INDIA'S IPO LISTING SCENARIO AND POST LISTING IPO PERFORMANCE WITH A SPECIAL EMPHASIS ON BANKING AND NON-BANKING FINANCIAL COMPANIES

AKINCHAN B. SINHA	DR.B.M.SINGH	DR.MANISHA SINGH
Assistant Director, The Institute of Company Secretaries of India akinchanbsinha@gmail.com	Registrar & Dean Faculty of Management Studies, ICFAI University, Jharkhand	Faculty Member-Finance IBS Business School, Bangalore

ABSTRACT

It is heartening to note that in the first half of 2018 witnessed a prodigious growth of initial public offering (IPO), i.e. 90 initial public offerings (IPO), thereby, making for 16% of all listings globally and 27% more than 2017. Further, India also witnessed a 28% year-on-year increase in IPO proceeds during January – June 2018 at $3.9 billion (INR 27000 crore). This amounted to 5% of the total funds raised via IPOs globally during the period.

The IPO ecology is evolving at an astounding pace in India with numerous corporate houses espousing the IPO route. Consequently, IPOs of several companies have been listed in Indian stock exchanges. The impact of high listing is reflected in terms of phenomenal total market capitalisation. For instance, total market capitalisation of BSE is around Rs.1,44,90,494 crores as of 17 November 2017. Out of 5,567 companies listed on BSE, 5,146 companies have shares listed on the equity segment.

This research paper makes and endeavour to delve deep into initial public offering listing scenario of Indian capital market and post listing IPO performance with a special emphasis on Banking and Non-Banking Financial Companies.

***Keywords**: Growth of Indian Capital Market; Initial Public Offering (IPO) Listing Scenario; Post Listing IPO Performance of Banking and Non-Banking Financial Companies of India; Growth potential of IPO*

JEL Classification Code: G1 (General Financial Markets)

INTRODUCTION

The capital markets are essential for the economic growth of a nation. In fact, it has been seen that a well-developed capital market is a precious national asset. Developed capital markets provide for some important macro economic benefits, including: a) faster economic growth, b) higher productivity and capital growth, c) higher employment, and d) a better developed financial market. Moreover, a developed capital market also offer some micro economic benefits, including: a) wealth formation for private investors, b) more flexible financing for companies, c) improvement of governance structures, since raising of long-term finance is carried out within the contours of laws governing capital issues, like, SEBI Act, 1992, Issue of Capital and Disclosure Requirements (ICDR) Regulations, Listing Obligations and Disclosure Requirements (LODR) Regulations etc. of d) higher cross border M&A power, and e) driving entrepreneurial behaviour.

The blessings of capital market are as under:

1) <u>Bridge between Savers and Investors</u>: The capital market works as a bridge between savers and investors. It plays a crucial role in mobilizing the savings and channelling them into productive investment. Therefore, capital market plays an important role in transferring the financial resources from surplus and uneconomical fields to deficit but productive areas, thereby, enhancing the productivity and prosperity of the nation.

2) <u>Foster Savings</u>: With the development of capital market, banking and non-banking companies provide facilities, encouraging people to save more. In developing countries, in the absence of capital market, there are very little savings and those who save often invest their savings in unproductive and wasteful assets, like, gold, jewellery etc. or in highly illiquid assets like land.

3) <u>Promotes Investment</u>: The capital market assists lending to the corporate houses and the government, thereby, providing a fillip to the investment. It provides facilities through banks and non-banking financial companies. Various financial assets like, shares, securities, bonds, etc. motivate savers to lend to the government or invest in industry.

4) <u>Encourages Economic Growth</u>: The capital market not only reflects the general condition of the economy, but also smoothens and accelerates the process of economic growth. Various institutions of the capital market, like nonbank financial intermediaries, allocate the resources rationally in accordance with the development needs of the country. The proper allocation of

resources results in the growth of trade and industry in both public and private sectors, thus fostering a balanced economic growth in the country.

5) Bring about stability in prices of securities: The capital market tends to stabilise the values of stocks and securities and decrease the fluctuations in the prices to the minimum. The process of stabilisation is facilitated by providing capital to the borrowers at a lower interest rate and by reducing the speculative and unproductive activities.

The enactment of three key legislations namely Capital Issues (control) Act 1947; Securities Contracts (Regulation) Act, 1956; and Companies Act, 1956 have been important steps to provide proper legal support for the development of capital market in India. However, till mid of 1980s, India's Capital Market was dormant. Globalization and financial sector reforms have brought in drastic change in the financial framework of the economy. Since the onset of the financial sector reforms in the early 1990's, the implementation of various reform measures including a number including numerous structural and institutional changes in the different segments of the financial markets has ushered in a dramatic transformation in the working of the financial sector of the Indian economy. It is to be noted the Indian banking sector opened up to private bank formations in 1993 and consequently 10 new bank licenses were issued to them. The public sector banks were also permitted to raise capital from the market by issue of equity as long as they maintained 51 percent public ownership.

While referring the thesis of Rajeev G. "Capital market reforms and corporate investment behaviour in India", the eye-catchy reforms that resulted into a magnificent growth of Indian capital market as were-

1) *Market Pricing of Issues*: Abolition of the office of Controller of Capital Issues (CCI), which assisted in removal of administrative controls over the pricing of new equity issues. Pricing was left to the market. This helped in better price discovery.

2) *Birth of Regulatory Bodies*: The Securities and Exchange Board of India (SEBI) were empowered in 1992. It was created to take care of investors interests and strengthen the development of the securities market. With SEBI coming into force it made mandatory for all market intermediaries to get registered with SEBI, which also provided the guidelines for Disclosure and Investor protection. This helped in building transparency and trust in the capital markets, thereby, providing a fillip to the capital raising process by corporate houses from the markets.

