An Empirical Study on IPO Performance in India

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Abstract-This study was carried out on 50 IPOs listed between 2017 and 2021 on National Stock Exchange (NSE). In this, Researchers investigated whether there is any impact of issue price on the subscription of IPOs by calculating the correlation between the two, and it was found that there is a negative correlation between them. Researchers also studied the IPOs performance through issue price and listing price by calculating the mean difference between the two prices. It was found that there is a significant variation between them. Researchers then investigated the impact of events on stock prices. The most impactful news of each year was selected by random sampling method using a random sample generator. The potential impact of that news was then analyzed on the stocks, and it was found that they have both positive and negative impacts. Price movement was studied by grouping the IPOs into four categories regarding their listing date to analyze if returns are affected by the holding period of the stocks. Monthly, Quarterly, Semi-Annually, and Annual Average returns were calculated to see the changes in returns under the holding period. The result showed a positive effect, meaning that returns are directly proportionate to the stock's holding period.

1.INTRODUCTION

An initial public offering (IPO), sometimes referred to as a stock launch, is a sale of a company's stock to institutional investors in addition to traditionally retail (individual) investors. An IPO is often underwritten by one or more investment banks, who also oversee the shares' listing on one or more stock exchanges. This process, also known as floating, becoming public, or going public, turns a privately owned company into a public corporation. Initial public offerings (IPOs) can be used to raise a company's equity capital, to monetize private shareholder investments (made by the company's founders or private equity investors, for example), and to make present holdings and future capital raising simpler to trade by being publicly traded. The IPO subscription is the proportion of shares purchased in an initial public offering (IPO) to all shares offered. Foran initial public offering (IPO), a 10 times subscription indicates that there were 10 times as many bids as actual shares issued by the business. More informed choice about whether or not to subscribe to a certain IPO can be made by learning more about IPO subscriptions. This is one way to interpret the subscription data. It demonstrates the share's demand. Better listing benefits are typically a result of more demand. Analyze the likelihood of allocation with its aid. The cost at which a firm sells its shares is known as the issue price of an IPO. After then, the IPO is listed on a market. The share's opening price on the day of the listing is the basis for the listing price. The gap between the issue and listing prices is mostly influenced by supply and demand for the shares. If there is a lot of demand but little supply, the listing price will be greaterthan the issue price; if there is a lot of supply, the listing price will be lower than the issue price.

For investors, understanding how events impact the stock market has long been a fascinating and challengingsubject. One finds that there isn't only one rule that can be used to define everything after completing in- depth research on the topic. Events can be social, political, economic, and in many other ways. Any form ofoccurrence has the potential to have an impact on the stock market and economy. Political factors and eventsmay have a different impact on the economy than economic ones. Again, it could differ from how social Gatherings turn out. Not every social occasion will provide the anticipated outcome. The same holds true for political, economic, and other types of events. Furthermore, one can occasionally see stock values behave ina manner that is inconsistent with how the economy is developing. Indeed, it does. But they aren't clear enough. The past is typically blamed in economic theory. From it, we can learn everything. If one is perplexed by the situation of the economy right now and are wondering how it could affect your stock market investments, this might be the ideal place to seek for solutions. For investors, traders, and anybody else involved in this industry, changes in share prices are a major source of concern. The pricing is influenced by a variety of things. The first consideration in this situation is the sort of good or service. Second, there are several price points. As a

result, experts frequently include the timescale with their pricing predictions. The pricing range could occasionally be variable. Therefore, in order to get a scoop in this situation, every secondmatters. According to C. J. Negakis, "The accountants have a comparative edge in dealing with the information signals that threaten price fluctuations" (2005). As a result, predictions of share prices are occasionally off. This is true because it is challenging to exactly explain share price variations in the context of the global economy. There are various other factors as well, which may have a lesser or greater effect.

