends , Relatives etc)	**4**
Newspaper Journals & Magazines	**5**
Credit Rating Agencies	**6**
Company Announcements	**7**
Abridged Prospectus	**8**
Investor Forum	**9**
Stock Exchange Announcements	**10**

After the analysis of the table 6.32.1, it is found that Investments Related Websites has been ranked 1 by the investors as source of investment information and Stock Exchange Announcements ranked last.

- **Investment preferences & risk return perceptions**

Here in this section of analysis of primary data, Investment preferences and perception regarding risk and return regarding the capital market instruments as well as primary market instruments has been analyzed which is as under :

Table 6.33 Investment Preference and Ranking by the retail investors

S No	Instruments	Rank									
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
A	Shares	32	46	56	62	121	42	25	10	6	0
B	Debentures / Bonds	18	8	12	38	42	45	33	65	132	7
C	Stock Futures and Options	11	9	16	23	11	35	69	149	77	0
D	Mutual Funds	48	55	125	46	35	31	26	23	11	0
E	*NSC/PPF/PF	95	106	57	34	32	23	20	17	16	0
F	Fixed Deposits	142	120	39	20	23	11	10	27	8	0
G	Insurance Policies	34	25	28	121	41	38	28	10	75	0
H	Real Estate	7	9	36	42	31	56	128	52	35	4
I	Gold / Silver	13	22	31	14	64	119	56	43	38	0
J	Others	0	0	0	0	0	0	5	4	2	389

The above table 6.32 shows the responses of the respondents in the form Rank between 1 to 10 to all the asked 10 capital market instruments. After the analysis of the above table, all the instruments have been provided with the ranks between 1 to 10 as shown in the below table:

Table 6.33.1 Capital Market Instruments & Rank Calculated (Refer Annexure-3)

Instruments	RANK
Fixed Deposits	**1**
*NSC/PPF/PF	**2**
Mutual Funds	**3**
Shares	**4**
Insurance Policies	**5**
Gold / Silver	**6**
Real Estate	**7**
Debentures / Bonds	**8**
Stock Futures and Options	**9**
Others	**10**

As per the above table 6.33.1, investor rank 1 to Fixed Deposits which shows that the first choice for investment are Fixed Deposits, Shares got Rank 4 after mutual funds with rank 3. The analysis shows that still in India, Fixed Deposits and NSC/PPF/PF are investors first choice.

- **Level of Return & Risk Associated with different Instruments**

Table 6.34 Level of Return for different instruments

		Level of Return				
S No	**Investments**	**Very Low**	**Low**	**Moderate**	**High**	**Very High**
1	Shares	0	6	19	143	232
2	Debentures / Bonds	57	219	122	2	0
3	Stock Futures and Options	0	0	15	131	254
4	Mutual Funds	10	36	198	78	78
5	*NSC/PPF/PF	306	59	35	0	0
6	Fixed Deposits	358	42	0	0	0
7	Insurance Policies	2	98	281	15	4
8	Real Estate	50	69	78	85	118
9	Gold / Silver	28	58	259	32	23
10	Others	0	0	0	30	370

For Analysis, the level of return have been assigned rate which as follows:

Table 6.34.1: Rate & Range with reference to table 6.34

Level	**Rate**	**Selection Range**
Very Low (VL)	1	400-799
Low (L)	2	800-1199
Moderate (M)	3	1200-1599
High (H)	4	1600-1999
Very High (VH)	5	2000

Then the responses at different level of return have been multiplied with the respective assigned rate:

Table 6.34.2 Return Response Multiplied by the assigned rate

S No	Investments	VL* 1	L* 2	M* 3	H *4	VH *5	Total
1	Shares	0	12	57	572	1160	1801
2	Debentures / Bonds	57	438	366	8	0	869
3	Stock Futures and Options	0	0	45	524	1270	1839
4	Mutual Funds	10	72	594	312	390	1378
5	*NSC/PPF/PF	306	118	105	0	0	529
6	Fixed Deposits	358	84	0	0	0	442
7	Insurance Policies	2	196	843	60	20	1121
8	Real Estate	50	138	234	340	590	1352
9	Gold / Silver	28	116	777	128	115	1164
10	Others	0	0	0	120	1850	1970

As per the Table 6.34.2 , for Shares the level of return is High, for Debentures/Bonds the level Low. Mutual Funds lies for moderate returns and Fixed deposits and NSC/PPF/PF have very low return level. As per the response, Low return for Gold/Silver and Insurance Policies.

- **Level Of Risk**

Table 6.35 Level of Risk for Capital Market Instruments

		Level of Risk				
S No	**Investments**	**Very Low**	**Low**	**Moderate**	**High**	**Very High**
1	Shares	0	0	24	135	241
2	Debentures / Bonds	56	229	112	3	0
3	Stock Futures and Options	0	25	78	231	66
4	Mutual Funds	4	6	341	11	38
5	*NSC/PPF/PF	292	108	0	0	0
6	Fixed Deposits	376	24	0	0	0
7	Insurance Policies	12	62	323	3	0
8	Real Estate	0	0	21	112	267
9	Gold / Silver	0	35	311	31	23
10	Others	0	0	0	31	369

For Analysis, the level of risk have been assigned rate which as follows:

Table 6.35.1 Rate and Range with reference to Table 6.35

Level	**Rate**	**Selection Range**
Very Low (VL)	1	400-799
Low (L)	2	800-1199
Moderate (M)	3	1200-1599
High (H)	4	1600-1999
Very High (VH)	5	2000

Then the responses at different level of return have been multiplied with the respective assigned rate:

Table 6.35.2 Level of risk multiplied with rate assigned

S No	Investments	VL 1	L 2	M 3	H 4	VH 5	Total
1	Shares	0	0	72	540	1205	1817
2	Debentures / Bonds	56	458	336	12	0	862
3	Stock Futures and Options	0	50	234	924	330	1538
4	Mutual Funds	4	12	1023	44	190	1273
5	*NSC/PPF/PF	292	216	0	0	0	508
6	Fixed Deposits	376	48	0	0	0	424
7	Insurance Policies	12	124	969	12	0	1117
8	Real Estate	0	0	63	448	1335	1846
9	Gold / Silver	0	70	933	124	115	1242
10	Others	0	0	0	124	1845	1969

As per the table 6.35.2 Shares and Real Estate fall under the high risk level category whereas Fixed Deposits and NSC/PPF/PF have Low risk level. Mutual Funds and Gold/Silver are of moderate level of Risk

- **Risk and Return Profile for Public Issues including IPOs and FPOs**

Table 6.36 Level of Risk for IPO and FPO

S No	Investments	Very Low	Low	Moderate	High	Very High
1	Initial public Offering (IPO)	7	8	192	98	21
2	Further Public Offering (FPO)	23	121	143	32	7

As out of 400 repondents, 326 are public issue investors so the selection Range will get changed as follows:

Table 6.36.1 Rate and range with reference to Table 6.36

Level	Rate	Selection Range
Very Low (VL)	1	326-651
Low (L)	2	652-977
Moderate (M)	3	978-1303
High (H)	4	1304-1629
Very High (VH)	5	1630

Then the responses at different level of risk have been multiplied with the respective assigned rate:

Table 6.36.2: Level of risk multiplied with range

S No	Investments	Very Low	Low	Moderate	High	Very High	Total
1	Initial public Offering (IPO)	7	16	576	392	105	1096
2	Further Public Offering (FPO)	23	242	429	128	35	857

As per the table 6.36.2, the level of Risk for IPOs is moderate and for FPOs it is low.

➢ **Level of Return for IPO and FPO**

Table 6.37: Level of Return for IPO and FPO

		Level of Return				
S No	**Investments**	**Very Low**	**Low**	**Moderate**	**High**	**Very High**
1	Initial public Offering (IPO)	0	5	78	176	67
2	Further Public Offering (FPO)	6	21	125	121	53

As out of 400 repondents, 326 are public issue investors so the selection Range will get changed as follows:

Table 6.37.1 Rate and range with reference to table 6.37

Level	**Rate**	**Selection Range**
Very Low (VL)	1	326-651
Low (L)	2	652-977
Moderate (M)	3	978-1303
High (H)	4	1304-1629
Very High (VH)	5	1630

Then the responses at different level of return have been multiplied with the respective assigned rate:

Table 6.37.2 Level of return multiplied with rate Assigned

S No	**Investments**	**Very Low**	**Low**	**Moderate**	**High**	**Very High**	**Total**
1	Initial public Offering (IPO)	0	10	234	704	335	1283
2	Further Public Offering (FPO)	0	42	375	484	265	1166

As per the range table 6.37.1, both IPO and FPO show moderate return.

➢ **Factors involved in investment evaluation and decision**

This section of analysis represents the level of influence of the following factors in Public Issue investment evaluation and decision.

Table 6.38 Factors and Level of Influence for Public Issues

S. No	Investment Factors	Level of importance				
		Very Low	Low	Moderate	High	Very high
1	General Information	113	148	48	13	4
2	Role of SEBI	0	2	56	189	79
3	Company Management	76	168	37	24	21
4	Details of Present issue	8	7	68	167	76
5	Project Details	53	80	112	58	23
6	Financial parameters of company	14	23	145	79	65

As out of 400 repondents, 326 are public issue investors so the selection Range will get changed as follows:

Table 6.38.1 Rate and Range with reference to table 6.38

Level	Rate	Selection Range
Very Low (VL)	1	326-651
Low (L)	2	652-977
Moderate (M)	3	978-1303
High (H)	4	1304-1629
Very High (VH)	5	1630

Table 6.38.2 Level of response multiplied by the assigned rate

S. No	Investment Factors	Level of importance					Total
		Very Low	Low	Moderate	High	Very high	
1	General Information	113	296	144	52	20	625
2	Role of SEBI	0	4	168	756	395	1323
3	Company Management	76	336	111	96	105	724
4	Details of Present issue	8	14	204	668	380	1274
5	Project Details	53	160	336	232	115	896
6	Financial parameters of company	14	46	435	316	325	1136

From the above table 6.38.2 and comparing the total with the Range, Role of SEBI is of highest importance then Details of the Present Issue which are of moderate importance and Financial parameters of the company too. General Information, Company Management and Project Details are of low importance.

- **Investor satisfaction**

Here in this section, the level of satisfaction with respect to the various aspects of public issue investment is being evaluated. Also, the level of agreeability regarding enhancing or introduction of the various measures of SEBI, to increase investor confidence and to attract more investments in Public issues are being analyzed.

Table 6.39 Level of satisfaction with respect to the various aspects

S. No	Others Aspects	Level of importance				
		Highly Dissatisfied	Dissatisfied	Neutral / undecided	Satisfied	Highly Satisfied
1	Nation wide trading facility	0	14	38	176	98
2	Equal access to all investors	0	2	56	78	190
3	Fairness, efficiency and transparency of allotment process	14	23	56	86	147
4	Functioning of SEBI	0	5	17	83	221
5	Prompt service from company Such as transfers, subdivision etc	17	76	134	43	56
6	Functioning of Stock Exchange	10	11	171	56	78
7	Quality of advice and services of brokers	50	78	98	57	43
8	Information availability & reliability	87	113	81	33	12

As out of 400 respondents, 326 are public issue investors so the selection Range will get changed as follows:

Table 6.39.1 Rate and Range with reference to table 6.39

Level	Rate	Selection Range
Highly Dissatisfied(HD)	1	326-651
Dissatisfied (D)	2	652-977
Neutral (N)	3	978-1303
Satisfied (S)	4	1304-1629
Highly Satisfied (HS)	5	1630

Table 6.39.2 Level of response multiplied by the assigned range

S. No	Others Aspects	Level of importance					
		Highly Dissatisfied	Dissatisfied	Neutral / undecided	Satisfied	Highly Satisfied	Total
1	Nation wide trading facility	0	28	114	704	490	1336
2	Equal access to all investors	0	4	168	312	950	1434
3	Fairness, efficiency and transparency of allotment process	14	46	168	344	735	1307
4	Functioning of SEBI	0	10	51	332	1105	1498
5	Prompt service from company Such as transfers, subdivision etc	17	152	402	172	280	1023
6	Functioning of Stock Exchange	10	22	513	224	390	1159
7	Quality of advice and services of brokers	50	156	294	228	215	943
8	Information availability & reliability	87	226	243	132	60	748

From the above table 6.39.2 and comparison made from the range assigned to each level of satisfaction, it is found that out of the various aspects Functioning of SEBI showed Satisfaction among the investors. Also Equal access to all investors, Nation wide trading facility and Fairness efficiency aand transparency of allotment process also some aspects of satisfaction among the investors.