3) *Open Electronic Limit Order Book Market*: One of the major reforms of 1994 was starting of Electronic Limit Order Book (ELOB) and screen based trading by National Stock Exchange (NSE). It was followed by BSE Ltd. in 1995. This assisted in offering higher liquidity and transparent screen-based trading, as the open outcry approach was dominated by the traders at BSE. This also paved way for nationwide connectivity.

4) *Depository Services*: Due to absence of technology, share transfers till 1996 called for physical movement of share certificates. To sell the stock the shareholders had to remit certificates to the company through post offices. This resulted in a lot of back office work and enhanced transaction costs. Also to get shares transferred it consumed up to 45 days, adversely affecting the stock liquidity. But with Depository Act witnessing the light of the day in 1996, depositories were allowed to dematerialize securities and transform physical securities into electronic form. This directly resulted into slashing of transaction and handling costs, while also reducing the probability of forgery and counterfeiting. There was improvement in liquidity and enhancement in market efficiency.

5) *Derivatives Trading*: One of most significant reforms that took place in Indian capital market in June 2000 was the introduction of exchange-traded derivative instruments. Financial instruments like, futures and options assisted investors to better hedge their positions and provided them with better risk management.

6) *Arrival of Foreign Capital*: The year 1994 marked the launching of Global Depository Receipts (GDRs) and American Depository Receipts (ADRs). Therefore, the corporate capital formation was available from domestic savings and from foreign savings.

7) *Foreign Portfolio Investment*: Another significant reform that happened in 1993 was the opening up of the Indian stock market for portfolio investment and for the first time Foreign Institutional Investors (FIIs) were permitted to invest in the Indian stock market. This was a big impetus to the secondary market. It also played a crucial role in strengthening India's foreign exchange reserves, particularly at a time when the country's reserves were unsteady after the 1991 crisis. Further, the rise in capital flows from outside brought down interest rates which exerted a positive impact on investment and growth.

8) New Capital Issues- New Mechanism: After discontinuation of CCI (Controller of Capital Issues), the mechanics of ascertaining offer price assumed tremendous significance. Initially, only fixed price mechanism was adhered to for floating new capital issues. This technique of floatation, however, suffered from a drawback, i.e., it was not easy to ascertain the price at which the market would clear the issue and, thus, resulted into either underpricing or overpricing of an issue. The empirical evidence in several countries suggests that new capital issues are generally underpriced. This resulted the transfer of wealth from the issuer to the investor, wherein the issuer has to bear a cost. As the method of offering shares at fixed price by the issuer has proved to be inefficient, an alternative method of book building gained steam in several countries. Book building mechanism is a method through which an offer price of an Initial Public Offering is based on investors demand. The book building phenomenon provided the issuer the choice to procure resources either through this or the fixed price mechanism. Although the book building guidelines were prescribed in 1995, no issue was floated on account of certain restrictive guidelines, which were amended in 1999. In terms of the extant guidelines issued by the SEBI, an issuer has been given the option to book build either 90 percent of the net offer to the public or 75 percent of net offer to the public. The balance issue is offered to the public at the fixed price determined through the book building exercise.

LITERATURE REVIEW

Chopra (2009) carried out an analysis of long and short term performance of initial public offers (IPOs) of Indian companies and reached the conclusion that there is an existence of underpricing in the initial public offers (IPOs) listed in National Stock Exchange (NSE). He observed that underpricing is extremely high in the short run, especially in the next six months from the day initial public offers (IPOs) are listed. He also observed that investors holding their equities for a longer period witnessed normalisation in the value of initial public offers (IPOs), i.e. the initial public offrs (IPOs) tends to attain their true value, thereby, driving out the underpricing effect.

Seshadev Sahoo and Prabina Rajib (2010) attempted to specify the relationship between post-issue promoter groups' retention and IPO performance on listing . The researchers investigated the impact of financial variables,i.e., offer size, times subscribed, age of the firm, book value, leverage, market volatility, ex-ante uncertainty and the post issue promoter group holding on listing performance of an IPO. 92 IPOs from manufacturing and non manufacturing sectors were used as sample and found that in 46.55% of IPOs, lisiting price was more than the offer price during 2002 – 2006. The study documented a positive relationship between post-issue promoter group holding and IPO performance on listing . The results further indicated that offer size, times subscribed and post-issue promoter group holding were statistically significant in influencing the performance of listing.

According to Jotwani and Singh (2011) subscription rate of the IPO plays a crucial role only in short run. Investors may try to analyze the demand-supply scenario of the IPO before investing, which has little importance in the long run. They also mentioned the objective of the IPO showed its importance only in the long run, i.e., five years after the issue of initial public offer (IPO).

Bandgar & Atul Rawal (2012) studied the impact of pricing of Banks IPOs in long and short run. The researchers also evaluated the effect of size and issue nature (par, premium or at discount) of IPOs on its pricing. A sample of 10 banks was selected randomly which issued their equities through initial public offering (IPO) during the period 2000 – 2010. It was found that the average return in short run was at – 8% and long run was at – 53%. Further findings from the study revealed that big issue size IPOs got listed with a higher listing price and the small issue size IPOs got listed with a lower listing price. IPOs with lower issue price gave more returns on the listing day than the IPOs with higher issue price. Private sector banks IPO's gave higher return than the public sector banks IPOs during the study period

Ganesamoorthy & Shankar (2012) attempted to study the price behaviour of IPOs and its persistent effect after listing . For this purpose a standard event study methodology by taking market adjusted return model was used. As per the methodology, Annual average abnormal return (AAR) and cumulative average abnormal return (CAAR) were calculated along with the t-statistics for testing significance. The study covered a ten years period from 2001 to 2010. 219 initial public offerings made by Indian companies during the period were selected as sample for the study. The overall result indicated that the issue price was more than listed price for the Indian IPOs during 2001 to 2010. Even though the AAR on the first trading day was more than one per cent, in the subsequent days the price was adjusted by the market. CAAR at the end of the event window (75^{th} day) stood at -10.7 per cent. The negative CAAR of 68 days out of 75 days were found to be significant, which strongly indicate the underperformance of Indian IPOs during the period.