2.LITERATURE REVIEW

2.1 Impact of Risk and Returns Characteristics in IPO's Pricing

Lowry, S. Officer, Schwert (2006), (1) studied on a new metric—the volatility of initial returns to IPO stocks—for assessing the price of IPOs in conventional firm commitment underwritten offers. They discovered that early returns exhibit significant volatility. If the IPO price serves as a projection for the stock's secondary market price, not only are these forecasts inaccurate in terms of pricing (underpricing), but they also have a wide range of inaccuracies. Lowry, Schwert (2000), (3) investigated the significant cycles in both the quantity of initial public offerings and the typical first returns received by investors who took part in IPOs. Initial returns are predictably correlated with both future IPO volume and previous initial returns atthe aggregate level. They analyzed the first return using company level data in order to understand these tendencies. They discovered that the duration of an IPO, the clustering of related IPO types across time, and information spillovers between IPOs are all factors in the aggregate IPO cycles. Lowry, Shu (2001), (14) investigated the relationship between risk and IPO underpricing and tested two hypotheses about the litigation-risk relationship: (1) higher underpricing reduces anticipated litigation costs; and (2) businesses with higher litigation risk underprice their IPOs by a greater amount as a kind of insurance (deterrence effect). Making use of a simultaneous equation framework to correct for the endogeneity bias in prior research, they found that both facets of the litigation-risk theory are supported by the evidence. Eckbo, Norli (2006), (19) looked at the risk-return characteristics of a rolling portfolio investment approach, where more than 6,000 Nasdaq IPO equities are purchased and held for up to five years. The average long-term portfolio return is low, but IPO equities seem to be "longshots" since five-year buy-and-hold returns of 1000 percent or more are slightly more common than for non-issuing Nasdaq businesses matched for size and book-to-market ratio.Low Minus High stock (LMH) turnover portfolio as a liquidity risk factor was introduced. Consequently, they are unable to disprove the claim that the realized return on the IPO portfolio is proportionate to the portfolio's risk exposures, as specified above. Jagdeesh, Weinstein, Welch (1992), (22) examined the effects of various models. The likelihood and amount of upcoming seasoned offerings are positively correlated with IPO underpricing, according to their research. The economic importance of these findings seems to be limited, even though they are consistent with the signaling hypothesis' implications. They do extra research to examine potential reasons for these results and discover that the alternatives are more convincing.

2.2 Impact of Pricing in IPOs

Ritter, Welch (2002), (2) examined the theory and data surrounding IPO activity, including why companieslist on the stock market, why first-day investors receive a sizable discount, and how IPOs fare over the longterm. They approached the literature from three different angles: First, many IPO phenomena, in their opinion, are not stationary. Second, they think that current research on IPOs is most promisingly focused onshare allocation difficulties. Third, they contend that many IPO phenomena are not primarily driven by asymmetric information. Instead, they think that agency conflict and non-rational explanations will contribute to future literary advancement. They described few promising alternatives. P. Ljungqvist, J. Wilhelm, (2002), (5) demonstrated that a number of significant changes in the pre-IPO ownership structure and insider selling behavior over the period, which diminished the incentives of key decision-makers to control underpricing, can at least partially account for the regime shift in initial returns and other aspects of pricing behavior. Apart from the overwhelming number of internet and high-tech companies going public, there doesn't seem to be much unique about the 1999–2000 timeframe once these changes are taken into account. Their findings imply that the "dot-com