Table 6.40 Level of agreeability regarding the measures by SEBI

S.No.	Measures	Level of Agreeability				
		Strongly Disagree	**Disagree**	**Neutral / undecided**	**Agree**	**Strongly agree**
1	Information related measures	**37**	**56**	**81**	**123**	**29**
2	Scandal control measures	**29**	**43**	**34**	**87**	**133**
3	Investor awareness and education Measures	**37**	**34**	**32**	**67**	**156**
4	Grievance handling and Investor protection measures	**30**	**33**	**43**	**75**	**145**
5	Regulating intermediary and rating measures	**8**	**31**	**33**	**78**	**176**
6	Market regulation measures	**10**	**29**	**36**	**76**	**175**
7	Return related measures	**32**	**37**	**48**	**131**	**78**
8	Transparency in Promoter's activities	**31**	**48**	**54**	**125**	**68**
9	Rating of equity scripts	**37**	**45**	**34**	**118**	**92**

As out of 400 repondents, 326 are public issue investors so the selection Range will get changed as follows:

Table 6.40.1 Rate and range with reference to Table 6.40

Level	Rate	Selection Range
Highly Dissatisfied(HD)	1	326-651
Dissatisfied (D)	2	652-977
Neutral (N)	3	978-1303
Satisfied (S)	4	1304-1629
Highly Satisfied (HS)	5	1630

Table 6.40.2 Level of agreeability multiplied by the assigned range

S. No.	Measures	Level of Agreeability					Total
		Strongly Disagree	Disagree	Neutral / undecided	Agree	Strongly agree	
1	Information related measures	37	112	243	492	145	1029
2	Scandal control measures	29	86	102	348	665	1230
3	Investor awareness and education Measures	37	68	96	268	780	1249
4	Grievance handling and Investor protection measures	30	66	129	300	725	1250
5	Regulating intermediary and rating measures	8	62	99	312	880	1361
6	Market regulation measures	10	58	108	304	875	1355
7	Return related measures	32	74	144	524	390	1164
8	Transparency in Promoter’s activities	31	96	162	500	340	1129
9	Rating of equity scripts	37	90	102	472	460	1161

As per analysis done in table 6.40.2 above, investors feel satisfied with the regulations regarding intermediary and rating measures as well as for market regulation measures. Investors least satisfied with the information related measures out all the asked measures of SEBI.

Table 6.41 Level of Improvement Required for SEBI

Level of Improvement	No. of Respondents	%
Much improvement	272	83.4
Averagely improved	54	16.6
No improvement	0	0.0
	326	100

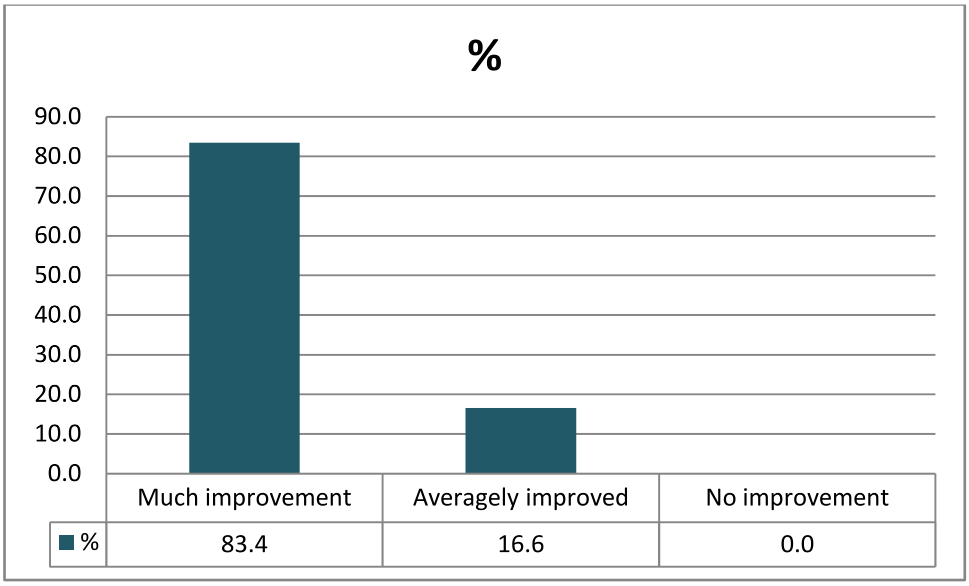

Fig 6.8 : Level of improvement required

The above graph shows that SEBI has done much improvement towards the Primary Market as the 83.4% of the respondent favoured the much improvement whereas there is 0% response towards No improvement.

Table 6.42 Advice to the Government of India about SEBI

Advice	No. of Respondents	%
Suspend its Activities	0	0.0
Give it more powers	304	93.3
Let it stay as it is.	22	6.7
Total	326	100.0

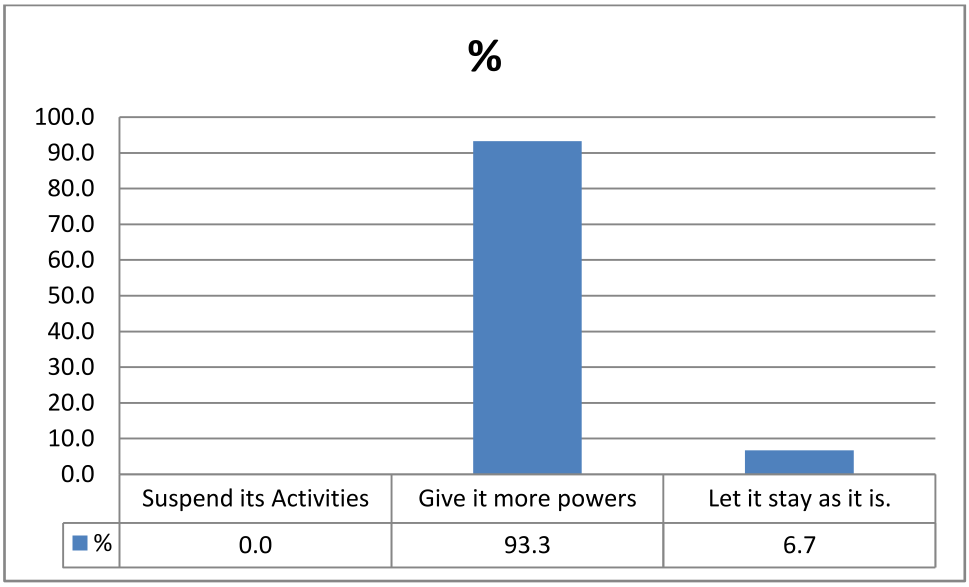

Fig 6.9 Advice to Government

From the above Fig 6.9, it is concluded that the majority of respondent advice the government to give more powers to SEBI whereas 6.7% investors advice to let SEBI stay as it is.

6.4.2 Analysis of Capital Market Intermediaries' responses towards the Impact of SEBI on Public Issue

This section of the chapter explains the analysis of the second questionnaire which has been duly filled by Capital Market Intermediaries including Merchant Bankers, Underwriters, Brokers etc.

Firstly, the profile of the Intermediaries has been discussed:

Table 6.43 Profile of Capital market Intermediary

S No	Type of ownership	No. of Respondents	%
A	Sole Proprietorship	58	58
B	Partnership	25	25
C	Limited Company	17	17
	Total	100	100
S No	**Kind of CM Intermediary**	**No. of Respondents**	**%**
1	Merchant Banker	11	11
2	Registrar and Transfer Agent	0	0
3	Underwriter/broker to issue	1	1
4	Adviser to issue	0	0
5	Banker to issue	0	0
6	Depository	0	0
7	Depository Participant	0	0
8	Brokerage House	88	88
S No	**Type of Individual investors**		**%**
1	Male	87.5	
2	Female	12.5	

From the above table 6.43 it is found that 58% intermediaries are Sole Proprietorship. Also most of the responses are from Brokerage House i.e. 88%. And here also there are 87.5% male Individual investors with the asked intermediaries whereas females are only 12.5%.

Table 6.44 Assessment of Online Subscription of Public Issues

S No	Kind of CM Intermediary	Good	Bad
1	**Merchant Banker**	10	1
2	**Registrar and Transfer Agent**	0	0
3	**Underwriter/broker to issue**	1	0
4	**Adviser to issue**	0	0
5	**Banker to issue**	0	0
6	**Depository**	0	0
7	**Depository Participant**	0	0
8	**Brokerage House**	84	4
	Total	95	5
	%	95	5

From the table 6.44, it is very clear that the Online subscription system is good to work on as 95% respondents said it is good whereas only 5% said it Bad.

Table 6.45 Problem concerning SEBI

S No	Kind of CM Intermediary	Yes	No
1	Merchant Banker	1	10
2	Registrar and Transfer Agent	0	0
3	Underwriter/broker to issue	0	1
4	Adviser to issue	0	0
5	Banker to issue	0	0
6	Depository	0	0
7	Depository Participant	0	0
8	Brokerage House	2	86
	Total	3	97

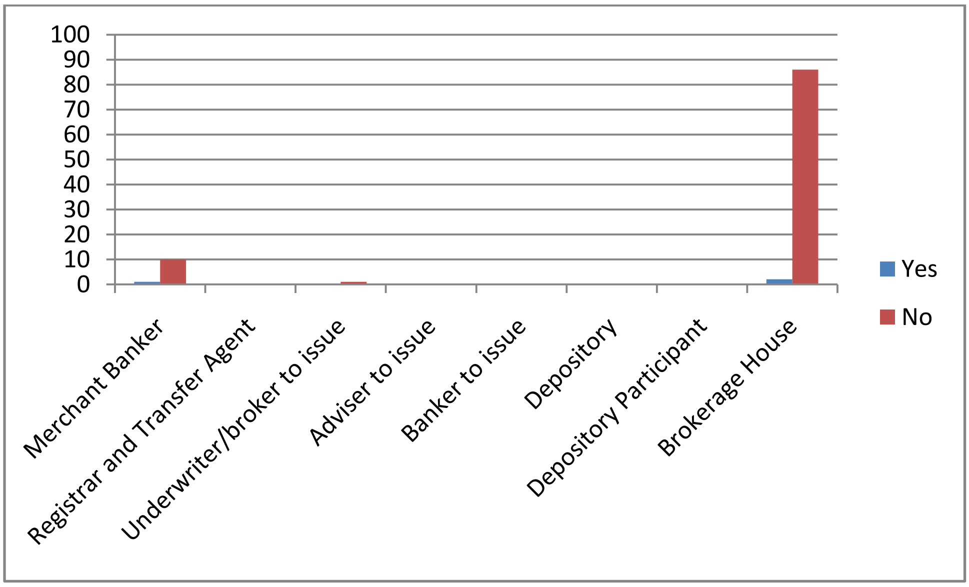

Fig 6.10 Problem concerning SEBI

It is very clear from the response that either it is merchant bankers or Brokerage Houses both have not any problem concering SEBI as 97% respondents said no.

Table 6.46 Sending Client's Problems to SEBI

S No	Kind of CM Intermediary	Individually	In Batches
1	Merchant Banker	11	0
2	Registrar and Transfer Agent	0	0
3	Underwriter/broker to issue	1	0
4	Adviser to issue	0	0
5	Banker to issue	0	0
6	Depository	0	0
7	Depository Participant	0	0
8	Brokerage House	68	20
	Total	80	20

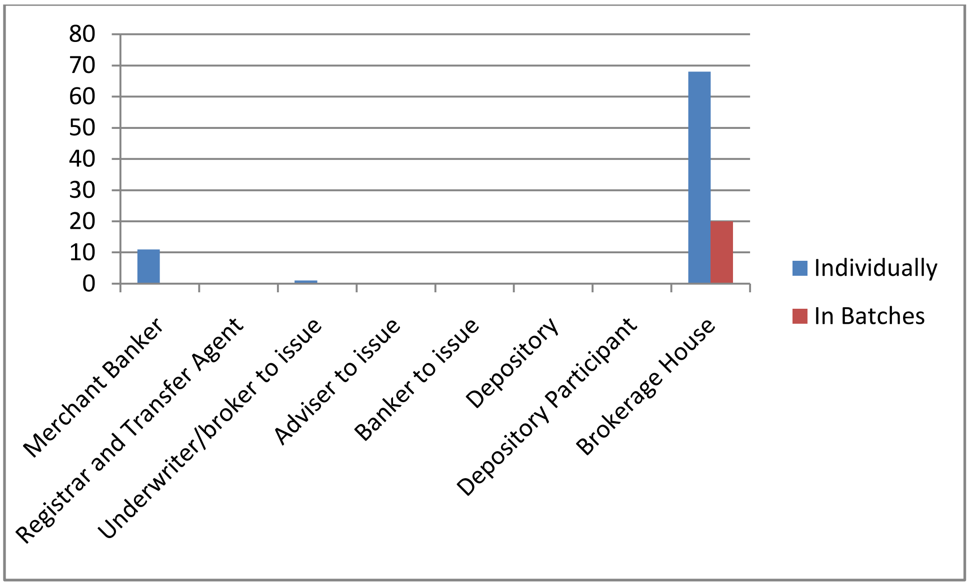

Fig 6.11 Sending Client's Problems to SEBI

The problems of the clients are being send to SEBI for redressal individually as 80% problems are sent individually whereas 20% in batches.