OBJECTIVES OF THE STUDY

1. To comprehend the post listing initial public offering (IPO) performance of Banks and Non-Banking Finance Companies (NBFCs) selected for the research study.

RESEARCH METHODOLOGY

1. Initial Return or Raw Return for the Stock: This will assist in ascertaining the immediate return on stocks of the Banks and Non-Banking Finance Companies (NBFCs) considered for the study.

LIMITATIONS OF THE STUDY

1. The research study is based on the secondary data.

2. All Banks and Non-Banking Finance Companies (NBFCs) whose initial public offering (IPO) are listed on the stock exchanges could not be covered due to technical constraints.

3. Only one financial tool, i.e. Initial Return or Raw Return for the stock have been used and other financial and statistical tools have not been used.

Gauging the Post Listing IPO Performance

i) ***Banks***

The banks considered for the research study are as under:

1) Allahabad Bank
2) Canara Bank
3) Punjab National Bank
4) United Bank of India
5) ICICI Bank
6) HDFC Bank
7) Yes Bank
8) Development Credit Bank
9) The South Indian Bank
10) Bank of Baroda

ii) Non-Banking Finance Companies (NBFCs) covered for the research study are as under:

1) Power Finance Corporation
2) Infrastructure Development Finance Company.
3) Rural Electricity Corporation
4) Muthoot Finance
5) Edelweiss Capital

Computation of Initial Return or Raw Return for the stock of Banking companies selected for the research study

The formula for calculating Initial or Raw Return on Stock is

$R\_Ret = [P_t – P_0 / P_0] \times 100$

Where,

R_Ret. = Initial Return or Raw Return for stock

P_t = Closing price at time t

P_0 = Closing price on listing day

Allahabad Bank IPO was issued on October 2002 and was listed on BSE Ltd. (erstwhile Bombay Stock Exchange) on 29th of November, 2002. The closing price of Allahabad Bank stock on 29th of November, 2002 was INR 10.10.

Applying the formula of Initial Return or Raw Return on Allahabad Bank Stock, the returns is computed for 5 years, 6 years, 7 years, 8 years, 9 years and 10 years from the date of listing. For this purpose, the closing prices of the last day or the day closer to the end of the concerned month will be considered. For instance, while computing the return on stock after 1 month of listing, the closing price of the last day of December 2002 will be considered and in case the last day was a non-working day or holiday of the stock exchange than the day immediately prior to the last day have been considered.

Initial or Raw Return on Stock- Allahabad Bank

Listed on 2002	**$[P_t – P_0 /P_0] \times 100$**	**Initial Return or Raw Return on Stock**
5 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%
6 years from listing	31.49 – 10.10 / 10.10 x 100	212%
7 years from listing	31.49 – 10.10 / 10.10 x 100	212%
8 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%
9 years from listing	33.21 – 10.10 / 10.10 x 100	229%
10 years from listing	30.64 – 10.10 / 10.10 x 100	203.4%

Initial or Raw Return on Stock- Punjab National Bank

Listed on 2002	**[P_t – P_0 /P_0] x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	99.81 – 40.00 / 40.00 x 100	149.53%
6 years from listing	112.96 – 40.00 / 40.00 x 100	182.4%
7 years from listing	95.62 – 40.00 / 40.00 x 100	139.05%
8 years from listing	206.18 – 40.00 / 40.00 x 100	415.45%
9 years from listing	237.17 – 40.00 / 40.00 x 100	492.93%
10 years from listing	167.84 – 40.00 / 40.00 x 100	319.6%

Initial or Raw Return on stock of Canara Bank

Listed on 2002	**[P_t – P_0 /P_0] x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	[289.07 – 47.32] / 47.32 x 100	510.88%
6 years from listing	[157.91 – 47.32] / 47.32 x 100	233.71%
7 years from listing	[387.94 – 47.32] / 47.32 x 100	719.82%
8 years from listing	[638.65 – 47.32] / 47.32 x 100	1249.64%
9 years from listing	[352.25 – 47.32] / 47.32 x 100	644.40%
10 years from listing	[462.55 – 47.32] / 47.32 x 100	877.49%

Initial or Raw Return on stock of United Bank of India

Listed on 2010	**[P_t – P_0 /P_0] x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	[32.30 – 68.80 / 68.80] x 100	-53.05%
6 years from listing	[19.35 – 68.80 / 68.80] x 100	-71.88%
7 years from listing	[25.70 – 68.80 / 68.80] x 100	-62.65%

Initial or Raw Return on stock of Bank of Baroda

Listed on 1997	**[P_t – P_0 /P_0] x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	[167.76 – 230 / 230] x 100	-27.06%
6 years from listing	[159.07 – 230 / 230] x 100	-30.84%
7 years from listing	[148.12 – 230 / 230] x 100	-35.6%
8 years from listing	[105.55 – 230 / 230] x 100	-54.11%
9 years from listing	[177.15 – 230 / 230] x 100	-22.98%

Initial or Raw Return on Stock- HDFC Bank

HDFC Bank issued IPO on 14th of March, 1995 and the IPO got listed at BSE Ltd. (erstwhile Bombay Stock Exchange) on 19th of May, 1995. Since the data pertaining to the closing stock price of HDFC Bank on 19th of May, 1995 is not available, in view of this, the closing price of the next nearest date is considered that is 1st of January, 1996 for computing Initial or Raw Return on Stock. Further, in order to be in synchronization with the periods of other banks, since the periods considered for calculation under both the methods- Initial or Raw Return and Market Adjusted Excess Return are same, i.e. 2007. 2008, 2009, 2010, 2011 and 2012. In view of this, the periods considered for HDFC Bank since January 1st 1996 have been mentioned as 11 years from Jan 1st 1996, i.e. 2007; 12 years from Jan 2nd, 1996, i.e. 2008; 13 years from Jan 1st 1996, i.e. 2009; 14 years from Jan 1st 1996, i.e. 2010; 15 years from Jan 1st, 1996 i.e. 2011 and 16 years from Jan 1st, 1996, i.e. 2012.