bubble" was characterized by specific business features, and pricing behavior resulted from the incentives these qualities produced. P. Ljungqvist, Nanda, Singh (2001), (6) linked the three main empirical IPO "anomalies" i.e. under-pricing, hot issue markets, and long-term underperformance, and demonstrated through this analysis, by connecting them to a single source of inefficiency. They connect the existence of a group of investors who are "irrational" in the sense that they overestimate future performance to the existence of booming IPO markets, such as the market for Internet IPOs in 1999/2000. Under-pricing and long-term underperformance are the results of underwriters' attemptsto generate profits from the sale of shares at the expense of these euphoric investors. Regular IPO investors' contributions to keeping prices stable and lowering the quantity of shares are acknowledged through under-pricing. It has been demonstrated that the model is compatible with several aspects of the IPO process. Furthermore, it produces some new empirical predictions. Loughran, Ritter (2003), (8) examined that in the 1980s, initial public offerings (IPOs) had an average first-day return of 7%. The typical first-day return more than doubled to almost 15% between 1990 and 1998. It surged to 65% between 1999 and 2000, at the height of the internet bubble, before falling to 12% between 2001 and 2003. They attribute a major chunk ofthe elevated under-pricing during the boom period to a shifting issuer objective function. They argue that asresearch coverage gained importance, the emphasis on maximising IPO revenues decreased in subsequent years. The allocation of hot IPOs to the personal brokerage accounts of executives of the issuing company provides another incentive to seek out underwriters with a record for significant under-pricing rather than avoid them. Shenone (2004), (9) examines the impact of pre-IPO banking relationships on a company's initial public offering (IPO). By contrasting the firm's pre-IPO banking ties with the underwriters overseeingthe firm's new issuance, they examined whether relationships developed before the firm's IPO ameliorate the asymmetric information issues leading to substantial IPO under-pricing. The results show that compared to companies without such links, under-pricing is decreased by approximately 17% for companies with pre- IPO banking relationships with potential underwriters. When the firm's endogenous selection of the pre-IPO banking institution is taken into consideration, these conclusions remain valid. Lowry, Schwert (2003), (10) studied at how underwriters handle information that is made public throughout the IPO pricing process. There were two significant findings. First of all, the original pricing range does not fully account for the information that is currently accessible. Although the prejudice has little economic effect, it is confusing because it is unclear who stands to benefit from it. Additionally, it demonstrates that the filing range midpoint is not a reliable predictor of the offer price, in contrast to what past research had demonstrated. Second, the relationship's little economic significance shows that the IPO pricing process is almost efficient, even if the final offer price similarly does not fully account for public information. Ellul, Pagano (2006), (11) finds that under-priced initial public offerings (IPOs) are frequently linked to asymmetry in knowledge and risk. The unique notion that investors worry about the possibility of post-IPO illiquidity brought on by asymmetric Knowledge supplements these traditional explanations. The IPO under-pricing will increase in proportion to how unpredictable and liquid the aftermarket is thought to be. Their approach combines such liquidity concerns with risk and adverse selection as justifications for under-pricing. The model's predictions are confirmed by data from 337 British initial public offerings (IPOs) that took place between 1998 and 2000. We discover that utilising a number of liquidity metrics, IPO under-pricing is significantly influenced by expected after-market liquidity and liquidity risk. Hawaldar, Kumar, Mallikarjunappa (2018), (27) examined the performance of initial public offerings (IPOs), book-built and fixed-price IPOs, as well as theirpost-listing aftermarket performance, are all evaluated. They examine 464 Indian initial public offerings (IPOs) that were listed between 2001 and 2011 for pricing and long-term performance (365 book-built IPOsand 99 fixed-price IPOs). The study's 15-year time frame runs from 2001 to 2015. The analysis's findings demonstrate that book-built IPOs are less significantly underpriced than fixed-price IPOs. Additionally, afterone and a half years, fixed-price IPO-related negative cumulative average abnormal returns (CAARs) turn positive and continue to be positive. Contrarily, negative CAARs connected to book-built IPOs are linked tonegative CAARs for up to five years, and beyond.

2.3 Impact of Management in IPOs

Fan, Wong (2004), (24) found that nearly 27% of the CEOs in a sample of 790 recently partially privatised Chinese enterprises are either former or current government bureaucrats. Companies with politically connected CEOs underperform those without politically connected CEOs by about 18%, according to marketreturns three years after the IPO. Additionally, they perform poorly in terms of changes in returns on sales, post-IPO earnings growth, and sales growth. The CEO's political connections also have a negative effect onthe performance of the stock on day one. Not to mention, companies with politically connected CEOs are more likely to appoint bureaucrats to the board of directors than individuals with the necessary professional experience. Mangala, Dhanda (2019), (29) studied on whether earnings management is applied to Indian IPOs. The study was built on the Modified Jones Model, which is the most used model for evaluating accruals earnings management. Preliminary studies show that profits management in Indian IPOs is far higher than in Western countries. The study also identifies an abnormally higher profit performance for IPO companiesduring the IPO year than it is for the post-offer period. Both data support the notion that India's issue year earnings management is a result of post-issue earnings success.