Table 6.47 Response to SEBI towards the Clients' Problems

S No	Kind of CM Intermediary	Very Slow	Slow	Immediate	No action
1	Merchant Banker	3	4	4	0
2	Registrar and Transfer Agent	0	0	0	0
3	Underwriter/broker to issue	0	0	1	0
4	Adviser to issue	0	0	0	0
5	Banker to issue	0	0	0	0
6	Depository	0	0	0	0
7	Depository Participant	0	0	0	0
8	Brokerage House	12	37	36	3
	Total	15	41	41	3

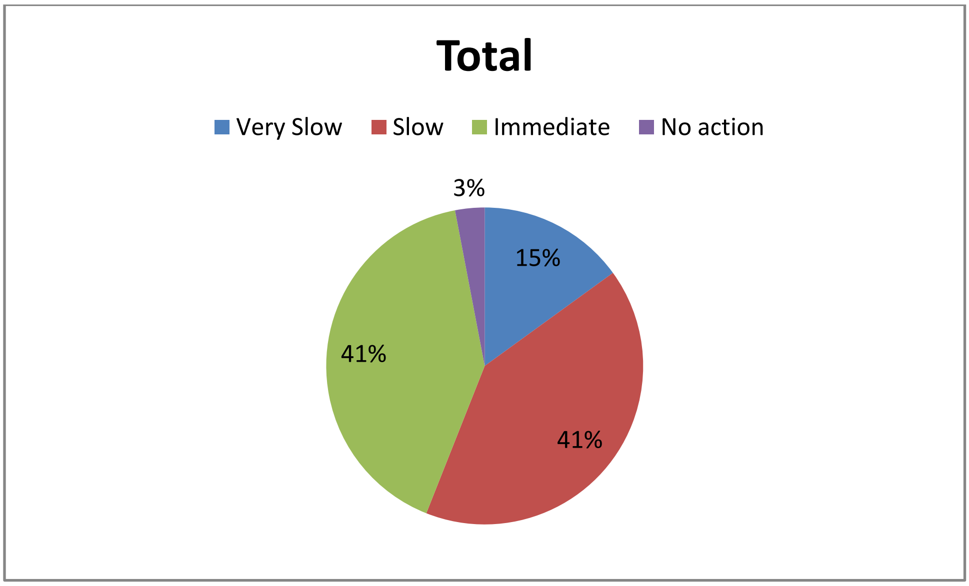

Fig 6.12 Response to SEBI towards the Clients' Problems

The figure 6.12 shows that there is equal response regarding the response of SEBI towards the problems as 41% responses for Slow as well as immediate. 15% intermediaries say there is very slow response of SEBI.

Table 6.48 Rate the SEBI response the Complaints

S No	Kind of CM Intermediary	Effective	Not Effective
1	Merchant Banker	6	4
2	Registrar and Transfer Agent	0	0
3	Underwriter/broker to issue	1	0
4	Adviser to issue	0	0
5	Banker to issue	0	0
6	Depository	0	0
7	Depository Participant	0	0
8	Brokerage House	56	33
	Total	63	37

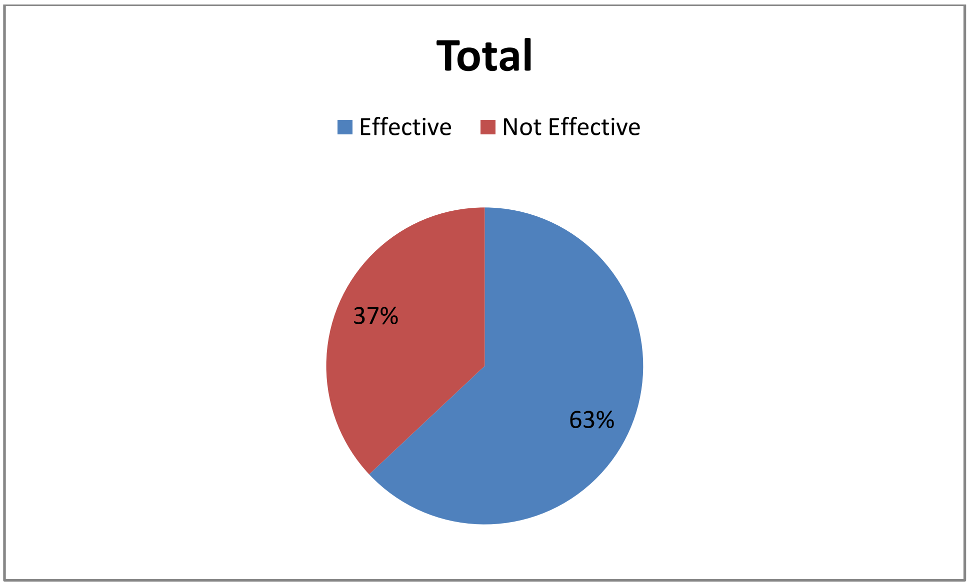

Fig 6.13 Rating of the SEBI response the Complaints

As per above figure, 63% respondents say that SEBI's response to the complaints is effective whereas 37% respondents rate it not effective.

Table 6.49 Nature of SEBI's response to complaints

S No	Kind of CM Intermediary	Complete Solution	Partial Solution
1	Merchant Banker	6	5
2	Registrar and Transfer Agent	0	0
3	Underwriter/broker to issue	1	0
4	Adviser to issue	0	0
5	Banker to issue	0	0
6	Depository	0	0
7	Depository Participant	0	0
8	Brokerage House	64	24
	Total	**71**	**29**

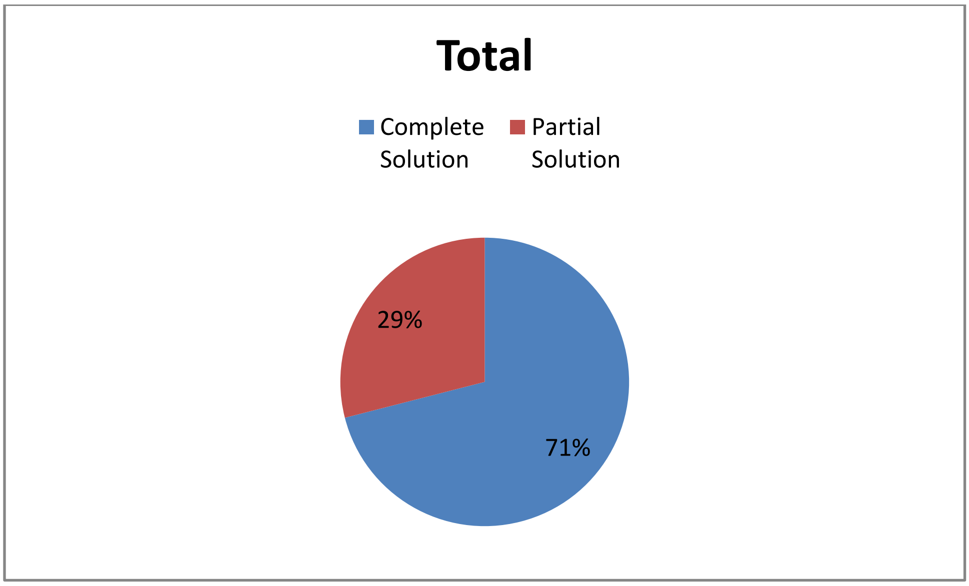

Fig 6.14 Nature of SEBI's response to complaints

As per the responses to this questions, the above figure 6.14 shows that SEBI provide Complete Solution as it selected by 71% of the respondents whereas 29% say it to be partial solution.

Table 6.50 Presence of SEBI towards Public Issue

S No	Kind of CM Intermediary	Much Improvement	Average Improvement	No Improvement
1	Merchant Banker	9	2	0
2	Registrar and Transfer Agent	1	0	0
3	Underwriter/broker to issue	0	0	0
4	Adviser to issue	0	0	0
5	Banker to issue	0	0	0
6	Depository	0	0	0
7	Depository Participant	0	0	0
8	Brokerage House	48	40	0
	Total	58	42	0

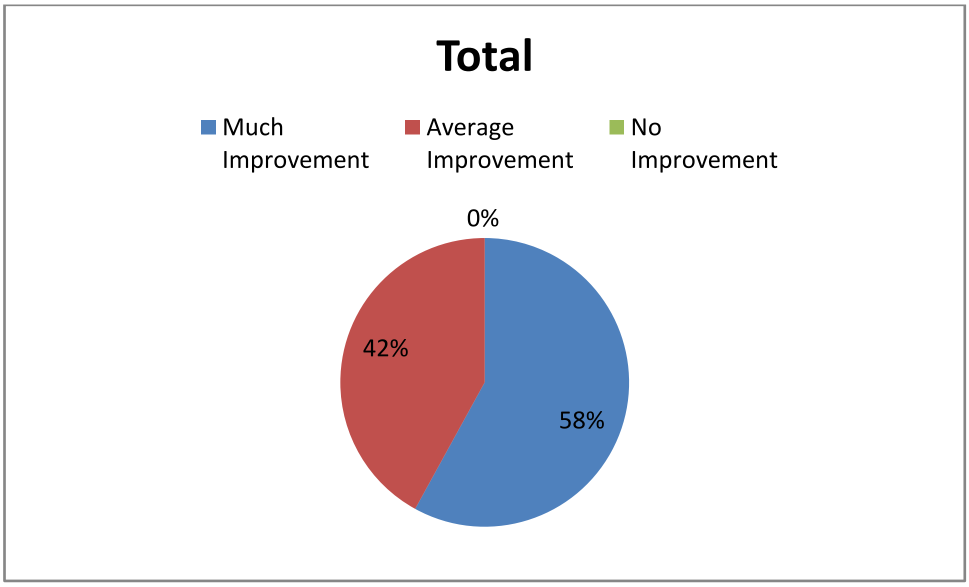

Fig 6.15 Presence of SEBI towards Public Issue

According to the above graph, there has been much improvement done to the primary market by SEBI as it is represented by 58% responses.

Table 6.51 Rating of measures of SEBI

S. No.	Measures	Level of Statisfaction				
		Poor	**Fair**	**Average**	**Good**	**Very good**
1	Formulating of Rules and Regulations for the running of Primary Capital Market	2	12	18	40	28
2	Handling of Investors' complaints	5	12	31	29	23

As here the respondents are 100 so the selection Range will be as follows:

Table 6.51.1 Rate and range with reference to Table 6.51

Level	Rate	Selection Range
Poor	1	100-199
Fair	2	200-299
Average	3	300-399
Good	4	400-499
Very Good	5	500

Table 6.51.2 Rating of measures of SEBI multiplied by Range

S. No.	Measures	Level of Statisfaction					Total
		Poor	**Fair**	**Average**	**Good**	**Very good**	
1	Formulating of Rules and Regulations for the running of Primary Capital Market	2	24	54	160	140	380
2	Handling of Investors' complaints	5	24	93	116	115	353

Here after comparing with range table 6.51.1, both the measures are rated average as the total lies between 300-399 i.e. for Average.

