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Initial Public Offers In India: Trend And Market Developments

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ABSTRACT : *The literature on growth and development of initial public offers in India is limited and somewhat dated. The present paper is an attempt to document the trend and recent market reforms undertaken SEBI to improve the initial public offer segment of corporate securities market. We observed that all these changes were introduced to make healthy philanthropic process. The relevant credentials of pertinent act as well recent reform substantiates it very well. It complements the extant literature by presenting recent reforms in systematic manner. Applying simple ststistical tools on a sampled data(2001-02 to 2012-13), it is noticed that the initial public offer segment of new issue market in india have two consecutive boom and slump phases since 2001-02 to 2012-13 and major reforms came after trough phase or in expansory phase of the market and made the new issue market to reach at peak. It was noticed that there when there was a down fall in initial public offers, the bond market showed an upward moment. It is concluded that reforms in initial public offers segment of corporate securities market has made the segment to perform well and revived it from slump phase.*

KEY WORDS*: Reforms, initial public offers, SEBI, new issue market*

I. INTRODUCTION

The new issue market provides the issuing company with funds for starting a new enterprises or for either expansion or diversification of exixting corporate entity . new issue market is a bridge between companies which require funds and the investing public. New issue market contribute directly for the growth and expansion of business units. Stock exchange works indirectly and brings marketability to the corporate securities**.** The Indian corporate securities market is one of themost regulated market among Asian capital markets. Stock exchange in India basically moblise the trading activity of corporate securities market.Corporatesecutities market futherdevided in two segments. One segment of the corporate securities deals in the securities that are offered to investing public for the first time. The segment of the corporate securities market therefore, makes available a new block of the securities for public subscription. This segment of the corporate securities market at stock exchange addressed as new issue market. The second segment of the corporate securities market deals in trading of existing financial instruments by different corporate entites at stock exchange is called secondary market. Corporate securities either offered to public first time or traded thereafter, stock exchange plays an important role in both the phases.

Securities Exchange board of India is the apex body that regulatesthe corporate securities market, primary as well as secondary in India. SEBI vets every element of market design in India's securities markets. Its' not only the private sector companies but central governments' commercial enterprises also came in the primary market in order to raise finance from the market to full fill the needs. In order to develop a healthy market play SEBI has introduced several changes in the process of initial public offers. SEBI was established in 1988 by the government of India. Initially SEBI was a non statutory body without any power. Till the year 1992 corporate securities market was regulated by the controller of the capital issue. SEBI received power in 1992 by SEBI act 1992 passed by parliament. Since then it has been working as a regulator. The paper is mere an effort to document the changes that have been brought in by the SEBI in the context of corporate securities in the primary market and to capture the trend of initial public offers in India. SEBI has brought abundant changes in the process of initial public offers.Initial Public Offerings – which are nothing but offers by a company to sell its stock to the public at large – are important not merely to the companies but also to the public and the underwriters to the IPO. Each has a stake in the success or failure of the IPO; but usually it is the interests of the small investor that are more at stake. Given the overall market economy of recent years, a insight of trend of IPO's also tells about the boom and slump period of the the primary market activities.

II. LITERAUREREWIEW :

Indian capital market is unique in its setup. The initial public offer segment of the corporate securities market is in its transitional phase. Regulators of the segment introducing various mearures and modifying the existing one so that the segment can give a good investorbase to corporate entity seeking money for expansion and growth. India as a developing country gradually integrating with the de veloped capital market. It became possible due to liberalization. But the liberalization of the market resulted into participation of FII's in Indian equity market. Equity maket in india is vicitim of FII's movement . Samal (1997) in his study pointed out that to develop the equity market there is need to minimize the influence of the FII's on secondary as well as on primary market; for the purpose there is need to increase the participation of domestic small investors. To make it possible policy measures to develop the equity capital market should consider the participation of small domestic investors. Precisely the study emphasized the need of reforms in secondary market to minimize the influence of the movement of FII's on primary capital market because new issue market bears impression of secondary market.Vanjeko (2008) studied the impact of market reform with reference to dematerialization and initial public offer. On the basis of primary data the study revealed experience of investors toward reform. Precisely investors experience and expectation in contest of dematerilazation and IPO related reforms were captured through the study. it was found that despite having demat account large number of investor fetch securities in physical form due to incapacity of the companies to met the high dematerialization charges, dematerialization is less preferred by them. Sampled respondent showed a positive response toward dematerilization but in context of bookbuilding process more than half of the respondend showed their inability , in processing application through newly introduced mechanism. Sampled respondent pointed out their difficulty in paying the whole bidding amount at the time of application and mentioned that SEBI has to regulate the conduct of merchant banker by making fresh guidelines for them. The study revealed that despite major repoms in procedure of IPO investors were facing problem in getting refund of allotted share in their account , application money.Several changes occurred in book building process, was introduced by the regulators since 1999 to 2014.