2.4 Impact of Investors in IPOs

Stoughton, Zechner (1997), (16) explains how under-pricing and rationing affects investors' shareholdings as well as the effects of various IPO approaches on share ownership structure. They focus on the agency problem that occurs when the only shareholders who have the power to oversee the firm are large institutions, while only a small number of shareholders benefit from these actions. The key conclusion is that some well-known IPO traits can be rationally attributed to the issuer's responses to the existence of regulatory limitationson public capital markets. Biais, Caltech, Rochet (2001), (17) analysed the best initial public offering (IPO) mechanism in a multidimensional adverse selection setting where institutional investors have covert knowledge of the market valuation of the shares, the intermediary has covert knowledge of the demand, and the institutional investors and intermediary collude. They concluded that in Theorem I, the IPO price is described in terms of conditional expectations, and it is suggested that uniform pricing is the best strategy (all agents pay the same price). Theorem 2 states that a non-linear price schedule that reduces the amount allotted to retail investors can be used to implement the best strategy. Cornelli, Goldriech, Ljungqvist (2004), (20) examined the impact does sentiment investors have on the price of newly listed stocks. They build the conditions under which they may distinguish between sentiment and rational pricing behaviour and test for the rationality of small investors' desire for fresh stock offerings using data from pre-issue (or "grey")markets in Europe. The model predicts asymmetric correlations between prices at which small investors tradenewly issued stock issues in the grey market and i) the subsequent issue price set by the investment bank, ii)prices in the early after-market, and iii) the degree of stock price reversal in the long run. Our empirical results suggest that there is sentiment demand and that it affects the pricing of newly listed companies.

3.METHODOLOGY

3.1 Objectives

1. To study the impact of issue price on subscription of IPOs issue
2. To analyse the pricing of IPOs on the listing date
3. To study the impact of the events on the price of IPO shares
4. To examine price movement of IPOs over different time period

3.2Hypothesis

3.2.1 Null Hypothesis: IPO issue prices impact the subscription rate
Alternate Hypothesis: IPO issue prices don’t impact the subscription rate

3.2.2 Null Hypothesis: Issue Prices are not the primary factor impacting the Listing PricesAlternate Hypothesis: Issue Prices are the primary factor impacting the Listing price

For the study of each objective, secondary data were used, and various methods of data analysis throughout five years were employed for each objective.

To analyze the effect of issue price on the subscription rate of IPOs, the correlation between subscription rate and price issue of IPOs was calculated annually for a period of five years, and its average was considered. To analyze the pricing of IPOs on the listing day for the second objective, the percentage difference

between the price of the offering and the listing price was computed. (P1 - P0) / P0 is theformula used for the calculation, with P1 representing the listing price open and P0 representing the issue price.
Random Sampling was used to select the top five news stories of each year for the third goal. IPOs listed before those news items were selected for the analysis to examine the effects of those news items on IPOs. Each IPO's price (stock price) before and after the event was computed separately, as well as the overall average price change.
The sample was divided into four groups for the fourth objective: the first group included companies that had been listed for five years or longer; the second group included companies that had been listed for three to fiveyears; the third group included companies that had been listed for three to one year; and the fourth group included companies that had been listed for less than a year. For further analysis, the following steps were considered-
Step 1: The monthly, quarterly, semi-annual, and annual average returns for each company in each categorywere calculated.
Step 2: The overall average for each group and the difference between the monthly average return and thequarterly, semi-annual, and annual average returns were calculated.
Step 3: The average return for each group was calculated along with the difference between the quarterly,semi-annual, and annual average returns.
Step 4: The overall average for each group was calculated, and the difference between the semi-annualaverage return and the annual average return was also calculated.

4.DATA AND ANALYSIS

4.1Sample

The data consists of IPOS listed on the NSE between 2017 and 2021. Random sampling is used to consider 10 IPOS each year. The following criteria are used to select samples: 1. IPOs must be listed on the NSE between 2017 and 2021. 2. Only equity issues are considered. 3. The issues must be post-SEBI (Securities and Exchange Board of India) and have a free pricing mechanism. 4. Daily share price data for each issue must be available from the listing date until the end of June 2022. The market returns and IPO returns are calculated by taking the closing values of the NSE sensitivity index and the IPO share prices. Using these criteria, the sample size for this study is 50 IPOs.