Listed on 1996	**[P_t – P_0 /P_0] x 100**	**Initial Return or Raw Return on Stock**
11 years from Jan 1st, 1996	[1070.00 – 5.18 / 5.18] x 100	20,556.37%
12 years from Jan 1st, 1996	[1729.50 – 5.18 / 5.18] x 100	33288%
13 years from Jan 1st, 1996	[1013.75 – 5.18 / 5.18] x 100	19470.46%
14 years from Jan 1st, 1996	[1705.20 – 5.18 / 5.18] x 100	32818.92%
15 years from Jan 1st, 1996	[2390.50 – 5.18 / 5.18] x 100	46048.65%
16 years from Jan 1st, 1996	[426.85 – 5.18 / 5.18] x 100	8140.35%

Initial or Raw Return on Stock- Yes Bank

Listed on 2005	**$[P_t – P_0 /P_0]$ x 100**	**Initial Return or Raw Return on Stock**
2 years from listing	[184.50 – 60.80 / 60.80] x 100	203.45%
3 years from listing	[116 – 60.80 / 60.80] x 100	90.79%
4 years from listing	[127.25 – 60.80 / 60.80] x 100	109.29%
5 years from listing	[287.40 – 60.80 / 60.80] x 100	372.70%
6 years from listing	[314.80 – 60.80 / 60.80] x 100	417.76%
7 years from listing	[353.40 – 60.80 / 60.80] x 100	481.25%

Initial or Raw Return on Stock- ICICI Bank

Listed on 2004	**$[P_t – P_0 /P_0]$ x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	[77.59 – 280 / 280] x 100	- 72.3%
6 years from listing	[169.64 – 280 / 280] x 100	-39.41%
7 years from listing	[202.24 – 280 / 280] x 100	-27.77%
8 years from listing	[156.55 – 280 / 280] x 100	-44.08%
9 years from listing	[204.12- 280 / 280] x 100	-27.10%
10 years from listing	[229.61 – 280 / 280] x 100	-17.99%

Initial or Raw Return on Stock- Development Credit Bank

Listed on 2006	**$[P_t – P_0 /P_0]$ x 100**	**Initial Return or Raw Return on Stock**
5 years from listing	[43.25 – 26.00 / 26.00] x 100	66.35%
6 years from listing	[44.50 – 26.00 / 26.00] x 100	71.15%
7 years from listing	[51.85 - 26.00 / 26.00] x 100	99.42%
8 years from listing	[87.80 – 26.00 / 26.00] x 100	237.70%
9 years from listing	[87.60 – 26.00 / 26.00] x 100	236.92%

Initial or Raw Return on Stock- The South Indian Bank

Listed on 2004	**$[Pt – P_0 / P_0] \times 100$**	**Initial Return or Raw Return on Stock**
5 years from listing	[3.91 – 1.98 / 1.98] x 100	97.47%
6 years from listing	[8.79 – 1.98 / 1.98] x 100	343.94%
7 years from listing	[6.87 – 1.98 / 1.98] x 100	246.97%
8 years from listing	[8.40 – 1.98 / 1.98] x 100	324.24%
9 years from listing	[15.04 – 1.98 / 1.98] x 100	659.6%

Computation of Initial Return or Raw Return for the stock of Non-Banking Finance Companies (NBFCs) selected for the research study

Initial Return or Raw Return on Stock

The formula for calculating Initial or Raw Return on Stock is

$R\_Ret = [Pt – P_0 / P_0] \times 100$

Where,

R_Ret. = Initial Return or Raw Return for stock

Pt = Closing price at time t

P0 = Closing price on listing day

1) Power Finance Corporation

Listed on February 23rd, 2007	**Initial Return or Raw Return on Stock**
4 years from listing (February 2011)	120.31%
5 years from listing (February 2012)	77.41%
6 years from listing (February 2013)	84.22%
7 years from listing (February 2014)	39.94%
8 years from listing (February 2015)	144.49%

2) Infrastructure Development Finance Company

Listed on November 22nd, 2010	Initial Return or Raw Return on Stock
1 year from listing (November 2011)	-44.25%
2 years from listing (November 2012)	-18.99%
3 years from listing (November 2013)	-47.5%
4 years from listing (November 2014)	-17.54%
5 years from listing (November 2015)	-44.29%

3) Rural Electrification Corporation

Listed on November 10th, 2010	Initial Return or Raw Return on Stock
1 year from listing (November 2011)	- 46.51%
2 years from listing (November 2012)	- 38.19%
3 years from listing (November 2013)	- 43.70%
4 years from listing (November 2014)	- 19.85%
5 years from listing (November 2015)	- 36.21%

4) Muthoot Finance

Listed on May 6th, 2011	Initial Return or Raw Return on Stock
1 year from listing (May 2012)	-33.39%
2 years from listing (May 2013)	-22.15%
3 years from listing (May 2014)	1.87%
4 years from listing (May 2015)	8.85%

5) Edelweiss Capital

Listed on December 12th, 2007	Initial Return or Raw Return on Stock
4 years from listing (December 2011)	- 84.07%
5 years from listing (December 2012)	- 77.52%
3 years from listing (December 2013)	- 81.79%
4 years from listing (December 2014)	- 66.09%
5 years from listing (December2015)	- 61.83%

Data Analysis and Findings

In case of banking sector stocks, majority of public and private sector banks have generated positive returns, with HDFC registering an astonishing returns. It is important to note that Yes Bank despite being the youngest of all the banks considered for the study have shown an extraordinary performance as it has not only registered a positive Initial Return or Raw Return on stock, its returns have enhanced every year, i.e. in 2007 it was 203.45%, which increased to 481.25% in 2012. Stocks of ICICI Bank have not fared well as evident from its Initial Returns or Raw Returns on Stock: -72.3% in 2009, -39.41% in 2010, -27.77% in 2011, -44.08% in 2012, -27.10% in 2013 and -17.99% in 2014. However, on close observation one can find the silver lining that is, the negative returns have come down drastically. Another interesting point to note is that like HDFC Bank other private sector banks considered for the study have too displayed a commendable performance in terms of Initial Returns or Raw Returns on stock.