In 2004 Saha (2004) in his article specificly in context of bookbuilding mechanism of IPOs mentioned that indiaindia do not have a institutional frame work with which several experimentation could be possible because the retail investors are the integral part of the Indian capital market. Khabra& Bansal (2010) in their article mentioned that the new method of pricing the subsequent issue called French method introduced in the year 2010 was used only for the pricing of subsequent share issues ofseveral public sector undertakings in india. Maximazation of the disinvestment proceeds was the only the motivational force which brought this mwthod in force. This new system was expected to result in a more accurate valuation of the IPOand greater capitalization for the issuer. The study pointed out that the method pricing through the method will not be fair under this method where as book building method is more transparent in comparision to French auction method.
On the basis of these studies it is concluded that policy makers have given importance to investors, specifically to retail investors and transperancy in last decade.

Objective of the Study
The present study is motivated by the following objectives:

- to document the regulatory changes enforced by the regulator in context of IPO market;
- to analyze the trend and performance of IPO market in India.

Research methodology : In the light of set objectives the present work is organized in five sections. First part of the work deals with type and source of data; second part contains the scope of the present study; third part converses about the mehthods applied to attain the objective; in forth part regulatory changes in context of initial public offers placed in a chronological order; in fith part the trends and performance of equity instruments in primary market was discussed and last part of the study presents the conclusion of the study.

Data & Source : For the purpose of the study data from Mar. 2001 to Mar. 2013 was collected from various annual reports of Securities Exchange Board of India (SEBI). During the period major procedural changes introduced by SEBI in context of initial public offers.

Scope of the study
This study aimed at capturing the trend the trend in initial public offers segment. New issue of other type of corporate securities like bond, preference shares falls beyond the scope of the study. There could be many other reforms in context of new issue market but the reforms in contexts of initial public offers falls in the scope of the study.

III. INITIAL PUBLIC OFFERS AND REGULATORY CHANGES

SEBI brought several changes in public issue in order to make the public issue transparent and a worthy investment. It has been tried to document the regulatory changes that have been introduced by the regulator from 1999 till June 2014. In May 1999 the criteria of minimum net worth was introduced besides provision of free pricing introduced to have premium issue. In the 1999- 2000 major regulatory changes brought in by the regulator in the context of public issue to increase the investors base. Before 1999-2000 the standard denomination for the share was rs. 10 and rs 100 SEBI permitted to companies with dematerialized shares to issue their share at any denomination of any natural number, but the face value of the shares has to be disclosed with market quotation. one set of entry norms and disclosures made for the companies irrespective of the issue price. Before it there was a separate set of rules for the public issues at par, at discount and at premium. In the same year it was permitted to make use of the secondary market's infrastructure (eg. Terminal, broker, computers etc.) to facilitate the process of public issue, before it the primary issue process was burdened with printing of a large number of application forms and dispatching of refund orders and, therefore, was leading to increase in cost and time required for the public issues. It leads to reduce the cost and time involved in a public issue process and does away with the blocking of funds of the investors. It became necessary for issuing company to keep securities in de materialized form, but investors were allowed to exercise option of either subscribing to securities in physical form or de materialized form. In the same year it was decided to lock the entire pre – issue capital, if any allotment was made to the investors who had the shares below the public issue price. In the same year disclosure and investor protection guidelines were also amended. Appointment of registrar for the rights issue was a major step in the dimension.

Promoter contribution has been made uniform at 20 percent with an acceptable lock-in period, irrespective of the issue size. In the year 2013 the regulation changed and increased the promoters holding stake up to 25 percent. The companies belongs to information technology were instructed to express the same through their names, these company were restricted to make a follow on public issue up to 10 percent of post issue capital while other firms can float up to 25 percent of the post issue capital. It was stipulated that unlisted companies in the information technology industry should have a track record ofdistributable profits in three out of five years from the information technology activities. October 1999 first time book building mechanism got approval and issuer has been given the option to book build either 90 per cent of the net offer to the public or 75 per cent of the net offer to the public. At that time to follow book building price mechanism for price discovery was optional. At present 100 percent book building is mandatory. In the same year In order to harmonize the disclosure requirements under the Listing Agreement and the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI), it has been prescribed that the Cash Flow Statement being disclosed by the companies in terms of Listing Agreement be prepared in accordance with the relevant Accounting Standard. Simultaneously,in order to avoid the volatility in the stock prices it was prescribed to made announcement of dividends, right, bonus issue outside the market hours. SEBI issued guidelines on employee stock options in 1992 and modified it in the year 1995 and 1999.

In July 2001 minimum dilution reduced from 25 percent to 10 percent at the time of IPO and minimum number of 1000 shareholders should be there in a public issue. In the year 2006, securities and exchange board of India (Merchant Bankers) rules, 1992 was amended. Since then it has become necessary for a person or an entity to have a certificate of registration to work as a merchant banker. The person or entity without registration certificate cannot act as a merchant banker to the issue. The certificate remains valid for a period of three years from the date of the issue of a certificate to the person or entity acting as a merchant banker. In case of any grievance to investors a investment banker has to take necessary step within the one month of the receipt of the complain and has to inform SEBI about the number, nature and other particulars of the complaints received.