4.2Interpretation

The correlation between subscription rates and price issues of 50 IPOs from 2017 to 2021 is -0.163110218, -0.424711234, -0.11871 193, -0.406411328, 0.199833703, and the mean is -0.182623054, indicating that Subscription rates and price issues of a given sample are 18% negatively correlated. (Table1.1)
From 2017 to 2021, the percentage change between price issue and listing price of 50 IPOS is 0.196825, -0.00155, 0.18873, 0.31368, 0.049824, and the mean is 0.149501788, indicating that price issues and listing prices vary by 14%. (Table2.1)
The percentage changes in IPOS closing prices caused by chosen events from 2017 to 2021 are-.167604036, -0.057226998, 0.06772131, -0.19613514, and 0.00303357, respectively. (Table3.1)
There is a significant change of 17% in monthly to yearly IPOS returns between 3-5 years and a change of9% in monthly to semi-annual IPOS returns between 1-3 years.

5.RESULTS AND DISCUSSION

5.1 Subscription Rate and Price Issue

We started our investigation by looking for a relationship between the subscription total and the Issue Price for each year. The average correlation between subscription rate and issue price has been -18% for the last five years. (Table.1.1). 2018 has the highest negative correlation (Table 1.1). Referring to our first objective, the impact of IPO issue price on subscription rate, and its related hypothesis that issue price does not affect subscription rate. Based on the findings in table 1.6, we conclude that the issue price affects the subscription rate of IPOs. Thus, we reject the null hypothesis. The IPO subscription rate influences the IPO offer price andthe IPO issue size. Past studies such as those of Young and Isa (2003), Rock (1986), and Fung et al.(2005) have shown the subscription rate is an essential variable affecting the performance of IPOs. The subscription rate is positively related to the Issue Price (Sahoo and Rajib 2012). According to our findings, there is a negative relationship between the issue price and the subscription rate. The research sample spans 2017 to

2021, when many unforeseen events occurred, affecting the market and causing it to respond unusually. Thus, we conclude that the more the issue price less is the subscription and vice versa.

Table-1.1-Correaltion

Year	Correlation
2017	-0.163110218
2018	-0.424711234
2019	-0.118716193
2020	-0.406411328
2021	0.199833703
Average	-0.182623054

(Created by scholars)

The table provides us the information regarding the correlation values between the Issue Price and Subscription rate of IPOs listed from 2017-2021 from the sample.

Table -1.2

Anova: SingleFactor						
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
Column 1	50	1975.46	39.5092	3100.55062		
Column 2	50	28337	566.74	213868.7678		
ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	6949307.912	1	6949307.912	64.057978	2.4922E-12	3.93811108
Within Groups	10631496.6	98	108484.6592			
Total	17580804.51	99				

The result for ANOVA for hypothesis testing, as the p-value is 0, less than 0.05, and the F value (64.05) is more than the F critical value(3.938), so we reject the null hypothesis and accept the alternate hypothesis.

5.2 Issue Price and Listing Price

The cost at which a firm sells its shares is known as the issue price of an IPO. After that, the IPO is listed on the market. The share's opening price on the day of the listing is the basis for the listing price. The gap between the issue and listing prices is mainly influenced by supply and demand for the shares. To analyzethis, we took the Issue price and listing price of 50 IPOs from 2017-2021. The mean difference between the two is calculated to see if there is any difference between the Issue Price and the Listing Price. As a result, wefound a difference between the two. The mean difference between the issue price and the listing price forIPOs (2017-2021) is 18%. Our second objective was to analyze the pricing of IPOs on the listing date and its related hypothesis that issue price is not the primary factor that affects the listing price. Based on the findings in table 2.6, the issue price doesn't affect the listing price of IPOs. Thus, we accept the null hypothesis. As quoted by Dr. A. S. Ambily, Gayatri Krishna, Aswathy K, and Deepa Balakrishnan, in their "A study on Performance of IPO's under NSE from the issue price to last trading price in the year 2013-2015," that thereis always a difference between the issue price and closing price. If there is a lot of demand but little supply, the listing price will be greater than the issue price; if there is a lot of supply, the listing price will be lower than the issue price. The market-determined listing price is the cost at which market participants (i.e., institutional investors) are willing to buy a security on the open market. They base their choices on their understanding of the company's potential for future expansion, improved profit margins, and the management's capacity to support these goals. However, because there is no set formula, the prices dochange. In our findings, the listing price is usually more than the issue price (Table 2.1).2020 has the most significant positive change between the issue and listing price, and Restaurant Bran was the highest gainer by a positive change of 92%.

