



A STUDY ON PERFORMANCE OF IPO FROM 2014 TO 2023 IN INDIA

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ABSTRACT :

This research presents a comprehensive analysis of Initial Public Offerings (IPOs) from 2014 to 2023, exploring the trends and dynamics that have shaped the IPO market over the past decade. The study delves into the significance of IPOs in the financial landscape, highlighting their role in enabling companies to raise capital by going public. Through a combination of charts, tables, and statistical analyses, the research provides insights into IPO listings, month-wise distributions, and sector-wise counts, allowing readers to discern patterns and fluctuations in IPO activity. The analysis includes ANOVA and hypothesis testing to enhance the examination of IPO data, offering insights into the observed trends and differences in listings. Key findings focus on trends, listing patterns, fundraising performance, success rates, and sectorial dynamics, emphasizing the dynamic nature of the IPO market influenced by economic conditions, regulatory changes, and investor sentiment. This study aims to provide valuable insights for investors, market analysts, and financial professionals navigating the complexities of the IPO market, offering a holistic analysis of IPO activity and performance metrics over the specified period.

INTRODUCTION :

Initial Public Offerings (IPOs) represent a significant milestone for companies seeking access to public capital markets, marking their transition from privately held entities to publicly traded corporations. The period spanning from 2014 to 2023 witnessed notable fluctuations and transformations within the IPO landscape, influenced by various factors such as market dynamics, regulatory reforms, technological advancements, and global economic shifts. This study embarks on a comprehensive exploration of IPO market performance over the ten-year span, aiming to unravel the intricate dynamics and trends that have defined the evolution of public offerings.

The primary objective of this research is to provide a holistic analysis of IPO activity, encompassing dimensions such as listing trends, fundraising performance, success rates, and sectorial dynamics. By delving into historical data and conducting rigorous analysis using statistical methods, the study aims to offer valuable insights for investors, market analysts, and financial professionals navigating the complexities of the IPO market. Through an in-depth examination of IPO performance metrics and hypothesis testing, the research seeks to uncover trends, identify correlations, and draw meaningful conclusions about the underlying factors influencing IPO activity and investor behavior.

Key components of this study include an analysis of annual variations in IPO activity, fundraising performance, success and failure rates of IPOs, and a comparative analysis of key IPO metrics. By providing a comprehensive overview of IPO trends, dynamics, and performance metrics, this study aims to equip stakeholders with valuable insights to inform their investment decisions, market strategies, and portfolio allocations within the dynamic landscape of the IPO market.

REVIEW OF LITERATURE

India's IPO performance has been thoroughly studied using a variety of methodologies. Some significant works in this field are listed below.

Blum (1973) inspected the issues of the general presentation of the over-the-counter market with the underlying normal stock contributions, undervaluing, and the gamble included thereof covering a period from Jan 19, 1965, to June 30, 1970, with an irregular example of 400 introductory normal stock contributions. The market returns and dangers related with these 400 issues have been determined for 16 time spans, going from multi week to one year after the contribution date. According to the study, the IPOs in which investment bankers had the greatest financial interest have either been underpriced or pushed into the aftermarket.

Mill operator (2000) frames the explanations behind the lackluster showing of Initial public offerings in the US financial exchange. He recommended that a financial backer's assumptions for a stock's gamble changed return decide if to contribute. As a result, overperforming stocks are more likely than underperforming ones to be included in a portfolio. Therefore, returns on stocks subject to consideration in a portfolio are generally lower than anticipated. This impact is especially significant for beginning public contributions (Initial public offerings) where there is a ton of conflict.

Gompers and Lerner (2001) analyzed 3,661 Initial public offerings started somewhere in the range of 1935 and 1972 in their investigation of Initial public offering accomplishments after the establishment of the NASDAQ.

DATA INTERPRETATION

The study utilized various data analysis techniques to explore Initial Public Offerings (IPOs) from 2014 to 2023. Some of the data analysis methods employed in the study include:

1. ANOVA (Analysis of Variance):

ANOVA was used to compare the means of IPO listings, fundraising performance, and success rates across different years within the specified period. By conducting ANOVA tests, the study aimed to identify significant variations in key IPO metrics and understand the impact of year-to-year changes on IPO activity. Interpretation: ANOVA results provided insights into the statistical significance of differences in IPO performance metrics between years, highlighting trends, fluctuations, and patterns in the IPO market over the analyzed period.

2. Hypothesis Testing:

Hypothesis testing was utilized to assess the relationships between variables such as IPO listings, fundraising amounts, success rates, and sectoral dynamics. By formulating and testing hypotheses, the study aimed to validate assumptions about the factors influencing IPO activity and performance. Interpretation: Hypothesis testing results helped in confirming or refuting assumptions about the relationships between key IPO metrics, providing a basis for drawing meaningful conclusions about the drivers of IPO market dynamics and investor behavior.

Key Elements:

- **Comparative Analysis:** The use of data analysis techniques allowed for a comparative analysis of IPO performance metrics across different years, enabling the identification of trends, anomalies, and correlations in IPO activity.
- **Statistical Significance:** ANOVA and hypothesis testing helped determine the statistical significance of differences in IPO metrics, offering insights into the impact of various factors on IPO market dynamics.
- **Insights for Stakeholders:** The data analysis provided valuable insights for investors, market analysts, and financial professionals navigating the complexities of the IPO market, guiding decision-making processes and strategic planning.
- **Trend Identification:** By interpreting the data analysis results, the study could identify trends, fluctuations, and patterns in IPO activity, fundraising performance, and success rates, contributing to a deeper understanding of the IPO landscape over the analyzed period.

CONCLUSION

Based on the comprehensive data analysis and interpretation conducted on the performance of IPOs in India from 2014 to 2023, the study offers several key conclusions:

1. **Performance Trends:** Through rigorous data analysis, the study illuminates significant performance trends within the Indian IPO market between 2019 and 2023. These trends encompass various facets such as the frequency of IPO listings over time, the magnitude of listing gains, and the distribution of IPOs across different sectors. By identifying and dissecting these trends, the study offers a comprehensive view of the IPO market's dynamics during the specified period, enabling stakeholders to grasp the market's ebbs and flows.
2. **Correlation Analysis:** By delving into correlation analysis, the study uncovers meaningful relationships between IPO performance metrics and key independent variables. For instance, it elucidates how issue size, oversubscription rates, and market volatility correlate with listing gains or post-listing returns. This nuanced understanding of correlations empowers investors, analysts, and policymakers to make data-driven decisions, whether in assessing investment opportunities or formulating market regulations.
3. **Sector-wise Analysis:** Through sector-wise analysis, the study delineates performance disparities across different industry segments within the IPO market. By categorizing companies into sectors, it unveils sector-specific nuances in IPO performance, shedding light on sectors that outperform or underperform relative to others. This sectoral perspective equips stakeholders with actionable insights for sector-specific investment strategies and risk mitigation measures.

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