In 2007 SEBI made it mandatory for every initial public offer which came after April 2007 to have grading by a certified rating agency. The step was taken to disclose the quality of the finacials at the time of public issue.

Sept 2008 SEBI introduced a new mode of payment in public issues through book building called *Applications Supported by Blocked Amount*(ASBA). The application money under ASBA system remains blocked in the bank account of the applicant till finalization of allotment which was supplementary to the existing process of applying in public issues through cheque/draft. Shares which were held by shareholders for a period of at least one year at the time of filing of draft offer document for a public issue were eligible, to be included for computing promoters contribution or to be offered for sale. Prior to year 2008 -09 for every initial public offer through book building mechanism it is mandatory to disclose the floor price or price band in the Red Herring Prospectus (RHP). In the year 2008-09an initial public offer were permitted to announce the floor price or price band at least two working days before the issueopening date subject to fulfillment of certain disclosure requirements. In April 2008 regulator reduced filing fees for offer documents by amending SEBI (Buy back of Securities) Regulations, SEBI (Merchant Bankers) Regulation, 1992 and SEBI (Substantial Acquisition of

Shares and Takeovers) Regulations, 1997.To ensure the certain minimum level of subscription from qualified institutional buyers (QIBs) despite bull or bear phase of the market in July 2009 SEBI introduced the concept of ‘Anchor Investors. An Anchor investor allowed to make application of minimum Rs. 10 crore for a lock in period of 30 days

In the year 2010-11 minimum promoters contribution guidelines were removed in context of follow on public issue of a corporate entity if it has a track record of dividend payment for 3 years and equity shares of the company were frequently traded on a recognized stock exchange. On 6 April 2010 ASBA facility made available for Qualified Institutional Buyers (QIB) In all public issue that were floated after 2010.Before April 2010 the time lag between closing of a issue and its listing was around 22 days. SEBI decided to reduce the time between issue closure and listing to 12 working days.May 2010 In order to lay down the framework for recognition and supervision of stock exchanges/platforms for issue, listing and trading of the securities issued by the SMEs, necessary amendments have been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, SEBI (Merchant Bankers) Regulations, 1992, SEBI (Foreign Institutional Investors) Regulations, 1995, SEBI (Venture Capital Funds) Regulations, 1996, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Stock Brokers and Sub-brokers) Regulations, 1992. October 2010In order to increase retail investor participation and to keep pace withinflation, monetary limit on the retail individual investor application wasincreased from Rs. one lakh to Rs. two lakh.

Corporate entity that floats their IPOs through the profitability track from 2011-12 it became mandatory for such corporate entity to comply the track record of their distributable for at least three out of the immediate preceding five years on aconsolidated basis as well as on stand-alone basis. 2011-12 To comply with the amended rule 19(2)(b) of Securities Contracts (Regulation) Rules,1957, which requires the listed companiesto achieve and maintain a minimum publicshareholding at 25 percent (10 percent forpublic sector companies), 2 additional methodsviz. Institutional Placement Programme (IPP)and Offer for Sale of Shares (OFS) through thestock exchange mechanism were introduced. IPP may be used by way of fresh issue capital or by dilution by promoters through an offer for sale. But the provision of offer through IPP was permitted in favor of qualified institutional buyers (QIBs) only. In IPP, the issuer is required to announce a floor price or price band at least one day prior to the opening of the offer. The allotment of shares may be made on price priority basis, proportionate basis or on pre-specified criteria as disclosed in the offer document. Since 27 sept. 2011 each merchant banker to the issue has to disclose the information of past issue handled by them along with their prices. 16 may 2011Investors eligible for discount in public issues permitted to make payment, net of discount, if any, at the time of bidding. Feb 2012 SEBI has notified the standardised lot sizes for SMEs in case of initial public offer and secondary market trading on SME exchange and in the same year a separate trading platform for small and medium sized enterprises were opened up at Bombay stock exchange (BSE) and at National Stock Exchange (NSE).