Now taking the case of NBFCs, the Initial or Raw Return on Stock of selected NBFCs, it can be stated that Power Finance Corporation stocks are undervalued as it has generated positive returns whereas stocks of Infrastructure Development Finance Company, Rural Electricity Corporation, Muthoot Finance and Edelweiss Capital are overvalued, since they have generated negative returns. In case of Power Finance Corporation, the performance is quite encouraging, as Initial or Raw Return on Stock have enhanced substantially, i.e. from 120.31% in 2011 to 144.49% in 2015. A dour performance can be observed in the cases of three NBFCs, i.e. Infrastructure Development Finance Company (IDFC), Rural Electricity Corporation (REC) and Edelweiss Capital, as their Initial or Raw Return on stock have constantly registered negative returns.

Way Forward- Growth Potential of IPO

The banking experts put forward the following reasons pertaining to the conduciveness of current economic scenario for IPO issue by bank and NBFCs in India:

i) India being one of the fastest growing economy of the world and expected to be one of the top three economic powers of the globe over the next 10-15 years, backed by its robust democratic set-up provide a favourable business climate to banks and NBFCs to raise capital by embracing IPO (Initial Public Offering) route.

ii) Government of India's decision to recapitalise banks to the extent of INR 2.11 trillion (US$ 32.9 billion) is expected to push the credit growth in the country. Thus, along with recapitalization plans, procurement of capital through IPO (Initial Public Offering) issue will play a pivotal role in creating a broad capital base which in turn will assist Indian banking sector enhance the quantum of loans to various critical sectors of the economy.

iii) Supplementing point (ii), demand for loans / finance will increase not only from Indian companies but also from foreign companies as numerous foreign corporate houses are establishing their business units in India on account of various government initiatives like, 'Make in India' and 'Digital India'.

iv) According to Boston Consulting Group (BCG) report, India is expected to be the third biggest consumer economy as its consumption is estimated to triple to US$ 4 trillion by 2025 due to shift in consumer behaviour and expenditure pattern. Therefore, a huge demand for loans in order to meet the expenditure on various items (durable as well as non-durable goods) is expected. In light of this, IPO issue by banks and NBFCs will assist them immensely in meeting the soaring demand for credit in future.

v) India's securing the 100th rank in the World Banks Ease of Doing Business Report, 2018 from 130th rank in World Banks Ease of Doing Business Report, 2017 on account of sustainable business reforms is a metaphor of an economy growing at an astounding pace with potential to attain excellence in different spheres of economic activities. In view of this, IPO issue by banks and NBFCs will prove to be a financial blessing for them since they will be able to harness various business opportunities that is expected to be created due to better ranking by India in World Banks Ease of Doing Business Report, 2018.

REFERENCE

[1] Dr. Upadhyay Pramod Kumar and Tripathi Pankaj Kumar (2016). A Review of Initial Public Offerings (IPOs) in India- An Empirical Study: BRDU International Journal, Volume-I, Issue-XII, December 2016, pages: 10-15.

[2] Kaur Manpreet, Dr.Singh Simranjit and Dr. Prakash Neetu (2017). Public Offer's Performance- An Analysis of NSE Listed Companies, since 2001: IOSR Journal of Business and Management (IOSR-JBM), Volume 19, Issue 7, Version IV, July 2017, pages: 33-43.

[3] Dr.Manu KS, M.Gnanendra and Gupta Ayushi (2018). Effect of Recapitalisation on the Performance of Public Sector Banks: The Case of India: Journal of Arts, Science & Commerce, Volume-IX, Issue 2, April 2018, pages: 140-145.

[4] Heerden Gillian Van and Alagidede Paul (2012). Short run underpricing of initial public offerings (IPOs) in the Johannesburg Stock Exchange (JSE): Review of Development Finance, Volume-2, pages: 130-138.

[5] Madan Arwah Arjun (2003). Investments in IPOS in the Capital Market: Bimaquest, Volume-III, Issue 1, pages: 24-34.

[6] Divya Hema K (2013). A Study On Performance of Indian IPO'S During The Financial Year 2010-2011: International Journal of Marketing, Financial Services & Management Research Vol.2, Issue No. 7, pages: 31-40.

[7] Rani Poonam and Vachher Laxme (2014). Initial Public Offers In India: Trend and Market Developments. International Journal of Business and Management Invention, Volume- 3, Issue 9, pages: 84-92.

[8] Mishra P.K. (2012). Global Financial Crisis and Indian Capital Market: An Econometric Analysis, IJABER, Volume. 10, Issue No.1 pages: 11-29.

[9] Dr.Kumar Sangeeta (2018). "A Study on Non Performing Assets of Indians Banks: Trend and Recovery. International Journal of Electronics, Electrical and Computational System, Volume 7, pages: 457-462.