Table 6.52 Rules and Regulations of SEBI in Helping the Primary Market Investors

Level	No of Response	Percentage(%)
Very Adequate	73	73
Fairly Adequate	18	18
Not Adequate	9	9

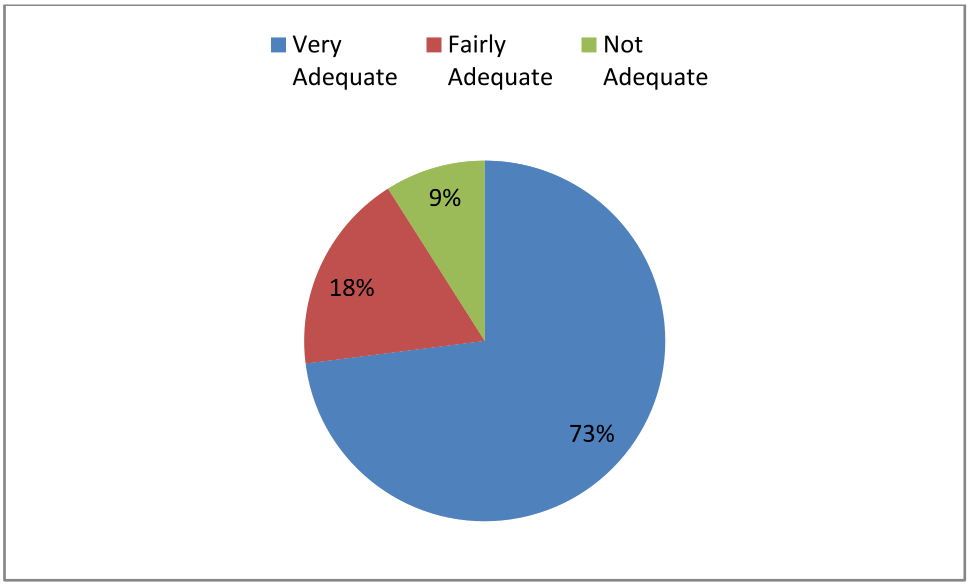

Fig 6.16 Rules and Regulations of SEBI in Helping the Primary Market Investors

As per the graph 6.16, it is clear that 73% of the respondents rate the rules and regulations of SEBI Very Adequate for Primary Market whereas only 9% respondents say it to be not adequate.

Table 6.53 SEBI doing to educate the Investors as to their rights and obligations regarding the Primary Market

S No	Initiatives	No. of Response	Percentage(%)
1	**Seminars**	21	21
2	**Press Releases**	18	18
3	**Newspapers**	33	33
4	**Television**	28	28
5	**Radio**	0	0
6	**Nothing**	0	0

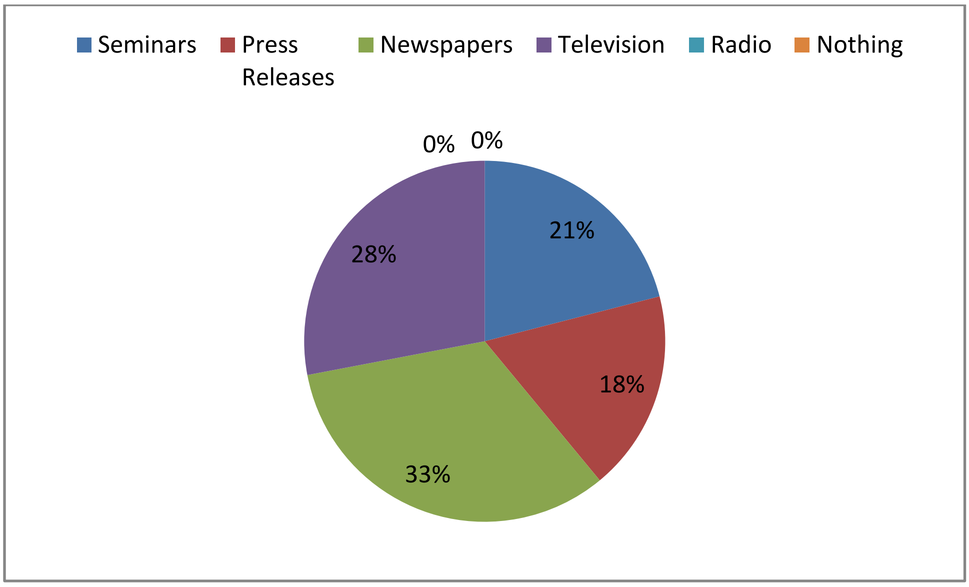

Fig 6.17 SEBI doing to educate the Investors as to their rights and obligations regarding the Primary Market

The graph represents that 28% respondents say that SEBI is doing initiatives on Television, 33% through Newspapers, 21% by doing Seminars, 18% through Press releases and nothing is done through Radio.

Table: 6.54 Advice to the Government of India about SEBI

S No.	Kind of CM Intermediary	No. of respondents	Percentage (%)
1	**Suspend its activities**	0	0
2	**Give More Powers**	60	60
3	**Let it stay as it is**	40	40

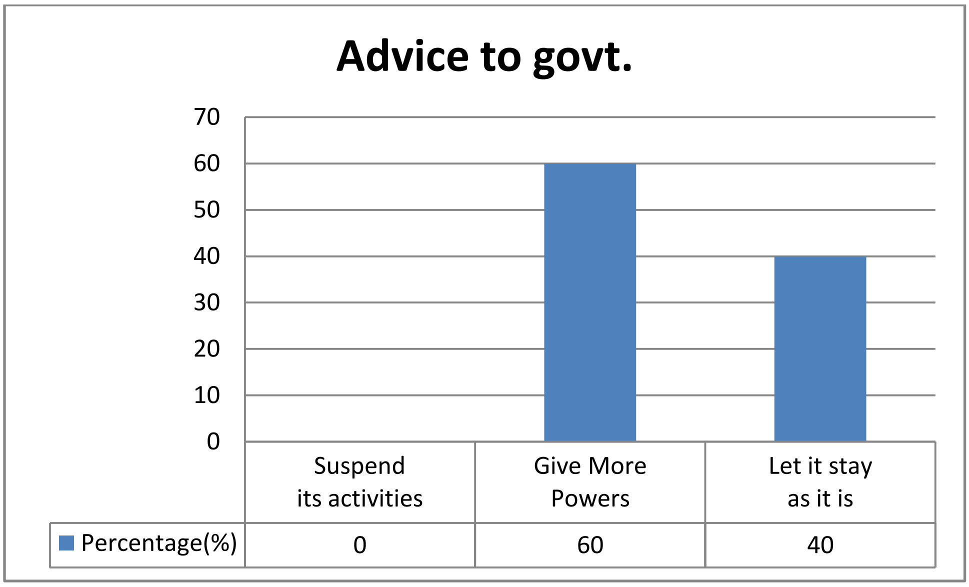

Fig 6.18 Advice to the Government of India about SEBI

The graph 6.1 represents that 60% of the respondents' advice the government to give more powers to SEBI and other 40% want SEBI to stay as it is.

6.5 ANALYSIS FOR HYPOTHESIS TESTING

6.5.1 Hypothesis 1

- **Null Hypothesis (H_0):** The Rules and Regulations framed by SEBI in respect to Public Issues are insignificant on retail investors.
- **Alternative Hypothesis (H_1):** The Rules and Regulations framed by SEBI in respect to Public Issues have significant effect on retail investors.

To test the Hypothesis, there is a need to check the significance of Role of SEBI in deciding the investment decision regarding investments in Public Issues. Level of Significance taken is 0.05.

Table 6.55 CHI Square Value for Role of SEBI

Level	Role of SEBI (O)	Expected Value (E)*	O-E	(O-E)* (O-E)	(O-E)* (O-E)/E
Very Low	0	65.2	-65.2	4251.04	65.20
Low	2	65.2	-63.2	3994.24	61.26
Moderate	56	65.2	-9.2	84.64	1.30
High	189	65.2	123.8	15326.44	235.07
Very high	79	65.2	13.8	190.44	2.92
Total	**326**				**365.75**

*E=326/5=65.2

Here degree of freedom is 4 and level of significance is 0.05 so the tabulated value is . the calculated value is more than that so the Null hypothesis got rejected. And the alternative hypothesis got accepted i.e. Rules and Regulations framed by SEBI play significant role in investment decision for public issues.

6.5.2 Hypothesis 2:

- **Null Hypothesis (H_0):** The regulatory actions taken by SEBI are insignificantly correlated to the change in volume of resource mobilized in the form of Public Issues.
- **Alternative Hypothesis (H_1):** The regulatory actions taken by SEBI are significantly correlated to the change in volume of resource mobilized in the form of public issues.

To test the Hypothesis, there is a need to check to the correlation between the two variables i.e. the regulatory actions taken by SEBI and the volume of resource mobilized through Public Issues over the period of ten years.

6.56 Number of Regularory Actions taken by SEBI and Resource Mobilized through Public Issues from 2001-2010

Year	Regulatory Actions by SEBI	Resource Mobilized by PI (in Crores)
2001-02	182	7543.58
2002-03	257	4070.29
2003-04	174	23271
2004-05	232	28256
2005-06	741	27382
2006-07	424	33508
2007-08	629	87029
2008-09	461	16220
2009-10	932	57555
2010-11	389	67609

Source: SEBI Annual Report 2001 to 2010

Here in from Table 6.56, there are two variables;

X= Regulatory Actions by SEBI

Y= Resource Mobilized through Public Issue

Table 6.56.1 Correlation Coefficient between Variable X and Variable Y

Year	X	Y	X-X	(X-X)*(X-X)	Y-Y	(Y-Y)*(Y-Y)	(X-X)*(Y-Y)
2001-02	182	7543.58	-260.1	67652.01	-27701	767334708.5	7204979.9
2002-03	257	4070.29	-185.1	34262.01	-31174	971824323.8	5770325.35
2003-04	174	23271	-268.1	71877.61	-11973	143361996.3	3210065.05
2004-05	232	28256	-210.1	44142.01	-6988.4	48837552.86	1468260.11
2005-06	741	27382	298.9	89341.21	-7862.4	61817129.34	-2350067.5
2006-07	424	33508	-18.1	327.61	-1736.4	3015039.814	31428.6047
2007-08	629	87029	186.9	34931.61	51784.6	2681646144	9678544.17
2008-09	461	16220	18.9	357.21	-19024	361927300.7	-359560.91
2009-10	932	57555	489.9	240002.01	22310.6	497763452.4	10929969.3
2010-11	389	67609	-53.1	2819.61	32364.6	1047468175	-1718561
Total	**4421**	**352444**	**0**	**585712.9**	**0**	**6584995822**	**33865383.2**

X= 4421/10 = 442.1

Y= 352444/10= 35244.4

Correlation Coefficient= SQRT (Σ (X-X)*(Y-Y) / Σ (X-X)^2*Σ (Y-Y)^2)

= SQRT (33865383.2/585712.9*6584995822)

= 0.545

It is found that the correlation coefficient between the two variables is 0.545.

So, it can be concluded that the correlation between the regulatory actions taken by SEBI and the volume of resource mobilized through Public Issues is 0.545 which is more than 0.5 and positive in nature. So it is clear that the two variables are correlated to each other to a positive extent. Then the Null hypothesis got rejected and the Alternative hypothesis got accepted that is the regulatory actions taken by SEBI are significant to the change in volume of resource mobilized in the form of public issues in the primary market.

CHAPTER 7

FINDINGS AND CONCLUSION OF THE STUDY

7.1 FINDINGS BY OBJECTIVES

In this study there were four objectives made to solve the research problem, which as are follows:

1. To study the holistic and strategic aspects involved in Public Issues.
2. To critically examine SEBI & its regulations with special reference to Public Issues.
3. To enhance our understanding for Risk and Return related to Public Issues.
4. To analyze the changing trends in investment strategy for Public Issues.

Following are the findings by Objectives:

Objective one- "To study the holistic and strategic aspects involved in Public Issues"

After the extensive literature review done, the following findings have been concluded in relation to Public Issues-

1. Public Issues are the instruments of Primary Market.
2. The issuer may be either a new company or an existing company. In the new issue market, issuing houses, lead managers and underwriters take up the responsibility of selling the stocks to the public.
3. Public issues can be classified into 3 types:
   - Initial Public Offering (IPO)
   - Rights Issue
   - Preferential Issue
4. The new issue market facilitates transfer of funds from savers to the companies raising fresh capital. When a new company has to raise gigantic funds, it goes in for public issue. Under this method, the issuing company offers to public, a fixed number of shares through a lawful manuscript called prospectus.
5. While trade through prospectus is a direct method, the offer for sale is a roundabout method of hovering new shares. Under this technique, securities are opened to public through intermediaries such as issue house and brokers.
6. The vital parties involved in the new issue are. Managers to the issue, Registrar to the issue, Underwriters, Bankers, Advertising Agencies, Financial Institutions, Government and Statutory Agencies.