Table 2.1-Average Percentage Change

Year	Average Percentage Change
2017	0.196824759
2018	-0.001549871
2019	0.188729796
2020	0.313680371
2021	0.049823884
Average	0.149501788

(Created by scholars)

The table provides us the information regarding the average percentage change between Price Issues and Listing Price ofIPOs listed from 2017-2021 from the sample

Anova: Single Factor						
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
Column 1	50	28337	566.74	213868.768		
Column 2	50	32038.85	640.777	306433.556		
ANOVA						
Source ofVariation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	137036.934	1	137036.934	0.52675888	0.46970242	3.93811108
Within Groups	25494813.9	98	260151.162			
Total	25631850.8	99				

The result for ANOVA for hypothesis testing, as the p-value is 0.4697, which is more than 0.05, and the F value (0.52675) is less than the F critical value (3.938), so we accept the null hypothesis.

5.3Impact of the Events on the price of IPO shares

As quoted in Mihaly Ormos and Miklos Vazsonyi in "Impacts of Public News on Stock Market Prices: Evidence from S&P500," when it comes to having an extremely good or negative impact on the stock market,days with extraordinary returns are discovered for both positive and adverse events. To analyze the events' impact on the IPO price, we selected 5 important news of each year from 2017-2021 through Random Sampling Method. After selecting the news, before and after event prices of IPOs are considered to see if there is any impact on the prices and if yes, then is it positive or negative? After analyzing a sample of 21 Companies, we found positive and negative impacts depending on the events.

Table-3.1- Impact of Event on IPO performance

Year	Event	%Change of Return	Impact	Highest Change	Company
2017	GST	-0.167604036	Negative	-0.585432448	CDSL
2018	LTCG Tax	-0.057226998	Negative	-0.075311267	Newgen Software
2019	Corporate Tax Cut	0.06772131	Positive	0.16446227	MSTC
2020	COVID Lockdown	-0.19613514	Negative	-0.19613514	SBI Card
2021	Farm Laws Revoked	0.00303357	Neutral	-0.02461573	Easy Trip

(Created by scholars)

The introduction of GST in 2017 negatively affected the stock market and IPO performance. Following the implementation of GST, the IPOs in the sample listed before July 2017 showed an average negative return of 16% (Table No.3.2). With a negative return of 58%, CDSL is the top loser. After the implementation of GST, the inflation rate rose, affecting consumer spending and commodity demand. GDP fell, harming the economy, and tax rates increased, increasing the consumer burden. All of these outcomes had a negative impact on the market, as evidenced by the performance of sample IPOs.

Table-3.2- Impact of GST on IPO performance

2017-GST-1st July	Company Name	Price Issue	Price Before GST	Price After GST	% Change
30-06-2017	CDSL	603	601.05	249.175827	-0.585432448
29-06-2017	Eris Life	670	675.85	580.26	-0.141436709
09-05-2017	S Chand and Co	325	466.009399	479.30838	0.02853801
05-04-2017	Shankara Buildi	232.96	790.231873	812.291199	0.027915004
Average	-0.167604036				

(Created by scholars)

The introduction of the LTCG tax in Budget 2018 had a negative impact on the stock market and IPOs performance. Following the implementation of the LTCG tax, the IPOs in the sample listed before Feb 2018 showed an average negative return of 5% (Table No. 3.3). With a negative return of 7%, Newgen Software is the top loser. The imposing of the LTCG tax made people free up their money and look for more lucrative investment options and tried to rebalance their portfolio and invest in companies that are showing solid growth potential and solid numbers.

Table-3.3- Impact of LTCG Tax on IPO performance

2018-Budget-LTCGTAX	Company	Price Issue	Price Beforebudget	Price AfterBudget	%Change
30-01-2018	Amber Enterprises	245	1272.274414	1222.474121	-0.039142729
29-01-2018	Newgen Software	290	241.193207	223.028641	-0.075311267
Average	-0.057226998				

(Created by scholars)

The corporate tax cut in September 2019 boosted the stock market and the performance of IPOS. Following the tax cut, the IPOs in the sample listed before September, 2019 showed an average positive return of 6%. (Table No.-3.4). MSTC is the top gainer, with a positive return of 16%. The corporate tax cut reduced the effective tax rate for all domestic companies to 25.17%, which fueled the stock market, with the benchmarkindices Sensex and Nifty rising more than 5% each, their biggest single-day gain since May 2009. The Sensex gained 1,922 points, or 5.3 percent, to close at 38,015, while the Nifty gained 569 points, or 5.3 percent, to close at 11,274.2.