[10] India to Become Third-Largest Consumer Economy by 2025. (2017, March 21). Retrieved from http://www.bcgindia.com/documents/file124190.pdf

[11] Deepening of Capital Markets. (2012). Retrieved from http://www.pwc.com/gx/en/audit-services/publications/assets/Capital_Markets-The_future_of_Equity_Mrkts.pdf

[12] Ghosh Saurabh (2005). The Post Offering Performance of IPOs from the Banking Industry. Retrieved from http://oii.igidr.ac.in:8080/jspui/bitstream/2275/212/1/saurabh.pdf

[13] http://www.indiainbusiness.nic.in/studies_survey/banking_systemsurvey.pdf

[14] Task Force on NBFCs, FICCI. Retrieved from http://www.fidcindia.org/members/report.pdf

[15] India's Leading BFSI Companies 2017, Retrieved from http://www.dnb.co.in/Publications/BFSI_2017/assets/files/BFSI_Companies_2017_Publication.pdf

[16] RBI tightens norms for NBFCs; revokes registration suspension. (2014, November 10). Retrieved from http://zeenews.india.com/business/news/finance/rbi-tightens-norms-for-nbfcs-revokes-registration-suspension_111657.html

[17] Association of Mutual of Mutual Funds in India, MF History. Retrieved from http://www.amfiindia.com/research-information/mf-history

[18] Confederation of Indian Industry, Indian mutual fund industry- Challenging the status quo, setting the growth path. (2014). Retrieved from https://www.pwc.in/en_IN/in/assets/pdfs/publications/2014/pwc-cii-indian-mutual-fund-industry-at-a-glance-2014.pdf

[19] Kapila Raj and Kapila Uma (2001). India's Banking and Financial Sector in the New Millenium, New Delhi, Academic Foundation. Retrieved from https://books.google.co.in/books

[20] Primary Market and Merchant Banking Activities in India . Retrieved from http://shodhganga.inflibnet.ac.in:8080/jspui/bitstream/10603/3566/9/09_chapter%202.pdf

[21] Financial Reforms in Banking Sector and their Critical Evaluation. Retrieved from http://shodhganga.inflibnet.ac.in/bitstream/10603/3712/15/15_chapter%208.pdf

[22] FICCI, Task Force on NBFCs. Retrieved from http://www.fidcindia.org/members/report.pdf

[23] Reserve Bank of India (2012). RBI WPS (DEPR): 21/ 2011: Inter-connectedness of Banks and NBFCs in India: Issues and Policy Implications. Retrieved from https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=13979

[24] Bandhyopadhay Tamal (2007). Capital lessons from the Indian Bank IPO. Livemint. Retrieved from http://www.livemint.com/Politics/PC4xTw27W1RFFjtcNLdGkK/Capital-lessons-from-the-Indian-Bank-IPO.html

[25] Annual Report of Securities and Exchange Board of India (SEBI). Retrieved from https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=4&ssid=24&smid=0

[26] Master Circular- Bank Finance to Non-Banking Financial Companies (NBFCs). (2013-14, July 1). Retrieved from https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=8115

[27] Roles and Responsibilities of Merchant Bankers. (2014). Retrieved from http://www.nseindia.com/emerge/participants/content/sme_merch_roles.htm

[28] Vij Madhu and Dhawan Swati (2012). Merchant Banking and Financial Services, New Delhi: Tata McGraw Hill Education.

[29] Guide to the Indian Primary Market, BSE Ltd. Retrieved from http://www.bsepsu.com/indian-primary-cp.asp

[30] Pratap Subramanyam (2005). Investment Banking –Concepts, Analyses and Cases Tata, McGraw-Hill.

[31] Mishra P.K. (2012). Global Financial Crisis and Indian Capital Market: An Econometric Analysis. Retrieved from http://www.serialsjournals.com/serialjournalmanager/pdf/1342769265.pdf

[32] United Nations Industrial Development Organization. Retrieved from https://www.unido.org/fileadmin/user_media/Publications/RSF_DPR/WP062009_Ebook.pdf

[33] ARC Financial Services. "Global IPO Market: What Happened in 2009", Retrieved from http://www.arc-fs.com/IPO%20-%20Sample%20Pages.pdf

[34] 10 Benefits of Issuing Initial Public Offering (IPO) for a Company. Retrieved from http://www.yourarticlelibrary.com/business/10-benefits-of-issuing-initial-public-offering-ipo-for-a-company/24453/

[35] Impact of Privatisation, Liberalisation and Globalisation on Public Sector In India. Retrieved from http://shodhganga.inflibnet.ac.in/bitstream/10603/22272/8/08_chapter_3.pdf

[36] EY Global IPO Trends (2015). IPOs maintain appeal in a multitrack world. Retrieved from http://www.ey.com/Publication/vwLUAssets/EY-global-ipo-trends-2015-q4/$FILE/EY-global-ipo-trends-2015-q4.pdf

[37] Total wealth of individuals set to double, hit a whopping Rs 639 lakh cr; see where the riches came from. Retrieved from

http://www.financialexpress.com/article/fe-columnist/column-whetting-indias-ipo-appetite/167113/

[38] PwC (2014). 2014 US Capital Markets Watch: Analysis and Trends. Retrieved from https://www.pwc.com/us/en/deals/publications/assets/2014-us-capital-markets-watch.pdf

[39] Exchange Rate History. Retrieved from http://www.dollars2rupees.com/Charts

[40] Past Issues Through NSE. Retrieved from http://www.nseindia.com/marketinfo/ipo/ipo_pastissues.jsp?year=2007#

[41] BSE PSU. Dilution of Government Stake through Fresh Capital Raising. Retrieved from http://www.bsepsu.com/dilution.asp

[42] Chauhan Vijay (2009). SEBI ICDR Regulations Demystified. Retrieved from http://www.vccircle.com/news/general/2009/10/07/sebi-icdr-regulations-demystified

[43] Union Budget 2010. Retrieved from http://www.microsec.in/Home.aspx

[44] Reserve Bank of India (2016). Master Direction- Issue and Pricing of shares by Private Sector Banks, Directions, 2016. Retrieved from https://www.rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=10363

[45] Reserve Bank of India (2002). Notifications- Issue and pricing of shares by private sector banks. Retrieved from https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=600&Mode=0