7. From Table 6.1, it was found that 352443.7 crores funds have been mobilized through P:ublic issues in the primary market during the ten years period of 2001 to 2010 which in turn a considerable amount.
8. From Table 6.4 it is clear that the amount raised through the public issue is larger than the right issues. The reason behind it is that all the companies cannot go for right issue, because the issue price must be lower than the public issue so the amount expected by the company will also be low. Secondly the right issue is a time consuming procedure.
9. From Table 6.5 it is evident that the money raised by public sector was greater than the private sector up to 2005-06. Afterwards except in the years 2009-10 and 2010-11 private sectors dominated the scene. The number of issues was higher in the private sector than the public sector during the study period.
10. From the Table 6.6, it is found that the resources mobilized through small size issues have declined over the years. In 2001-02 the amount mobilized in the upto 10 crore category was 25 crore, but it declined to a meager size of rupees 10 crore and 10 crore in 2008-09. The resources mobilized in 10 crore to 50 crore category also declined.

Objective Two- "To critically examine SEBI & its regulations with special reference to Public Issues"

In the Chapter 4, Securities Exchange Board of India (SEBI) has been examined and explained in detail including its establishment, its members, powers, functions etc.

Also, its regulations with reference to public issues has also been given which may be summarized as follows:

1. The primary market instruments such public issues etc came under the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

   The guidelines apply to the following types of companies:

   - Public issue by listed companies
   - Public issue by unlisted companies
   - Offer for sale by listed and unlisted companies
   - Rights issues by listed companies of value exceeding 50 lakhs

2. The SEBI guidelines provide norms relating to eligibility for companies issuing securities, pricing of issues, listing requirements, disclosure norms, lock-in-period for promoters' contribution, content of offer documents and pre and post listing obligations, etc.

3. Through public issues, SEBI has laid down eligibility norms for entities accessing the primary market. The entry norms are only for companies making a public issue (IPO or FPO) and not for listed company making a rights issue.

4. The entry norms are as follows

   - Entry Norm I (EN I)
   - Entry Norm II (EN II)
   - Entry Norm III (EN III)

5. The rules & regulations for the market has been changed a lot after the establishment of SEBI (See Table 4.1)

6. It is also found that the funds mobilized through the public Issue during the post SEBI period is as follows:

Table 7.1: Amount raised by Private Corporate Sector from New Issues Market before liberalisation

Period	Rs in Crore
1974-75 to 1978-79(Fifth Plan)	551
1980-81 to 1984-85 (Sixth Plan)	3393
1985-86 to 1989-90 (Seventh Plan)	14950

Source: www.rbi.gov.in

Table 7.1 reveals the sharp rise (in absolute terms) in the amount raised from new issues market by private corporate sector during the eighties. Amount raised during the Sixth Plan (1980-81 to 1984-85) from the new issues market by the sector is more than six times the amount rose during the Fifth Plan (1974-75 to 1978-79). The corresponding figure of Rs. 14,590 cr. during the Seventh Plan (1985-86 to 1989-90) is more than 4.4 times the amount raised during the Sixth Plan.

Objective Three –"To enhance our understanding for Risk and Return related to Public Issues"

To analyze the third objective both primary and secondary data analysis has been done. Here in the study, after the secondary data analysis of 73 stocks from 2001 to 2010, by calculating the three weeks post issue return and risk, it was found that this time period has proved to be a decade of IPOs with a lot more Mega Issue. Also the returns calculated were good enough for further investment in Public Issues.

The risk has been calculated to check the volatility in stock prices post-issue, where it was found that the year 2007-08 (source Table 6.16) witnessed the highest volatility and 2009-10 and 2010-11 (Source Table 6.18 and 6.20) has given stable returns with least volatile environment.

Primary Data Analysis also reveal that the level of Returns in IPOs and FPOs are moderate with average Risk level (Source Table 6.35.2 and 6.36.2).

Objective Four- "To analyze the changing trends in investment strategy for Public Issues"

The changing trend for investment can be easily seen in Table 6.1 which shows an increase in number of public issues during the time period of 2001 to 2010. Also the Tables 6.4,6.5,6.6,.6.7 and 6.8 represent that there is considerable increase in number of investment, Size of Issue and in result, volume also has increased during this time period.

But from the Primary Data Analysis, it was found that investment in shares especially in public issue, investors prefer it over Real Estate Investment or Gold/Silver investments(source Table.6.32.1) Also, out of 400 respondents, 326 are Primary Market Investor i.e. 81.75% of the total sample. (Source Table 6.30)

People consider IPOs to be a moderate return with less risk financial instrument. (Source 6.35.2 and 6.36.2)

7.2 FINDINGS BY HYPOTHESIS

The hypothesis of this study are as follows:

First Hypothesis:

- **Null Hypothesis (H_0):** The Rules and Regulations framed by SEBI in respect to Public Issues are insignificant on investors.
- **Alternative Hypothesis (H_1):** The Rules and Regulations framed by SEBI in respect to Public Issues have significant effect on Investors.

  From Table 6.55, it found that the calculated chi square is greater than the tabulated value of 9.488 for 4 degree of freedom at the significance level of 5% i.e.0.05, so the Null Hypothesis has been rejected and the Alternative Hypothesis is accepted which shows that the Rules and regulations framed by SEBI in respect to Public Issues have significant effect on Investors.

Second Hypothesis:

- **Null Hypothesis (H_0):** The regulatory actions taken by SEBI are insignificantly correlated to the change in volume of resource mobilized in the form of Public Issues.
- **Alternative Hypothesis (H_1):** The regulatory actions taken by SEBI are significantly correlated to the change in volume of resource mobilized in the form of public issues.

From table 6.56.1, it is found that the correlation coefficient between the two variables is 0.545.

So, it can be concluded that the correlation between the regulatory actions taken by SEBI and the volume of resource mobilized through Public Issues is 0.545 which is more than 0.5 and positive in nature. So it is clear that the two variables are correlated to each other to a positive extent.

Then the Null hypothesis got rejected and the Alternative hypothesis got accepted that is the regulatory actions taken by SEBI are significant to the change in volume of resource mobilized in the form of public issues in the primary market.

7.3 CONCLUSION

This study has been started to find the answers to some questions like to know how the situation and status of Public Issues in the Indian Capital Market and the impact of SEBI as a regulator to the primary market instruments. Few more questions have also been answered in this study, as the Investors' perception regarding Public Issues, the Capital Market Intermediary were also being taken into consideration to know perception regarding SEBI and Public Issues. Also, the Risk and Return related to the public Issues have also been calculated. An in depth study has been done for public Issues & SEBI. From 2001 to 2010, the Public Issues issued in the market have studied to find out the sector wise, size wise, category wise and industry wise details of the public issue.

In the end it was concluded that this decade from 2001 to 2010, is a decade of IPOs with such a big names that were listed in the market from Banking, Power, Information Technology sector, which dominated the other industries. Also, it was found that the Public Issues exhibits short term as well as long term return, the only thing to be kept in mind is proper know how of the issue and the market conditions prevailing. SEBI as a regulator is playing a significant role in boosting the primary market as it is very keen at Investors' protection and continuous monitoring of the new issues even after listing, the job is over. After the overall study it was concluded that establishment of the Securities and Exchange Board of India played a significant role on the growth of Public issues in Primary market of India as it was found that the regulatory actions taken up by the SEBI have significantly correlated with the change in the volume of funds mobilized through the Public issues.

The capital market intermediaries especially the brokerage house and the retail investors' perception regarding the role of SEBI towards formulating the investment strategy regarding public issues is very significant.

So it has been concluded that the actions taken by SEBI has significant impact on the Public Issues.

REFERENCES

BOOKS AND JOURNALS

1. Anbalagan, C., and Pujitha, B.V.T.S A study on Investor's Preferences on Investment of Capital Market in India, *KKIMRC IJRFA*, Vol-1, No-2, 2011-2012, pp. 2277 -2296.

2. Arifuzzaman1, S.M., Chowdhury, M.N.H., and Shahed, Md A
3. "Investors' stock trading behavior: Perspective of Dhaka Stock Exchange", *Journal of Business and Management*, Vol.1, No.3, May –June, 2012, pp.8-15.

4. Arunachalam, A "IPOs: Rich on Listing, Lackluster Later" – *Investment World*, Sunday, February 19, 2006, p-6.

5. Bose S, "Securities Market Regulations Lessons from US and Indian Experience", http://ssrn.com/abstract=1140107

6. Cohn, R.A "Individual Investor Risk Aversion and Investment Portfolio Composition", *Journal of Finance*, Vol.30, No.2, 1975, pp.605-620

7. Economic Times Corporate Bureau, "Primary Market Witness a Behavioral Change", *Economic Times*, 1st July, 1993, p.12.

8. Department of Company Affairs, "Company Financial Trends and Capital Issues during 1981-82", Company News and Notes, 1983, pp. 22-23.

9. Fredrick Ambling, "Investment Management: An introduction to analysis and management". Prentice Hall, Englewed cliffs. New Jersey, 1990, pp. 241-244.

10. Friend and Herman, "THE SEC Through a Glass Darkly", *Journal of Business*, Vol.37, No.2, 1964, pp.406-413.

11. Gangadhar, V., and Begum, A "Pattern of Capital Issues in India: A Critical Analysis", *Gitam Journal of Management*, Vol.2, No.2, 2004, pp.108-121.

12. Gangadhar, V., and Yadagiri, M "Impact of Capital Market Reforms on Capital Issues in India", *The Management Accountant*, Vol.31, No.4, 1996, pp.267-272.

13. Gangadhar, V and Reddy, G N – "Impact of IPO Scam on Capital Market" ICFAI Reader, December, 2007, p-32.

14. Gupta L.C., "Asymmetric Information, Book Building and Investor Protection", Prentice hall of India-Pvt. Ltd., 1991

15. Gupta U.L., "Working of stock exchanges in India", Thomson Press (India) Limited, 1990, pp. 35-36.

16. Halda, P of the Prime Database, “Primary market touched low in March 1993”, Business standard 12th April, 1993.

17. Halda, P – “A Year to Remember”, Indian Express – Express Money, April 17, No.3, 2011, p.14.

18. The Hindu Research Bureau, “Primary Market Turns Hesitant after Record Performance”, The Hindu, 10th May, 1993, p.14.

19. Huang, Y.S “The Price Behaviour of Initial Public Offerings on the Taiwan Stock Exchange”, Applied Financial Economics, Vol3, No.4, 1999, pp.201-208.

20. Hussian Abid, "Recommendations of Abid Russian working group on capital market", CFA Newsletter, the institute of chartered financial analysis of India, Hyderabad, Vol. 3, No.9,1989, pp. 4-5.

21. Hussain Safdar Ali, "Capital Market-Frauds and Mismanagement", *The Indian Journal of Commerce*, 2001, pp. 54.

22. Jigna Trivedi and Bindiya Soni, “Initial Public Offerings: A Boon Or a Bane?”, *Indian Journal of Finance, December 2012*, Vol.6, No.12, 2011, pp.26-36.

23. K.Sekhar, Guide to SEBI, Capital Issues, Debentures and Listing, Wadhwa, Nagpur, 3rd Ed., 2003

24. Rathod. P.K., "Recent trends in Capital-market for privately placed debt", *The Indian Journal of Commerce*, 2001, pp.63.

25. Kakati, M “Price Performance of Initial Public Offerings”, *International Journal of Development Banking*, Vol.17, No.2, 1999, pp.59-75.

26. Knopf, J.D., and Teall, J.L “The Effect and Measurement of Risk”, *Journal of Financial and Strategic Decisions*, Vol.12, No.2, 1999, pp.24-31.

27. Krishan Bal, "Industrial Securities Market in India", Common Wealth Publication, New Delhi, 1989.

28. Krishnan, A., and Sivakumar, S - “IPOs Losing Sheen Among Retail Investors, post – April” Business Line, Sunday, December 24, 2006, p.14.

29. Kumar, K.C.J.S “Performance Review of IPOs in India” *International Journal for Contemporary Business Studies*, Vol.3, No.1, 2010, pp.6-14.

30. Kumar, P.M. D., and Raju, G "Indian Capital Market – A Retrospect", *The Management Accountant*, Vol.10, No.6, 2003, pp.746-756.

31. Kumar, S A"Indian Primary Market: Out of Blue", *Abhigyan*, Vol.23, No.2, 2005, pp.32-37.

32. Lall, Shadi, "Company Financial Trends and Capital Issues", Company News and Notes, Vol. I-II, 1981.

33. Lall, Shadi, "Structural Pattern of Capital Issues in India", Company News and Notes, 1981, pp.1-6.

34. Lall T., "Primary Capital Market: Some-reflections", Yojana, New Delhi, 1990, pp. 12.

35. Lowry and Schwert (2006)." The variability of IPO Initial returns, Working Paper 122,95

36. Levy and Sarnat, "Indian Stock Market at the Crossroads", *Indian Journal of Accounting*, Vol.38, No. 12, 1971, pp.36-41.