In 2012 it was held that application form for any public issue will contain the information which are mandatory for bidding and for resolution of post- issue complains. Some redundant provisions were weeded from the prospectus document and regulator made the abridge prospectus more investor friendly.2012 -13 In accordance with the provisions ofthe Securities Contracts (Regulation) Rules, 1957,SEBI had specified certain means for thelisted companies to achieve minimum public shareholding requirements like rights or bonus issues to public shareholders,with promoters/promoter group shareholdersforgoing their entitlement for the purposeof achieving compliance. Further, it has alsobeen prescribed that listed entities desirous ofachieving the minimum public shareholdingrequirement through other means / relaxationfrom the available methods may approachSEBI with appropriate details. In the same year To provide flexibility to issuers on qualified institutional placement (QIPs), a maximum discount of 5 percent can be given on issue price but subject to shareholders permission. The minimum application size for all investors has also been increased to ` 10,000 - 15,000 as against `5,000 - 7,000 prescribed earlier.In the year 2014 in order to attract the retail investors large- scale changes to rules governing the primary market have been made by the Securities Exchange Board of India (SEBI). From2014 every retail investor will get the allotment in IPOs irrespective of the size of the application. Before June 2014 allotment to applicants of IPOs was done first on a proportionate basis, then on a lottery basis. As a result allotment is now guaranteed to retail investors. Besides, it'sthe minimum application size of all retail investors doubled from the current Rs 5,000-Rs7,000 to Rs 10,000 and Rs 15,000. In order to bring down the time line SEBI encouraged the broker by giving more incentives so that they can encourage the use of *application supported by blocked amount* (ASBA) among retail investors. To widen the distribution network of IPOs, the framework of electronic IPOs (E – IPOs) introduced in the same year.

Since 2014 it is necessary for every company to have a minimum 25 percent of the shareholding from retail investors, which can be achieved by a company through bonus issue or right issue, but promoters and promoters group will not be benefited by the provision due to clear restriction by the SEBI on their participation in the mentioned issue provision. From 2014 SEBI issuer and banker bring 20 percent variation in the issue size earlier they were allowed to bring 10 percent variation in the issue size. From June 2014 price band of the issue will be disclosed 5 days before the issue opened earlier it was to be disclosed 2 days before. Since 2014 it is not optional to withdraw or to lower the bids from public issues. SEBI allowed to get listed only the companies with pre – tax operating profit of ` 15 crore. If the company fail to meet the requirement then a company can use the SME platform to float its issue or has to float its issue through the book building route with 75 percent participation from institutional investors as against existing 50 percent.All these changes in the regulatory environment are either motivated by investor protection, growth in primary market activities or brought in with an objective of procedural simplification and transparency in every activity related to public issues.Analysis of trend of initial public offers can really exhibit the impact of these regulatory changes on activities of initial public offers.

IV. TREND IN NEW ISSUE MARKET

The new issue market is encompasses all institutions dealing in the fresh claim for financial instruments. These financial instruments can be claimed in form of equity shares , preference shares, debentures right issues, deposits etc. In new issue market (a segment of corporate securities market). From march 2001 to march 2013 maximum number of financial instruments in primary market came from side of banks (115), construction (74), finance(72), IT(69), textile sector(56) sector that consist of equity shares , preference shares, debentures right issues, and follow on issues etc. (*See*: *Table no. 1*). The total ` 433368.4 crore mobilized from new issue market to corporate entites by way of different instrument. 26.36 percent of this total amount went to banking sector , 13.26 percent to power sector, and 9 .5 percent to finance sector where as construction sector has got 6.6 percent of this total amount. Construction sector floated 74 new issue in the market which was 8 percent of the total number of the new issues came in the market from march 2001 to march 2014 whereas the amount raised by the sector is only 6.6 percent of the total amount mobilized to corporate sector. In the period power sector got 13.2 percent of the total amount with just 2.7 percent number of new issues. Power sector float issues of very big size as the sector seeks a great amount of funds to invest in the projects. in terms of amount mobilization banking(26 percent), power(13 percent), finance(9.5 percent), construction(6.6 percent), telecom sector(2.1 percent) can be addressed as issuer of big lots. While the information technology (IT)segment can be addressed as a segment of small size issuer. From IT segment a good number of issues came but the amount mobilized to the segment is the segment of small lots. In other way round it can be said a good number of information & technology firm floats their issue. While the number of firms in power sector are less but their issue size always remain big (Seet table no. 1 & table no. 2).

Table 1: Descriptive Statistic (Resource mobilized to each sector by number of issues)

Sector	Median	Mean	Max	Min	St. Dev.	Var	Total
Banks/Fls	11	10	115	0	30.74	945.17	115
Cement & Construction	2.5	6	74	1	20.87	435.48	74
Chemical	3.5	3	41	0	11.05	122.20	41
Electronics	1	2	23	0	6.78	45.96	23
Engineering	2	3	32	0	8.66	75.06	32
Entertainment	2	3	41	0	11.16	124.57	41
Finance	3	6	72	1	19.91	396.24	72
Food Processing	2	3	32	0	9.39	88.25	32
Healthcare	2	3	31	0	8.56	73.27	31
Information Technology	4.5	6	69	1	18.68	348.99	69
Paper & Pulp	1	1	11	0	3.10	9.61	11
Plastic	0	1	10	0	3.16	9.96	10
Power	1.5	2	25	0	6.94	48.15	25
Printing	0	1	7	0	1.99	3.97	7
Telecom	0.5	1	11	0	3.11	9.66	11
Textile	3.5	5	56	0	15.58	242.73	56
Miscellaneous	27	22	269	0	72.48	5253.84	269
Packaging	0	0	0	0	0.00	0.00	0