[46] Sinha Jayant (2015). New IPO rules to help investors. Retrieved from http://www.financialexpress.com/markets/indian-markets/new-ipo-rules-to-help-investors-jayant-sinha/179328/

[47] Poddar Nitu (2016). SEBI fails to address doubts over Listing Regulations. Retrieved from http://www.moneylife.in/article/sebi-fails-to-address-doubts-over-listing-regulations/44917.html

[48] The Calcutta Stock Exchange Limited (2016). Listing Regulations. Retrieved from https://www.cse-india.com/

[49] Pricing of Public Issues. Retrieved from http://shodhganga.inflibnet.ac.in/bitstream/10603/3566/13/13_chapter%206.pdf

[50] Bubna Amit and Prabhala N.R. IPO Mechanisms in India: A Brief Note. Retrieved from https://www.nseindia.com/research/content/nse_nyu/NSE_NYU_12-13WPCh-4.pdf

[51] Srivastava Harshita and Biyani Ruchi (2012). SEBI's Big Bang Changes: Impact Analysis. Retrieved from http://www.nishithdesai.com/fileadmin/user_upload/pdfs/SEBI-s_Big_Bang_Changes.pdf

[52] Non-Banking Financing Companies: Game Changer, Resurgent India and ASSCHAM. Retrieved from http://www.resurgentindia.com/

[53] FICCI (2013). Role of NBFC's in promoting inclusive growth. Financial Foresights, Volume-3, Issue No.5. Retrieved from http://ficci.in/sector/3/Add_docs/Financial-Foresights-April2013.pdf

[54] Indian Bank IPO (Indian Bank IPO) Detail. Retrieved from http://www.chittorgarh.com/ipo/indian_bank_ipo/48/

[55] High net worth NBFCs can access capital markets via IPOs: FM (2017). Retrieved from http://timesofindia.indiatimes.com/business/india-business/high-net-worth-nbfcs-can-access-capital-markets-via-ipos-fm/articleshow/56914573.cms

[56] The Indian capital market: Growth with governance, ASSOCHAM and Price Waterhouse Coopers. (2010). Retrieved from https://www.pwc.in/assets/pdfs/publications-2010/india-captial-market.pdf

[57] IPO Issues- Listed IPOs. (2010). Retrieved from http://www.moneycontrol.com/ipo/ipoissues/ipoissues.php?s=LI&pn=21

[58] Sylvine (2016). Role of Merchant Bankers. Retrieved from https://blog.ipleaders.in/essential-role-merchant-bankers/

[59] Role of Merchant Banker in IPO. Retrieved from https://www.scribd.com/doc/87439836/87058261-Role-of-Merchant-Banker-in-IPO

[60] Historical Data of Stock Prices of Canara Bank. Retrieved from https://in.finance.yahoo.com/quote/CANBK.NS/history?period1=1040581800&period2=1041359400&interval=1d&filter=history&frequency=1d

[61] Historical Graphs of Stock Prices. Retrieved from http://www.moneycontrol.com/stocks/companydetails/hist_graph.php

[62] Financial Statements of Allahabad Bank. Retrieved from http://www.moneycontrol.com/financials/allahabadbank/balance-sheet/AB15

[63] Financial Statements of Andhra Bank. Retrieved from http://www.moneycontrol.com/financials/andhrabank/balance-sheet/AB14

[64] Financial Statements of Canara Bank. Retrieved from http://www.moneycontrol.com/financials/canarabank/balance-sheet/CB06

[65] Financial Statements of Punjab National Bank. Retrieved from http://www.moneycontrol.com/financials/punjabnationalbank/balance-sheet/PNB05

[66] Financial Statements of United Bank of India. Retrieved from http://www.moneycontrol.com/financials/unitedbankindia/balance-sheet/UBO

[67] Financial Statements of ICICI Bank. Retrieved from http://www.moneycontrol.com/financials/icicibank/balance-sheet/ICI02

[68] Financial Statements of YES Bank. Retrieved from http://www.moneycontrol.com/financials/yesbank/balance-sheet/YB

[69] Financial Statements of Development Credit Bank. Retrieved from http://www.moneycontrol.com/financials/dcbbank/balance-sheet/DCB01

[70] Financial Statements of The South Indian Bank. Retrieved from http://www.moneycontrol.com/financials/southindianbank/balance-sheet/SIB

[71] Financial Statements of Bank of Baroda. Retrieved from http://www.moneycontrol.com/financials/bankofbaroda/balance-sheet/BOB

[72] Financial Statements of Power Finance Corporation. Retrieved from http://www.moneycontrol.com/financials/powerfinancecorporation/balance-sheet/PFC02

[73] Financial Statements of Infrastructure Development Finance Company (IDFC). Retrieved from http://www.moneycontrol.com/financials/idfc/balance-sheet/IDF

[74] Financial Statements of Rural Electrification Corporation. Retrieved from http://www.moneycontrol.com/financials/ruralelectrificationcorporation/balance-sheet/REC02

[75] Financial Statements of Muthoot Finance. Retrieved from http://www.moneycontrol.com/financials/muthootfinance/balance-sheet/MF10

[76] Financial Statements of Edelweiss Capital. Retrieved from http://www.moneycontrol.com/financials/edelweissfinancialservices/balance-sheet/EC01

[77] Historical Stock Price of Allahabad Bank. Retrieved from https://in.finance.yahoo.com/quote/ALBK.NS/history?p=ALBK.NS

[78] Historical Stock Price of Andhra Bank. Retrieved from https://in.finance.yahoo.com/quote/ANDHRABANK.BO/history/

[79] Historical Stock Price of Punjab National Bank. Retrieved from https://in.finance.yahoo.com/quote/PNB.NS/history/

[80] Historical Stock Price of United Bank of India. Retrieved from https://in.finance.yahoo.com/quote/UNITEDBNK.BO/history?ltr=1