37. Lewellen, W.G Pattern of Investment Strategy and Behaviour among Individual Investors", *Journal of Business*, Vol.3, No.7, 1977, pp.296-333.

38. Madhusoodanan, T.P., and Thiripalraju, M "Underpricing in Initial Public Offerings: The Indian Experience", *Vikalpa*, Vol.22, No.4, 1997, pp.38-46.

39. Majumdar, U – "Under Performance of Initial Public Offerings in India" – *Finance India*, Vol.17, No.3, 2003, pp.899-929.

40. Majumdar, U – "Price Performance of Initial Public Offerings in India", *Finance India*, Vol.17, No.4, 2003, pp.99-129.

41. Manas Mayur and Manoj Kumar, "Determinants of Going-Public Decision in an Emerging Market: Evidence from India", *Vikalpa, The Journal for Decision Makers*, Vol.38, No.1, 2013, pp.65-86.

42. Manjri, Yamini, G. Kawadia, "A study of market integration based on Indian Stock Market, Billion Market and Foreign Exchange Market, Billion Market and foreign exchange market", *Finance India*, 2004.

43. Marchisio, G, and Ravasi, D, Family Firms and the Decision of go Public: A study of Italian IPOs, SDA Bocconi working paper 45, pp.44-57.

44. Mathew, R – "Evolution of Primary Market in India" www.domain-bcom, February, 2011.

45. Mehla, S and Prasad, H – "Indian Primary Market: Emerging Scenario" *Indian Journal of Accounting*, Vol.37, No.1, 2010, pp.56-61.

46. Mohiadeen, P.M.M "A Study on New Issue Management Services of Lead Merchant bankers in India", Ph.D Dissertation (Published), ABD Publishers, Rajasthan, 2004

47. Pasha S, Krishna RV, Kiran V H, " A Study On Role Of Sebi In Indian Capital Market: An Empirical Analysis" *International Journal of Multidisciplinary Research*, Vol.2 Issue 3, March 2012, ISSN 2231 5780

48. Patel, G.S., "Report of the High Powered Committee on Stock Exchange Reforms", Ministry of Finance, Govt, of India, Delhi, 1984, pp. 65-68.

49. Patil, P – "Why is the Primary Market not Reviving?" Dalal Street, Vol.13, No.9, 2009, pp.74.

50. Somayaji, P "Playing the market: End of Randomness, Economic Times, 7th October, 1992, p.14.

51. B. Ramesh, "Performance evaluation of SEBI: Impact of Stock Market" in Management of Financial Institutions and Markets, edited by G.S. Batra, Deep and Deep Publication,1996, pp. 257-260.

52. Reserve Bank of India, "Trends in Consents for Issues of Capital and Public Response to Capital Issues during 1976-80 (prepared in the Division of Industrial Studies of the Department of Economic Analysis and Policy)", Reserve Bank of India, Bulletin, 1982, pp. 77- 106.

53. Raju, T., and Mishra, G S "Prospects of Indian Capital Markets: The Primary Capital Market in India", Management Accountant Research, Vol.1, No.2, 1997, pp.37-55.

54. Richard, Carter and Manaster, "Initial Public Offerings and Underwriters Reputations", *The Journal of Finance*, Vol. XLV, No. 4, 1986.

55. Ritter. J.R and Welch. I, (2002). "A Review of IPO Activity, Pricing and Allocation", *Journal of Finance*, Vol 57, pp. 1-37.

56. Roy, M K. "Underpricing of Initial Public Offering in India: A study of the Behaviour of Market Participants" – *Prajana*, Vol.18, No.2, 1999-2000, p.27.

57. Sabrinathan G, "SEBI's Regulation of the Indian Securities Market: A Critical Review of the Major Developments" – *Vikalpa, The Journal for Decision Makers*, Volume 35 , No 4 , October - December 2010 p 2-3.

58. Sahoo, M.S., "An Overview of the Securities Market in India", Thomson Press (India) Limited, 1992.

59. Samuelson, P. A "A Case at last for Age-phased Reduction in Equity", Proceedings of the National Academy of Science, Vol.86, No.34, 1989, pp.9048-9051.

60. Sanjiv Mittal, Naresh K Gupta and Sudesh Kumar Sharma, "Investor Preference and Promoter's Ownership Pattern in Graded IPOs of India", *Indian Journal of Finance*, Vol.6, No.12, 2012, pp.18-25.

61. Securities Exchange Board Of India (Sebi), http://ssrn.com/abstract=2014351

62. Selvam, M., and Sukanya, "Price Efficiencies of Initial Public Offerings in India, Smart *Journal of Business Management Studies*, Vol.1, No.2, 2005, pp.59-70.

63. Singh Gurucharan, "New issue market-recessionary trends". *The Indian Journal of Commerce*, 2001, pp. 57.

64. Singh J.K, "Emerging issues in Capital Market", *the Indian Journal of Commerce*, 2001, pp. 87.

65. Singh Rajesh and Kumar Raj, "Market size and liquidity position *of* UPSE vis-a-vis BSE and All India". *The Indian Journal of Commerce*, 2001, pp. 64.

66. Singh Vijay, "Emerging issues in capital market", *The Indian Journal of Commerce*, 2001, pp. 67.

67. Srinivasan, R "Security Prices Behaviour Associated with Rights Issue Related", *The ICFAI Journal of Applied Finance*, Vol.3, No.1, 1997, pp.50-62.

68. Swarup, S "Measures for Improving Common Investor Confidence in Indian Primary Market: A Survey", NSE News, 2003, p.37

69. Santi Swarup, Verma, "Effect of stock exchange reforms (1992-1997) on the development of Indian capital markets: intermediaries perception", finance India, 1998, pp. 347-355.

70. Subha M.V, "Indian Capital Markets: - A Road Ahead", *Indian Journal of Marketing*, 2006, pp. 21-22.

71. Sahu, P K "Behaviour Dynamics of Indian IPO Market" An Empirical Analysis", *Finance India*, Vol.14, No.4, 2000, pp.1203-208.

72. Surendra G and Rao KM, Retail investor's perception towards initial public offers (ipo) in india – a study on selected cities, *IJRIM*, Volume 1, Issue 3, July, 2011

73. Vanniarajan, T "Discriminates of Investors from Non investors on Public Issues", *SCMS Journal of Indian Management*, Vol.1, No.2, 2004, pp.151-162.

74. Veena, D.R., "Stock Market in India, Policy and action model for making money", Ashish Publication, 1989, pp. 14-16.

WEBSITES

1. http://ssrn.com/abstract=1670688
2. www.bseindia.com
3. www.chittorgarh.com
4. www.nseindia.com
5. www.primedatabase.com
6. www.sebi.gov.in
7. www.rbi.gov.in

REPORTS

1. Reserve Bank of India Annual Reports
2. SEBI Annual Reports.
3. Indian Stock Market Report.

ANNEXURE 1

LIST OF IPOs FROM 2001 TO 2010

Table 1 Year 2001: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	D-Link (India) Limited	13.71
2	Mid-Day Multimedia Limited	64.29

Table 2 Year 2002: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	I-Flex Solutions Limited	39.617
2	Bharati Tele Ventures Limited	1853.367

Table 3 Year 2003: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	T.V. Today Network Limited	145
2	Indraprastha Gas Limited	400
3	Vardhman Acrylics Limited	27.13
4	Maruti Udyog Limited	794.676
5	Divi's Laboratories Limited	32.04684

Table 4 Year 2004: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	Indoco Remedies Limited	30
2	Bharati Shipyard Limited	125
3	Deccan Chronicle Holdings Limited	80.131
4	S.A.L. Steel Limited	420
5	National Thermal Power Corporation Limited	8658.3

6	IndiaBulls Financial Services Limited	271.87519
7	Tata Consultancy Services Limited	554.526
8	New Delhi Television Limited	173.016
9	Datamatics Technologies Limited	103
10	Dishman Pharmaceuticals & Chemicals Limited	34.335
11	ICICI Bank Limited	1196.0784
12	Biocon Limited	100
13	Oil & Natural Gas Corporation Limited	1425.933
14	Petronet LNG Limited	2609.799
15	Power Trading Corporation of India Limited	584.9999
16	Gas Authority of India Limited	845.6516
17	Dredging Corporation of India Limited	56
18	IBP Co. Limited	57.5829
19	Indian Petrochemicals Corporation Limited	718.5006
20	CMC Limited	39.76374
21	Patni Computer Systems Limited	187.24

Table 5 Year 2005: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	Bartronics India Limited	60
2	Ginni Filaments Limited	252.63158
3	Celebrity Fashions Limited	45.5
4	Educomp Solutions Limited	40
5	Punj Lloyd Limited	91.72937
6	Tulip IT Services Limited	90
7	PVR Limited	74
8	ICICI Bank Limited	99009900#
9	Kernex Microsystems (I) Limited	44.00475
10	Repro India Limited	26.2
11	Everest Kanto Cylinder Limited	64.2857
12	ABG Shipyard Limited	85
13	Triveni Engineering & Industries Limited	500
14	AIA Engineering Limited	47
15	Bombay Rayon Fashions Limited	134.75

16	Piramyd Retail Limited	50
17	Prithvi Information Solutions Limited	50
18	Bannari Amman Spinning Mills Limited	70
19	Gujarat Industries Power Company Limited	317.4597
20	Shree Renuka Sugars Limited	40
21	Aurionpro Solutions Limited	30
22	Suzlon Energy Limited	293.4
23	Talbros Automotive Components Limited	52.7778
24	Amar Remedies Limited	150
25	Sasken Communication Technologies Limited	50
26	HT Media Limited	69.95
27	Infrastructure Development Finance Company Limited	4036
28	Shri Ramrupai Balaji Steels Limited	200
29	Syndicate Bank	500
30	IL&FS Investmart Limited	114
31	SPL Industries Limited	90
32	Nectar Lifesciences Limited	38.7
33	Yes Bank Limited	700
34	Provogue (India) Limited	40.49402
35	Jindal Poly Films Limited	83.33333
36	Shoppers Stop Limited	57.55556
37	Oriental Bank of Commerce	580
38	India Infoline Limited	118.78138
39	Allsec Technologies Limited	31.412
40	Shringar Cinemas Limited	81.5
41	Allahabad Bank	1000
42	Gokaldas Exports Limited	31.25
43	3i Infotech Limited	200
44	Jai Prakash Hydro-Power Limited	1800
45	IVRCL Infrastructure & Projects Limited	31.8987
46	Gateway Distriparks Limited	210
47	Punjab National Bank	800
48	Emami Limited	50
49	UTV Software Communications Limited	69.9995
50	Jet Airways (India) Limited	172.66801

Table 6 Year 2006: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	Shree Ashtavinayak Cine Vision Limited	33
2	Pyramid Saimira Theatre Limited	Rs.7512.835 lakhs
3	Cairn India Limited	3287.99675
4	Tanla Solutions Limited	142.965
5	Ess Dee Aluminium Limited	69.6
6	Nissan Copper Limited	Rs.2500 lakhs
7	XL Telecom Limited	39.56808
8	L.T.Overseas Limited	70.35714
9	Sobha Developers Limited	88.93332
10	Ruchira Papers Limited	Rs.2350 lakhs
11	Blue Bird (India) Limited	87.75
12	Parsvnath Developers Limited	332.38
13	Lanco Infratech Limited	444.72381
14	Info Edge (India) Limited	53.23851
15	Global Vectra Helicorp Limited	35
16	Development Credit Bank Limited	715
17	Accel Frontline Limited	56.3595
18	Hanung Toys and Textiles Limited	95
19	Minar International Limited	69.23077
20	JHS Svendgaard Laboratories Limited	62
21	Gayatri Projects Limited	29
22	FIEM Industries Limited	41
23	Gwalior Chemical Industries Limited	Rs.8000 lakhs
24	HOV Services Limited	40.5
25	Atlanta Limited	43
26	Action Construction Equipment Limited	46
27	Voltamp Transformers Limited	48.8384
28	GMR Infrastructure Limited	381.3698
29	Tech Mahindra Limited	127.46
30	Shirdi Industries Limited	65
31	Vigneshwara Exports Limited	47.6
32	Allcargo Global Logistics Limited	20.79
33	Prime Focus Limited	Rs. 100 crs
34	Deccan Aviation Limited	245.46