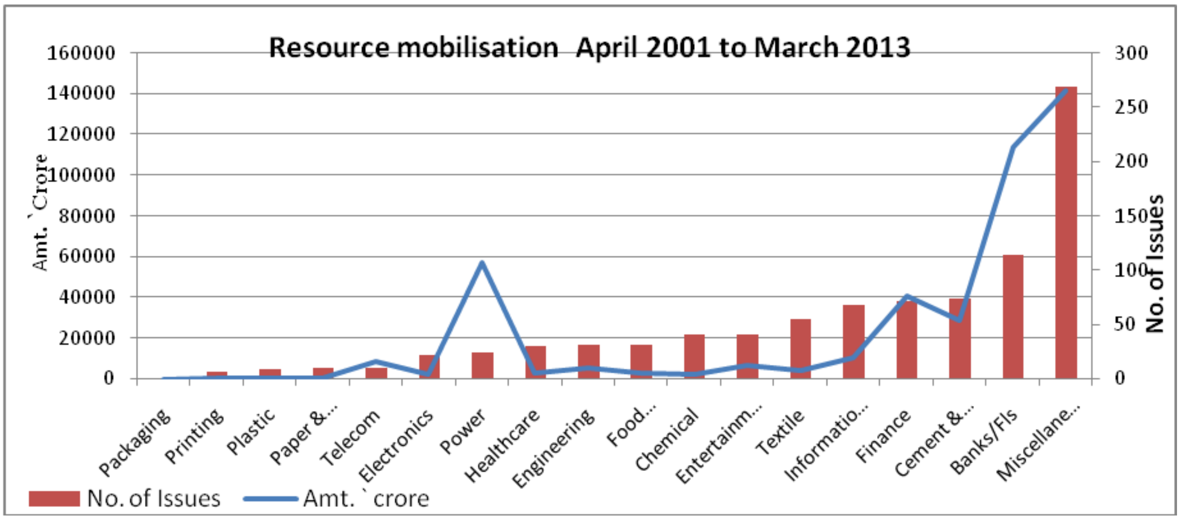

Figure No. 1

Source: SEBI Annual reports and author's calculation

It can be said that power sector is the most benefitted sector (*See: figure no. 1*). Power sector is gives elementary support to other sectors in the economy. Earlier government financial support was only mean of the finanace for expansion and growth of power sector but now corporate securities market also functioning in the same dimension so that the firms of power sector can finance their needs themselves. Finace, power and infrastructure are the elementary sector to push the economic growth and new issue segment of corporate securities market is helping these sectors by fulfilling their financial needs .

Table 2 : Descriptive Statistics (Amount Mobilised in each sector in ` Crore)

	Median	Mean	Max	Min	St. Dev.	Var	Total
Banks/FIs	5284.98	9522.64	30955	0	9337.62	87191085	114271.7
Cement & Construction	178.00	2400.25	18905	8	5331.92	28429328	28802.96
Chemical	137.50	191.53	661	0	206.40	42600.89	2298.36
Electronics	57.50	233.58	1156	0	364.59	132922.3	2803
Engineering	297.50	466.44	1394	0	485.32	235537.9	5597.25
Entertainment	278.50	591.36	2461	0	733.35	537809	7096.28
Finance	1799.50	3413.78	16536	29.52	5405.50	29219479	40965.34
Food Processing	59.50	266.08	1245	0	380.41	144715.4	3193
Healthcare	176.00	280.62	1059	0	317.54	100829.3	3367.47
Information Technology	383.64	894.02	5095	4	1446.42	2092139	10728.29
Paper & Pulp	25.00	70.87	306	0	104.47	10914.2	850.48
Plastic	0.00	30.58	211	0	64.79	4197.72	367
Power	494.00	4789.75	25293	0	7873.46	61991355	57477
Printing	0.00	34.75	130	0	49.22	2422.205	417
Telecom	12.50	760.50	4173	0	1386.42	1922166	9126.02
Textile	222.00	350.04	1064	0	358.42	128467.6	4200.44
Miscellaneous	12394.00	11817.23	31519	0	8833.46	78030011	141806.8

* *Note Descriptive are reported in ` crores*

No doubt new issue segment of corporate securities market is aid to eminent and element sectors of the economy . But SEBI is working continuously to strenghtthen the corporate securities market. In the tear 2001-02, 2003-04 market noticed a great decline in terms of amount mobilization as very little number of successful issue came in the market during the time period. In the period SEBI introduced several changes in each segment of the corporate securities market in order to regain the investors confiedece . 2002-03 was slump phase of the corporate securities market. But regulatory changes in trading, transaction and issue and eligibility for issue helped the new issue market to revive (*See:* table no. 3 & figure no. 2).Total amount mobilized from the market to different segment of the economy come to peak in 2007-08 and ` 87030 crore mobilized by investors from coporate securities market to different sectors of the economy by way of different financial instruments but in 2008-09 was a slump period and new issue market lost its previous stablility. Before the 2007-08 in 2003-04,2004-05, 2005-06 average