[81] Historical Stock Price of ICICI Bank. Retrieved from https://in.finance.yahoo.com/quote/ICICIBANK.NS/history?p=ICICIBANK.NS

[82] "Historical Stock Price of YES Bank", Retrieved from https://in.finance.yahoo.com/quote/YESBANK.BO/history/

[83] Historical Stock Price of Development Credit Bank. Retrieved from https://in.finance.yahoo.com/quote/DCBBANK.NS/history?p=DCBBANK.NS

[84] Historical Stock Price of The South Indian Bank. Retrieved from https://in.finance.yahoo.com/quote/SOUTHBANK.NS/history/

[85] Historical Stock Price of Bank of Baroda. Retrieved from https://in.finance.yahoo.com/quote/BANKBARODA.BO/history/

[86] Historical Stock Price of Power Finance Corporation.Retrieved from https://in.finance.yahoo.com/quote/PFC.BO/history?ltr=1

[87] Historical Stock Price of Infrastructure Development Finance Company (IDFC). Retrieved from https://in.finance.yahoo.com/quote/IDFC.NS/history?p=IDFC.NS

[88] Historical Stock Price of Rural Electrification Corporation. Retrieved from https://in.finance.yahoo.com/quote/RECLTD.NS/history/

[89] Historical Stock Price of Muthoot Finance. Retrieved from https://in.finance.yahoo.com/quote/MUTHOOTFIN.BO/history/

[90] Historical Stock Price of Edelweiss Capital. Retrieved from https://in.finance.yahoo.com/quote/EDELWEISS.NS/history?p=EDELWEISS.NS

[91] Indian Financial Services Industry Analysis. Retrieved from https://www.ibef.org/industry/financial-services-presentation

[92] NBFC ride IPO rush as demand for funds soars. (2017, April 10). Retrieved from https://economictimes.indiatimes.com/markets/stocks/news/nbfcs-ride-ipo-rush-as-demand-for-funds-soars/articleshow/58101967.cms

[93] Financial Services in India. (2018). Retrieved from https://www.ibef.org/industry/financial-services-india.aspx

[94] Kothari Mukesh (2017). IPO Funding in India- A detailed explanation of IPO loan process. Retrieved from http://www.chittorgarh.com/article/ipo-funding-in-india-explaned-ipo-loan-process/205/

[95] Banking on Non-Banking Finance Companies. (2015). Retrieved from https://www.pwc.in/assets/pdfs/publications/2015/banking-on-non-banking-finance-companies.pdf

[96] Initial Public Offer Funding. Retrieved from https://www.vatsalbroking.com/ipo-funding.html

[97] UCO Bank lists at 45 pc premium to IPO price. (2003, October 9). Retrieved from https://timesofindia.indiatimes.com/business/india-business/UCO-Bank-lists-at-45-pc-premium-to-IPO-price/articleshow/224557.cms

[98] The Global Financial Crisis: financial flows to developing countries set to fall by one quarter, Overseas Development Institute. (2008, November 13). Retrieved from https://www.odi.org/sites/odi.org.uk/fiations-opinion-files/3395.pdfles/odi-assets/public

[99] Capital Adequacy under Base III. (2017, December 20). Retrieved from https://economictimes.indiatimes.com/markets/stocks/news/paathshala-capital-adequacy-under-basel-iii/articleshow/62150112.cms

[100] Allahabad Bank. (2005). Retrieved from https://www.allahabadbank.in/Timeline.aspx

[101] Andhra Bank's Rs 150-cr IPO to remain open from Feb 14 to 23. (2001, January 25). Retrieved from http://expressindia.indianexpress.com/fe/daily/20010125/fec25034.html

[102] Andhra Bank public issue: Our view. (2006, January 16). Retrieved from https://www.equitymaster.com/detail.asp?date=01/16/2006&story=3&title=Andhra-Bank-public-issue-Our-view

[103] Bank of Maharashtra.(Mahabank)- Company History. Retrieved from https://www.business-standard.com/company/bank-of-maha-5607/information/company-history

[104] Central Bank IPO opens on Nov 18 at Rs 35. (Retrieved from 2002, November 12). Retrieved from https://www.thehindubusinessline.com/2002/11/12/stories/2002111202061000.htm

[105] IOB prices IPO at par. (2000, September 14). Retrieved from https://www.thehindubusinessline.com/2000/09/14/stories/171408t2.htm

[106] Indian Overseas Bank IPO priced at Rs 24. (2003, August 22), Retrieved from https://economictimes.indiatimes.com/indian-overseas-bank-ipo-priced-at-rs-24/articleshow/142516.cms

[107] PNB maiden issue at Rs 21 premium. (2002, March 08). Retrieved from https://www.thehindubusinessline.com/2002/03/08/stories/2002030802211100.htm

[108] UCO Bank IPO priced at Rs 12. (2003, August 26). Retrieved from https://www.rediff.com/money/2003/aug/26uco.htm

[109] Union Bank's IPO opens on Aug. 20. (2002, August 10). Retrieved from https://www.thehindu.com/thehindu/2002/08/10/stories/2002081002101600.htm

[110] Syndicate Bank's second issue to pare govt stake to 66%. (2005, June 29). Retrieved from https://economictimes.indiatimes.com/syndicate-banks-second-issue-to-pare-govt-stake-to-66/articleshow/1154843.cms

[111] Letter of Offer of The South Indian Bank Limited. (2017, February 20). Retrieved from https://www.southindianbank.com/UserFiles/file/SIB_LOF_v%2015_(with_financials).pdf

[112] Bank of Baroda- Disclosure Document for Private Placement. (2008, June 06). Retrieved from https://www.bseindia.com/downloads/ipo/200931916543DD-LT-II-Mar-09.pdf

[113] Central Bank of India IPO (Central Bank of India IPO) Detail. (2007, July 24). Retrieved from https://www.chittorgarh.com/ipo/central_bank_of_india_ipo/104/