35	Rathi Udyog Limited	116.00**
36	Unity Infraprojects Limited	34.43
37	Gangotri Textiles Limited	134.14634**
38	Patel Engineering Limited	106.24965**
39	D. S. Kulkarni Developers Limited	48.59845
40	Reliance Petroleum Limited	4500
41	Plethico Pharmaceuticals Limited	39.2856**
42	Lokesh Machines Limited	30
43	Sun TV Limited	68.89
44	Emkay Share and Stock Brokers Limited	62.5
45	Opto Circuits (India) Limited	40
46	Godawari Power and Ispat Limited	86.95
47	R Systems International Limited	44.08355
48	Tantia Constructions Limited	43.5
49	Kewal Kiran Clothing Limited	31
50	Uttam Sugar Mills Limited	40
51	Adhunik Metaliks Limited	270.27027
52	Solar Explosives Limited	44
53	Visa Steel Limited	300
54	NITCO Tiles Limited	100
55	J. K. Cement Limited	200
56	Mahindra & Mahindra Financial Services Limited	200
57	B. L. Kashyap & Sons Limited	27.5
58	Pratibha Industries Limited	42.85
59	K Sera Sera Productions Limited	50
60	Gitanjali Gems Limited	170
61	Union Bank of India	450
62	The South Indian Bank	250.00 **
63	Sadbhav Engineering Limited	29
64	GVK Power & Infrastructure Limited	82.75556
65	INOX Leisure Limited	165
66	Jagran Prakashan Limited	100.3902
67	Gujarat State Petronet Limited	1380
68	Entertainment Network (India) Limited	132
69	Andhra Bank	850
70	Bank of Baroda	710
71	Raj Rayon Limited	85
72	Royal Orchid Hotels Limited	68.2
73	Nitin Spinners Limited	222.22222**

Table 7 Year 2007: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	Precision Pipes and Profiles Company Limited	150
2	PORWAL AUTO COMPONENTS LIMITED	75
3	MANAKSIA LIMITED	160
4	ARIES AGRO LIMITED	130
5	BRIGADE ENTERPRISES LIMITED	390
6	Transformers And Rectifiers (India) Limited	465
7	BGR ENERGY SYSTEMS LIMITED	480
8	ECLERX SERVICES LIMITED	315
9	JYOTHY LABORATORIES LIMITED	690
10	KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED	60
11	KOLTE PATIL DEVELOPERS LIMITED	145
12	RENAISSANCE JEWELLERY LIMITED	150
13	EDELWEISS CAPITAL LIMITED	825
14	Mundra Port and Special Economic Zone Limited	440
15	EMPEE DISTILLERIES LIMITED	400
16	Religare Enterprises Limited	185
17	BARAK VALLEY CEMENTS LIMITED	42
18	SVPCL LTD	42
19	Maytas Infra Limited	370
20	Supreme Infrastructure India Limited	108
21	Koutons Retail India Limited	415
22	Consolidated Construction Consortium Limited	510
23	Kaveri Seed Company Limited	170
24	Dhanus Technologies Limited	295
25	IT PEOPLE (INDIA) LTD	*
26	Motilal Oswal Financial Services Limited	825
27	Indowind Energy Limited	65
28	Magnum Ventures Limited	30
29	SEL Manufacturing Company Limited	90
30	Asian Granito India Limited	97
31	TAKE Solutions Limited	730

32	K.P.R. Mill Limited	225
33	Purvankara Projects Limited	400
34	Central Bank of India	102
35	IVR Prime Urban Developers Limited	550
36	Omnitech Infosolutions Limited	105
37	Zylog Systems Limited	350
38	Omaxe Limited	310
39	Alpa Laboratories Limited	68
40	Simplex Projects Limited	185
41	Everonn Systems India Limited	140
42	Allied Digital Services Limited	190
43	Bharat Earth Movers Limited	1075
44	Housing Development and Infrastructure Limited	500
45	Suryachakra Power Corporation Limited	20
46	Ankit Metal & Power Limited	*
47	ICICI Bank Limited	940
48	Roman Tarmat Limited	175
49	DLF Limited	525
50	Vishal Retail Limited	270
51	Nelcast Limited	219
52	Meghmani Organics Limited	19
53	Decolight Ceramics Limited	54
54	Time Technoplast Limited	315
55	Nitin Fire Protection Industries Limited	190
56	Asahi Songwon Colors Limited	*
57	Insecticides (India) Limited	115
58	Binani Cement Limited	75
59	MIC Electronics Limited	150
60	Bhagwati Banquets & Hotels Limited	40
61	Fortis Healthcare Limited	108
62	Ammana Bio Pharma Limited	*
63	Advanta India Limited	640
64	ICRA Limited	330
65	Orbit Corporation Limited	110
66	Gremach Infrastructure Equipments & Projects Limited	86
67	Abhishek Mills Limited	100
68	Tubeknit Fashions Limited	*
69	Page Industries Limited	360
70	Raj Television Network Limited	257

71	AMD Metplast Limited	75
72	Vijayeswari Textiles Limited	100
73	Idea Cellular Limited	75
74	Evinix Accessories Limited	120
75	Mudra Lifestyle Limited	90
76	Oriental Trimex Limited	48
77	MindTree Consulting Limited	425
78	Broadcast Initiatives Limited	120
79	Indus Fila Limited	170
80	Euro Ceramics Limited	165
81	Indian Bank	91
82	C & C Constructions Limited	291
83	SMS Pharmaceuticals Limited	380
84	Power Finance Corporation Limited	85
85	Transwarranty Finance Limited	52
86	Firstsource Solutions Limited	64
87	Redington (India) Limited	113
88	Cinemax India Limited	5
89	Technocraft Industries (India) Limited	105
90	House of Pearl Fashions Limited	550
91	Akruti Nirman Limited	540
92	Global Broadcast News Limited	250
93	Pochiraju Industries Limited	30
94	Autoline Industries Limited	225

Table 8 Year 2008: IPO Name & Issue Size (in lakh Shares)

Sr. No.	Name of the issue	Issue Size (lakh shares)
1	ALKALI METALS LIMITED	25.5
2	20 MICRONS LIMITED	43.50632
3	RESURGERE MINES & MINERALS INDIA LIMITED	44.5
4	AUSTRAL COKE & PROJECTS LIMITED	72.6
5	NU TEK INDIA LIMITED	45
6	VISHAL INFORMATION TECHNOLOGIES LIMITED	27.9
7	BIRLA COTSYN INDIA LIMITED	7088
8	KSK ENERGY VENTURES LIMITED	346.11
9	LOTUS EYE CARE HOSPITAL LIMITED	100

10	FIRST WINNER INDUSTRIES LIMITED	55
11	ARCHIDPLY INDUSTRIES LIMITED	66.1572
12	SEJAL ARCHITECTURAL GLASS LIMITED	91.94155
13	NIRAJ CEMENT STRUCTURALS LIMITED	32.5
14	ANU'S LABORATORIES LIMITED	38.2
15	GOKUL REFOILS AND SOLVENT LIMITED	71.58392
16	AISHWARYA TELECOM LIMITED	40
17	KIRI DYES AND CHEMICALS LIMITED	37.5
18	TITAGARH WAGONS LIMITED	23.83768
19	Sita Shree Food Products Limited	Rs. 315
20	GAMMON INFRASTRUCTURE PROJECTS LIMITED	165.5
21	RURAL ELECTRIFICATION CORPORATION LIMITED	1561.2
22	V-GUARD INDUSTRIES LIMITED	80
23	GSS AMERICA INFOTECH LIMITED	34.97495
24	SVEC CONSTRUCTIONS LIMITED	40
25	EMAAR MGF LAND LIMITED	1025.70623
26	WOCKHARDT HOSPITALS LIMITED	250.87097
27	Tulsi Extrusions Limited	57
28	IRB Infrastructure Developers Limited	510.57666
29	SHRIRAM EPC LIMITED	50
30	Bang Overseas Limited	35
31	ONMOBILE GLOBAL LIMITED	109.00545
32	KNR Construction Limited	78.7457
33	CORDS CABLE INDUSTRIES LIMITED	30.85
34	J. Kumar Infraprojects Limited	65
35	RELIANCE POWER LIMITED	2280
36	FUTURE CAPITAL HOLDINGS LIMITED	64.228

Table 9 Year 2009: IPO Name & Issue Size (in lakh Shares)

Sr. No.	**Name of the issue**	**Issue Size (lakh shares)**
1	D.B. CORP LIMITED	212
2	GODREJ PROPERTIES LIMITED	490
3	JSW ENERGY LIMITED	100
4	MBL INFRASTRUCTURES LIMITED	180
5	COX AND KINGS (INDIA) LIMITED	330

6	ASTEC LIFESCIENCES LIMITED	82
7	DEN NETWORKS LIMITED	195
8	INDIABULLS POWER LIMITED	45
9	THINKSOFT GLOBAL SERVICES LIMITED	125
10	EURO MULTIVISION LTD	75
11	PIPAVAV SHIPYARD LIMITED	58
12	OIL INDIA LIMITED	1050
13	GLOBUS SPIRITS LIMITED	100
14	JINDAL COTEX LIMITED	75
15	NHPC LIMITED	36
16	ADANI POWER LIMITED	100
17	RAJ OIL MILLS LIMITED	120
18	EXCEL INFOWAYS LIMITED	85
19	MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED	300
20	RISHABHDEV TECHNOCABLE LIMITED	33
21	EDSERV SOFTSYSTEMS LIMITED	60

Table 10 Year 2010: IPO Name & Issue Size (in lakh Shares)

Sr. No.	**Name of the issue**	**Issue Size (lakh shares)**
1	C. MAHENDRA EXPORTS LIMITED	150
2	PUNJAB & SIND BANK	400
3	RAVI KUMAR DISTILLERIES LIMITED	115
4	A2Z MAINTENANCE & ENGINEERING SERVICES LTD	25
5	THE SHIPPING CORPORATION OF INDIA LIMITED	846
6	CLARIS LIFESCIENCES LIMITED	300
7	MOIL LIMITED	336
8	R.P.P. INFRA PROJECTS LIMITED	65
9	GRAVITA INDIA LIMITED	36
10	COAL INDIA LIMITED	630
11	GYSCOAL ALLOYS LIMITED	77
12	PRESTIGE ESTATES PROJECTS LIMITED	120
13	BS TRANSCOMM LIMITED	76.79
14	OBEROI REALTY LIMITED	395
15	COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED	153
16	BEDMUTHA INDUSTRIES LTD	900

17	SEA TV NETWORK LIMITED	502
18	ASHOKA BUILDCON LIMITED	225
19	TECPRO SYSTEMS LIMITED	75
20	VA TECH WABAGH LIMITED	125
21	CANTABIL RETAIL INDIA LIMITED	105
22	ELECTROSTEEL STEELS LIMITED	90
23	ORIENT GREEN POWER COMPANY LIMITED	90
24	RAMKY INFRASTRUCTURE LIMITED	53
25	MICROSEC FINANCIAL SERVICES LIMITED	125
26	CAREER POINT INFOSYSTEMS LIMITED	115
27	EROS INTERNATIONAL MEDIA LIMITED	35
28	TIRUPATI INKS LIMITED	51
29	INDOSOLAR LIMITED	357
30	GUJARAT PIPAVAV PORT LIMITED	117
31	PRAKASH STEELAGE LIMITED	62
32	BAJAJ CORP LIMITED	450
33	SKS MICROFINANCE LIMITED	167
34	MIDFIELD INDUSTRIES LIMITED	450
35	HINDUSTAN MEDIA VENTURES LIMITED	27
36	TECHNOFAB ENGINEERING LIMITED	299
37	ASTER SILICATES LIMITED	531
38	PARABOLIC DRUGS LIMITED	20
39	FATPIPE NETWORKS INDIA LIMITED	49
40	STANDARD CHARTERED PLC	2400 lac (IDRs)
41	TARA HEALTH FOODS LIMITED	100
42	JAYPEE INFRATECH LIMITED	165
43	SJVN LIMITED	4150
44	MANDHANA INDUSTRIES LIMITED	83
45	TARAPUR TRANSFORMERS LIMITED	85
46	NITESH ESTATES LIMITED	40
47	TALWALKARS BETTER VALUE FITNESS LIMITED	60.5
48	GOENKA DIAMOND & JEWELS LIMITED	100
49	INTRASOFT TECHNOLOGIES LIMITED	37
50	SHREE GANESH JEWELLERY HOUSE LIMITED	142.69831
51	PERSISTENT SYSTEMS LIMITED	54.19
52	IL&FS TRANSPORTATION NETWORKS LIMITED	700
53	PRADIP OVERSEAS LIMITED	106
54	NMDC LIMITED	3322.432
55	DQ ENTERTAINMENT (INTERNATIONAL) LTD	160.48