Table no. 3: Descriptive Statistics (Total amount mobilizes from Primary Market to Corporate Sector)

Year	Median	Mean	Max	Min	St.Dev.	Var	Total
2001-02	13.31	419.06	5141.96	0	1239.38	1536063	7543.08
2002-03	4.80	226.13	3442.72	0	828.58	686552.6	4070.29
2003-04	37.50	1292.94	14964	0	3737.66	13970137	23273
2004-05	129.00	1569.83	11311	0	3187.38	10159374	28257
2005-06	680.50	1521.28	12439	0	3124.40	9761905	27383
2006-07	557.00	1861.56	16246	15	3830.06	14669381	33508
2007-08	601.50	4835.00	30955	0	9144.62	83624123	87030
2008-09	61.00	901.06	10845	0	2608.28	6803120	16219
2009-10	491.50	3197.44	25293	0	7139.98	50979264	57554
2010-11	269.50	3756.06	31519	0	8399.79	70556402	67609
2011-12	80.00	2692.61	20503	0	6329.88	40067337	48467
2012-13	10.50	1803.06	16536	0	4367.23	19072708	32455

** Note Descriptive are reported in ` crores*

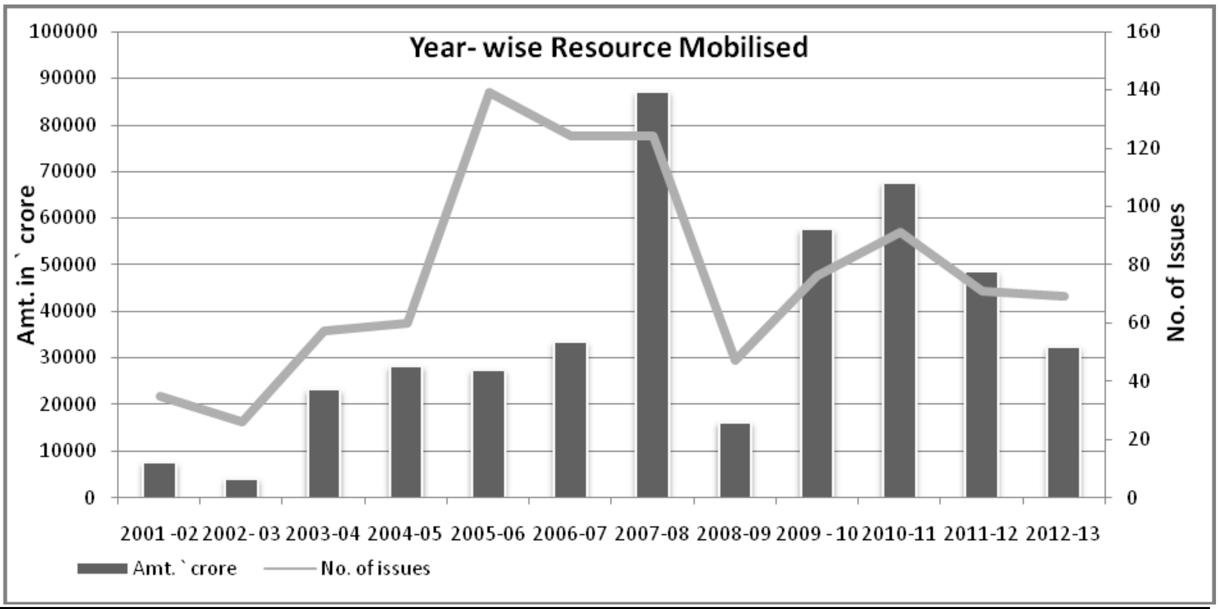

Figure No. 2,Source: SEBI annual report

` 1292.94, `1569.83, ` 1521, ` 1861 crore respectively were mobilized to different segment of the economy. Hence there was a consistency in the new issue market before 2007-08. But in 2008-09 a great slump noticed in new issue market and on an average ` 901.06 crore tranfered to different sectors of the economy from new issue market in the period market lost it consistency in context of resource mobilization. In 2010-11 market again reached at peak but couldn't recover its previous peak. In 2012-13 again new issue market showed a decline. But a great variance 72.81 was noticed in 2007-08 which indicates the variance in terms of amount transfer to different sectors of the economy. In other way round it is noticed that in the yeat 2007-08 corporate securities makert transferred fund to varied sector of the economy while before it market was dominated by the new issue of banking sector. In 2007-08 only 6 new issue came from banking segment and in 2008-09 there was no issue by banking sector before 2007-08 in every year 11 to 12 new issues floated by banking sector. From 2001 to 2013 new issue market faced boom and slump two time fisrt period start from 2004-05 and ends on 2008-09, and second period starts from 2009-10 and ends in 2012-13. But an upward trend in the market noticed from 2001 to 2011-12.