Table-3.4- Impact of Corporate Tax Rate cut-2019 on IPO performance

2019-Corporatetax rate cut	Company	Price Issue	Price before Corporate Taxcut	Price before Corporate Tax cut	%Change
20-08-2019	Sterling Wilson	973	578.490845	619.526489	0.070935684
04-07-2019	Indiamart Inter	973	1619.528809	1690.344971	0.043726398
08-05-2019	Neogen Chemicals	259	322.684998	329.800476	0.022050848
15-04-2019	Metropolis	300	1207.949219	1314.360229	0.088092288
11-04-2019	Rail Vikas	19	20.355515	22.174517	0.08936163
29-03-2019	MSTC	280	81.848785	95.309822	0.16446227
07-02-2019	Chalet Hotels	821	316.600006	315.149994	- 0.004579949
Average	0.06772131				

The announcement lockdown in 2020 had a negative impact on the stock market and IPOs performance. Following the announcement of the Lockdown, the IPO in the sample listed before March 2020 showed a negative return of 19% (3.5). Nifty declined, and economists considered Lockdown a black swan event,i.e., a highly unanticipated event with a terrible impact. Due to the lockdown policy adopted by the government, the factories reduced the size of their labor force and production level, disrupting the supply chain. Again, because of the uncertainty prevailing among humankind, people also reduced their consumption habits leading to demand-side shock.

Table-3.5- Impact of Lockdown Announcement on IPO performance

2020-CovidLockdown-	Company	Price Issue	Price BeforeLockdown Announcement	Price AfterLockdown Announcement	% Change
16-03-2020	SBI Card	690	721.039917	579.618652	-0.19613514

(Created by scholars)

The repeal of farm laws in November 2021 did not affect the stock market or IPO performance. Following the repeal of farm laws, the IPOS listed before November 20, 2021, had an average neutral return of0%. (Table No.-3.6). Krsna Diagnostics was the top gainer, with a 9% positive return, and Dodla Dairywas the top loser, with a 5% negative return. The repeal of farm laws had little impact on the market because it was more of a political development than a market development.

Table-3.6- Impact of Repeal of Farm Laws on IPO performance

2021-Revoking of Farm Laws	Company	Price Issue	Price before 19th NOV	Price before 19th NOV	% change
11-10-2021	ABSL AMC	712	576.87738	586.542969	0.016755015
23-08-2021	Nuvoco Vistas	570	514.450012	515	0.00106908
16-08-2021	Krsnaa Diagnost	954	649.400024	708.549988	0.091084019
28-06-2021	Dodla Dairy	428	589.099976	556.650024	-0.055083947
26-03-2021	Suryoday Small	305	157.899994	155.300003	-0.016466061
19-03-2021	Easy Trip	187	256.950012	250.625	-0.02461573
29-01-2021	IRFC	26	23.549999	23.75	0.008492612
Average	0.00303357				

(Created by scholars)

Price Movement

The sole constant is that "the longer you retain, the larger the corpus. Long-term holding, however, is essential when working with stocks. As quoted by Bin Li, Benjamin Liu, Robert Bianchi, Jen Je Su in "Stock Returns and Holding Periods," for a 95% certainty that stocks would surpass the risk-free rate of return, a holding duration of 15 years is necessary. To analyze this, we took the IPOs of 50 Companies and calculated the monthly, quarterly, semi-annually, and annual percentage change between their prices since the time they got listed. As a result, we found an increase in return when stocks are held for a more extended period. There is a significant difference in average monthly and annual returns. Stocks are often held for 5-7 years to reduce the risk of loss and increase earnings (at a minimum). Usually, a stock will increase between 300 and 600 days dramatically. Research shows that the return is maximum over the last5 years when you hold for more than a year.