56	UNITED BANK OF INDIA	500
57	RURAL ELECTRIFICATION CORPORATION LIMITED	1717.32
58	MAN INFRACONSTRUCTION LIMITED	56.25
59	TEXMO PIPES & PRODUCTS LTD	50
60	HATHWAY CABLE & DATACOM LIMITED	277.5
61	ARSS INFRASTRUCTURE PROJECTS LIMITED	103
62	NTPC Limited	4122.7322
63	EMMBI POLYARNS LIMITED	95.74
64	D B REALTY LIMITED	150
65	AQUA LOGISTICS LTD	150
66	SYNCOM HEALTHCARE LIMITED	75
67	VASCON ENGINEERS LIMITED	108
68	THANGAMAYIL JEWELLERY LIMITED	14.075
69	JUBILANT FOODWORKS LIMITED	226.70447
70	BIRLA SHLOKA EDUTECH LIMITED	59.55
71	INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED	115.03

ANNEXURE -2

S. No	Sources of Investment Information	Rank																			
		1	**R1**	**2**	**R2**	**3**	**R3**	**4**	**R4**	**5**	**R5**	**6**	**R6**	**7**	**R7**	**8**	**R8**	**9**	**R9**	**10**	**R10**
a	Abridged Prospectus	3	3	6	12	12	36	5	20	23	115	45	270	53	371	78	624	65	585	36	360
b	Newspaper Journals & Magazines	23	23	37	74	15	45	67	268	78	390	54	324	22	154	13	104	6	54	11	110
c	TV Channels	54	54	63	126	78	234	34	136	22	110	26	156	21	147	9	72	11	99	8	80
d	Investments Related Websites	92	92	82	164	52	156	31	124	14	70	19	114	13	91	7	56	4	36	12	120
e	Brokers / Analysts Forecast	76	76	77	154	56	168	23	92	13	65	23	138	15	105	23	184	12	108	8	80
f	Investor Forum	6	6	5	10	12	36	14	56	24	120	36	216	14	98	45	360	14	126	156	1560
g	Credit Rating Agencies	34	34	18	36	45	135	79	316	42	210	23	138	22	154	14	112	21	189	28	280
h	Company Announcements	12	12	0	0	1	3	26	104	22	110	3	18	131	917	102	816	11	99	18	180
i	Stock Exchange Announcements	0	0	3	6	12	36	11	44	21	105	20	120	12	84	23	184	178	1602	46	460
j	Others (Friends , Relatives etc)	26	26	35	70	43	129	36	144	67	335	77	462	23	161	12	96	4	36	3	30

ANNEXURE -3

S No	Investments	Ranks																			
		1	**R1**	**2**	**R2**	**3**	**R3**	**4**	**R4**	**5**	**R5**	**6**	**R6**	**7**	**R7**	**8**	**R8**	**9**	**R9**	**10**	**R10**
A	Shares	32	32	46	92	56	168	62	248	121	605	42	252	25	175	10	80	6	54	0	0
B	Debentures / Bonds	18	18	8	16	12	36	38	152	42	210	45	270	33	231	65	520	132	1188	7	70
C	Stock Futures and Options	11	11	9	18	16	48	23	92	11	55	35	210	69	483	149	1192	77	693	0	0
D	Mutual Funds	48	48	55	110	125	375	46	184	35	175	31	186	26	182	23	184	11	99	0	0
E	*NSC/PPF/PF	95	95	106	212	57	171	34	136	32	160	23	138	20	140	17	136	16	144	0	0
F	Fixed Deposits	142	142	120	240	39	117	20	80	23	115	11	66	10	70	27	216	8	72	0	0
G	Insurance Policies	34	34	25	50	28	84	121	484	41	205	38	228	28	196	10	80	75	675	0	0
H	Real Estate	7	7	9	18	36	108	42	168	31	155	56	336	128	896	52	416	35	315	4	40
I	Gold / Silver	13	13	22	44	31	93	14	56	64	320	119	714	56	392	43	344	38	342	0	0
J	Others	0	0	0	0	0	0	0	0	0	0	0	0	5	35	4	32	2	18	389	3890

QUESTIONNAIRE 1

Dear Sir/Madam,

I am **Jyoti Shukla, Research Scholar** from Babu Banarasi Das University, Lucknow. I am carrying out Research on the Securities and Exchange Board of India entitled "**Impact of SEBI on the Public Issues in Present Scenario** .

You have been chosen to participate in this Research exercise in your capacity as a **Capital Market Investor(s)**. I appreciate your effort in assisting me with this research.

Help me provide the following information.

Your name or the name of your Firm: …………………………………………........................

Address:…………………….………….......……………………………………………………

…………………………………………....………………………………………………………

Telephone No. …………………….. E-mail address ……………………………………

PART 1: SOCIO-ECONOMIC PROFILE

1) AGE — Below 25 yrs ☐ 25-35 ☐ 35-45 ☐ 45-55 ☐ 55- Above ☐

2) Gender — Male ☐ Female ☐

3) Marital Status — Married ☐ Unmarried ☐

4) Educational Level — School Education ☐ College Education ☐ Professional ☐ Others ☐

5) Occupation — Salaried ☐ Professional ☐ Business ☐ Retired ☐ Others ☐

6) Monthly Family Income: Below Rs. 10,000 ☐
10,000-20,000 ☐
20,000-30,000 ☐
30,000-40,000 ☐
40,000 & Above ☐

PART 2: INVESTMENT PROFILE

1) Type of Investor
Hereditary Investor ☐ New Generation Investor ☐

2) Type of Market Operator
Primary market ☐ Secondary Market ☐ Both ☐

3) Experience in the market
Less than 1 year ☐ 1-3 year ☐ 3 years & Above ☐

4) Number of Public Issues in which investment is made:
Less than 10 ☐ 10-20 ☐ 20 & Above ☐

5) Rank the following sources of Public Issue investment information based on usage and reliability (1 to 10):

S. No	**Sources of Investment Information**	**Rank**
a	Abridged Prospectus	
b	Newspaper Journals & Magazines	
c	TV Channels	
d	Investments Related Websites	
e	Brokers / Analysts Forecast	
f	Investor Forum	
g	Credit Rating Agencies	
h	Company Announcements	
i	Stock Exchange Announcements	
j	Others (Friends , Relatives etc)	

Part 3: **INVESTMENT PREFERENCES & RISK RETURN PERCEPTIONS**

1) **Rank Your Investment Preferences (1 to 10)**

S No	**Investments**	**Ranks**
A	Shares	
B	Debentures / Bonds	
C	Stock Futures and Options	
D	Mutual Funds	
E	*NSC/PPF/PF	
F	Fixed Deposits	
G	Insurance Policies	
H	Real Estate	
I	Gold / Silver	
J	Others	

2) State the level of risk and return associated with the following investments.

Level of Risk						**Level of Return**				
Very High	**High**	**Moderate**	**Low**	**Very Low**	**Investments**	**Very High**	**High**	**Moderate**	**Low**	**Very Low**
					Shares					
					Debentures / Bonds					
					Stock Futures and Options					
					Mutual Funds					
					*NSC/PPF/PF					
					Fixed Deposits					
					Insurance Policies					
					Real Estate					
					Gold / Silver					
					Others					

3) As a Public Issue Investor, state level of Risk & Return for the following options:

Level of Risk						Level of Return				
Very High	High	Moderate	Low	Very Low	**Investments**	Very High	High	Moderate	Low	Very Low
					Initial public Offering (IPO)					
					Further Public Offering (FPO)					

Part 4: FACTORS INVOLVED IN INVESTMENT EVALUATION AND DECISION

1) State the level of influence of the following factors in Public Issue investment evaluation and decision

S. No	Investment Factors	Level of importance				
		Very high	High	Moderate	Low	Very Low
1	General Information					
2	Role of SEBI					
3	Company Management					
4	Details of Present issue					
5	Project Details					
6	Financial parameters					

PART 5: INVESTOR SATISFACTION

1) State the level of satisfaction with respect to the following aspects of public issue investment

S. No	Others Aspects	Level of importance				
		Highly Satisfied	Satisfied	Neutral / undecided	Dissatisfied	Highly Dissatisfied
1	Nation wide trading facility					
2	Equal access to all investors					
3	Fairness, efficiency and transparency of allotment process					
4	Functioning of SEBI					
5	Prompt service from company Such as transfers, subdivision etc					

6	Functioning of Stock Exchange					
7	Quality of advice and services of brokers					
8	Information availability & reliability					

2) State your level of agreeability regarding enhancing or introduction of the following measures of SEBI, to increase investor confidence and to attract more investments in Public issues.

S.No.	**Measures**	**Level of Agreeability**				
		Strongly agree	**Agree**	**Neutral / undecided**	**Disagree**	**Strongly Disagree**
1	Information related measures					
2	Scandal control measures					
3	Investor awareness and education Measures					
4	Grievance handling and Investor protection measures					
5	Regulating intermediary and rating measures					
6	Market regulation measures					
7	Return related measures					
8	Transparency in Promoter's activities					
9	Rating of equity scripts					

3) In your opinion, what has the presence of SEBI done to the Primary Capital Market? Tick the appropriate box.

Much improvement	
Averagely improved	
No improvement	

4) What would be your expert advice to the Government of India about SEBI? Tick the appropriate box.

Suspend its Activities	
Give it more powers	
Let it stay as it is.	

Sir/Madam, I may wish to contact you later. Please, approve by signing here ………………………………

Thank you very much for your kind co-operation.

QUESTIONNAIRE 2

Dear Sir/Madam,

I am **Jyoti Shukla, Research Scholar** from Babu Banarasi Das University, Lucknow. I am carrying out Research on the Securities and Exchange Board of India entitled "**Impact of SEBI on the Public Issues in Present Scenario** .

You have been chosen to participate in this Research exercise in your capacity as a **Capital Market Intermediary**. I appreciate your effort in assisting me with this research.

Help me provide the following information

1. Name of your Firm:……………………………………………………………………

Address: ....…………………………………………………………………

…………………………........................……………………………………………………

Telephone No. …………………. E-mail address ………………………………………

Q2. Which of the following describes your firm? Tick the appropriate. Tick the appropriate box

A	Sole Proprietorship
B	Partnership
C	Limited Company

Q3. What kind of Capital Market Intermediary are you? Tick the appropriate box.

S No	Kind of CM Intermediary	
1	Merchant Banker	
2	Registrar and Transfer Agent	
3	Underwriter/broker to issue	
4	Adviser to issue	
5	Banker to issue	
6	Depository	
7	Depository Participant	
8	Brokerage House	

Q4. State the number of Individual investors (as a percentage) for whom you Act as Intermediary. Write in the boxes provided.

Male [ ]

Female [ ]

Q5 According to your assessment, is the Online Subscription System for Public Issue a good or a bad safe guard? Tick

the Appropriate box.

Good	
Bad	

Q 6. Are you facing any problems as a Capital Market Intermediary concerning SEBI? Tick the appropriate box.

Yes ☐

No ☐

Q7. How do you report the client's problems to SEBI? Tick the appropriate box.

Individually ☐

In Batches ☐

Q8. How always has SEBI's response been? Tick the appropriate box.

Very slow to react ☐

Slow to react ☐

Take immediate Action ☐

No Action taken ☐

Q9. How would you rate SEBI's response to complaints? Tick appropriate box.

Effective ☐

Not effective ☐

Q10. What usually is the nature of SEBI's response to complaints? Tick appropriate box.

Complete solution ☐

Partial solution ☐

Q11. In your opinion, what has the presence of SEBI done to the Primary Capital Market? Tick the appropriate box.

Much improvement	
Averagely improved	
No improvement	

Q12. Rate the services of SEBI in:

S. N0.	Measures	Level of Satisfaction				
		Very good	Good	Average	Fair	Poor
1	Formulating of Rules and Regulations for the running of Primary Capital Market					
2	Handling of Investors' complaints					

Q 13. How adequate are the Rules and Regulations of SEBI in Helping the Primary Market Investors to sort out their investment difficulties? Tick the appropriate box.

Very adequate	
Fairly adequate	
Not adequate	

Q 14. What is SEBI doing to educate the Investors as to their rights and obligations regarding the Primary Market? Tick the answers as appropriate.

Seminars	
Press Releases	
Newspapers	
Television	
Radio	
Nothing	

Q 15. What would be your expert advice to the Government of India about SEBI? Tick the appropriate box.

Suspend its Activities	
Give it more powers	
Let it stay as it is.	

Sir/Madam, I may wish to contact you later. Please, approve by signing here

………………………………

Thank you very much for your kind co-operation.