Table no 4. Descriptive Statistics for No. of Issues (April 2001 to Mar 2013)

Year	Median	Mean	Max	Min	Dev	Var	Total
2001 -02	1	4	14	0	3.60	12.96	35
2002- 03	0.5	3	13	0	3.03	9.20	26
2003-04	1	6	14	0	4.33	18.74	57
2004-05	2	6	12	0	3.55	12.59	60
2005-06	6.5	14	34	0	8.11	65.74	139
2006-07	5	13	25	0	6.41	41.05	124
2007-08	4.5	13	31	0	8.53	72.81	124
2008-09	1.5	5	22	0	5.10	26.02	47
2009 - 10	2	8	29	0	6.77	45.83	76
2010-11	3	9	40	0	9.66	93.23	91
2011-12	1	7	29	0	7.77	60.41	71
2012-13	1	7	31	0	7.80	60.85	69

In 2007-08 by looking at number of new issues it can be said there was nothing like peak in new issue market market because 2007-08 and 2006-07 equal number of new issues came in the market while in 2005-06 maximum number of new issues came in the corporate securities market. But in 2005 -06 and 2006 -07 a great number of right and follow on issues came in the market. The size of these follow on issues and right issues were small in comparision to intital public offers (IPOs) (*see* table no. 5) . but in the year 2007-08 maximum number of IPOs came in the market which clearly indicated that savings of household sector were made available to new entrants of varied sector in the year before 2007-08 a good amount fudns from corporate securities market was mobilized in favour of existing corporate entities. In 2008-09 while new issue market in terms of equity instruments showed a decline from the same time corporate bond market took the pace in 2011 -12 number of equity instruments in form of IPO, FPO or right issue etc were declined while number of bonds issued in the period was 12 and the same number of bond came in 2012-13. Hence investors were loosing their confidence in the equity instruments in period but bond market reached at peak in the period 2011-12 and maintained it in 2012-13 also.

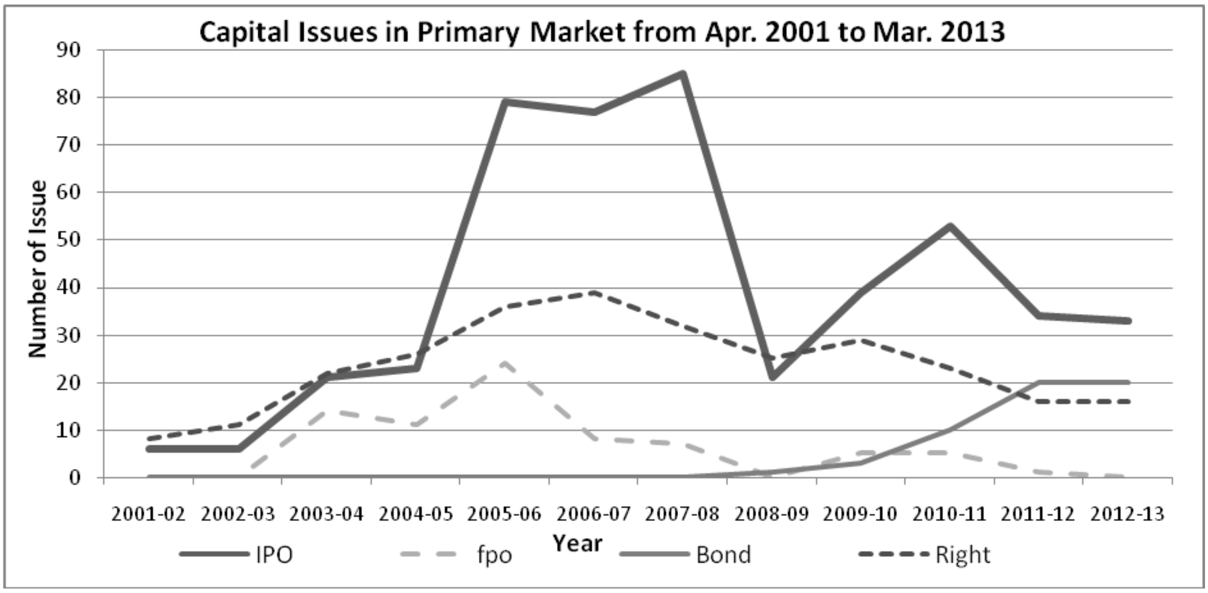

Figure no. 3; Source: SEBI annual reports and author’s calculation.

In same period no follow on issue came in the market for the general public instead making offer to public through follow on capital issues already listed firms raised amount from their existing share holders by way of right issues (*see* figure no. 3 & table no. 5). Hence bond market turned up as favourable source in 2011-12, 2012-13 hence the bond segment picked up its pace before it since inception (2007-08) the market was sluggish.

Trend in IPO market : Initial public offers market is the market where equity instruments of a corporate entity offered first time to public for subscription. IPO market also performed in the tendum of new issue market in 2007-08 maximum number of new issue came in the market in form of fresh equity instruments after that slump phase emerged in 2008 – 09 (*See* table No. 5 & figure No. 3). In 2007 – 08 grading of equity instruments made necessary by the SEBI to met the informational needs of uninformed investors. But in 2008-09 the overall growth rate of Indian economy could not be achieved in the year impact of same was visualized on initial public offers market as well. In the year 2010-11 market again reached at peak but could not recover it's previous peak in, it was the year when SEBI introduced 100 percent book building mechanisim for fair pricing of equity instruments. hence it can be said market welcomed the change and investors as well corporate unit showed their positive respone toward the change. 2011-12 again market showed a down turn.

Table No 5. Type **of Instrument wise break up of the issues in capital market (April 2001 to Mar 2013)**

Year	IPO	fpo	Bond	Right	Total
2001-02	6	0	0	8	14
2002-03	6	0	0	11	17
2003-04	21	14	0	22	57
2004-05	23	11	0	26	60
2005-06	79	24	0	36	139
2006-07	77	8	0	39	124
2007-08	85	7	0	32	124
2008-09	21	0	1	25	47
2009-10	39	5	3	29	76
2010-11	53	5	10	23	91
2011-12	34	1	20	16	71
2012-13	33	0	20	16	69

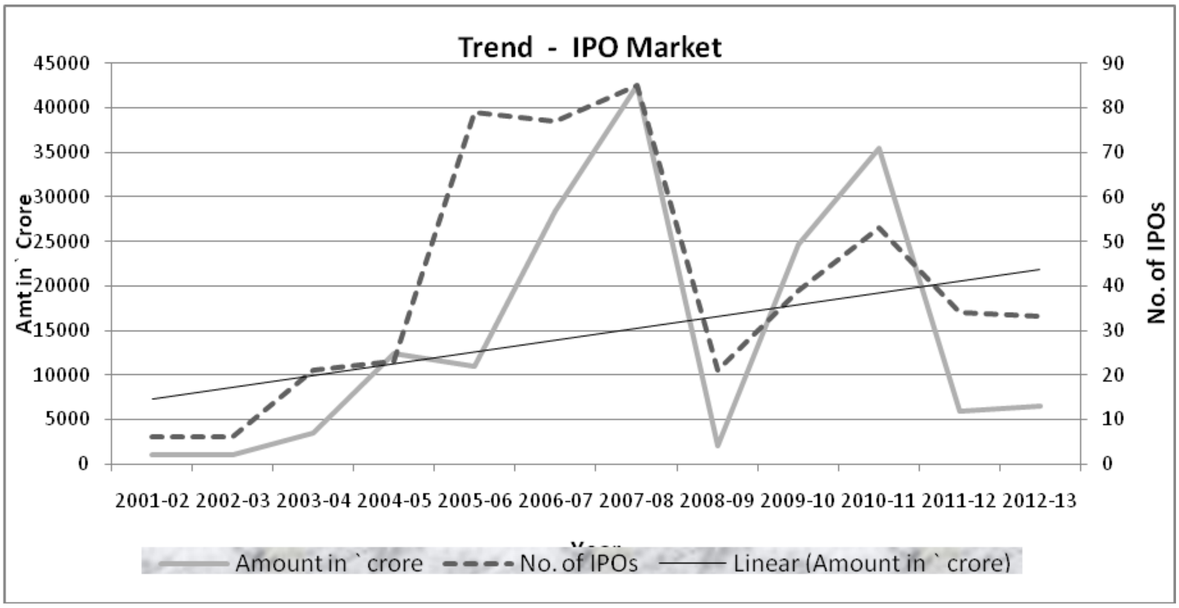

Figure no. 3 ; *Source*: SEBI Annual reports and author calculation.

But the in these years an upward trend in initial public offers was noticed despite two slump and boom period.

V. CONCLUSION

The new issue market over the sample period has shown an upwarnd trend.In the segment of Initial public offers boom and slump waves occured twice . Bond segment has shown an upward movement over the sample period. In 2012-13 when there was a down fall in new issue market as well as in initial public offers of equity instruments the same time bond market showed an upward moment and reached at high level in comparision to previous years and maintained the same pace with 20 issues in the year 2012-13. Follow on public issue came down to zero level in the year 2011-12, 2012-13 while in the same period right issues showed a decline but there was not even a single year when right issues were not floated by the existing entities. It can be said on the basis tabulated data that when overall new issue market exhibited a downfall right issue segment also showed a decline in over all volume as well as amount of the issue. Over the years, SEBI and government have come up with a serious regulatory measures to give a push to new equity market . But the activities in the market is effected by the factor other than regulatory changes . The years when SEBI brought major changes in the market no downfall in the new issue market was noticed. Hence importance of other factors like growth rarte of GDP, market interest rate etc. can not be ignored. Besides the market development it is suggested that regulator should try to minimize the impact of external factors on activities of new issue market.

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