Table-4.1- Difference between return on IPOs listed for 3yr-5yr

					Monthly		
Returns	Monthly Average	Quarterly Average	Semi Annual Average	Annual Average	Quarterly	Semi-annual	Annual
Neogen	-0.014251	-0.0227281	0.02844358	0.13761792	-0.0084771	0.04269459	0.15186893
Metropolis	0.01938144	0.08091947	0.16000444	0.29376755	0.06153803	0.14062299	0.27438611
Rail Vikas	0.01669366	0.03998828	0.08857899	0.17739335	0.02329462	0.07188533	0.16069969
MSTC	0.03922218	0.11787602	0.26992525	0.46883714	0.07865384	0.23070307	0.42961495
Chalet Hotels	0.00971727	0.01930547	0.0110651	-0.0648983	0.00958821	0.00134783	-0.0746156
AAVAS Financier	0.02854551	0.09859274	0.18228606	0.24206349	0.07004724	0.15374055	0.21351798
TCNS Clothing C	0.00414016	0.01526765	0.04800635	-0.1323705	0.01112749	0.04386619	-0.1365107
Fine Organics	0.03629923	0.10174844	0.18217233	0.31270659	0.0654492	0.1458731	0.27640735
RITES	0.00792497	0.03041112	0.07131007	0.10795939	0.02248615	0.0633851	0.10003442
Mishra Dhatu Ni	0.01066516	0.02527686	0.05801103	0.11374254	0.0146117	0.04734588	0.10307739
Hindustan Aeron	0.01985119	0.04726687	0.08859122	0.19426461	0.02741568	0.06874003	0.17441342
Bharat Dynamics	0.0213633	0.04540892	0.07469853	0.13030857	0.02404562	0.05333523	0.10894527
Aster DM Health	0.00771014	0.02434184	-0.0273082	0.02808077	0.0166317	-0.0350183	0.02037063
Amber Enterpris	0.02028097	0.08297439	0.11186811	0.41542989	0.06269342	0.09158714	0.39514892
Newgen Software	0.01947433	0.07113183	0.1729077	0.32636062	0.0516575	0.15343338	0.30688629

HDFC Life	0.00975334	0.02442997	0.04027361	0.12084638	0.01467664	0.03052027	0.11109305
General Insurance	0.01061425	0.03436244	0.07276652	0.18907064	0.02374818	0.06215227	0.17845639
Prataap Snacks	-0.0076748	-0.0215246	-0.0479105	-0.1290716	-0.0138498	-0.0402357	-0.1213968
Dixon Technolog	0.04165612	0.11818382	0.31089447	0.8568887	0.0765277	0.26923835	0.81523258
Cochin Shipyard	-0.0023594	-0.0008454	-0.022604	-0.0390424	0.00151403	-0.0202446	-0.0366829
GTPL Hathway	0.01437704	0.04911397	0.13813801	0.11912545	0.03473693	0.12376097	0.10474841
CDSL	0.02653705	0.08980404	0.20431996	0.5278698	0.06326699	0.17778291	0.50133275
Eris Life	0.0077527	0.01802989	0.02265301	-0.0164805	0.01027719	0.01490032	-0.0242332
Averages	0.01511629	0.04736243	0.09735181	0.19045522	0.03224614	0.08223552	0.17533893

(Created by scholars)

The table contains monthly, quarterly, semi-annual and annual average returns of 23 IPOs and their difference betweenmonthly to quarterly, semi-annually and annual returns. The average monthly to annual return is 17%

Table-4.1- Difference between return on IPOs listed for 3yr-1yr

					Monthly	
Returns	Monthly Average	Quarterly Average	Semi Annual Average	Annual Average	Quarterly	Semi-annual
Suryoday Small	-0.055000464	-0.1420729	-0.1706896		-0.0870725	-0.1156891
Easy Trip	0.118000471	0.22916643	0.20667774		0.11116596	0.08867727
IRFC	-0.007722139	-0.0008479	0.00508332		0.00687426	0.01280546
Restaurant Bran	-0.003838684	-0.0127731	-0.0388288		-0.0089344	-0.0349901
Gland	0.010876963	0.06429277	0.11702295		0.05341581	0.10614599
Equitas Bank	0.008244145	0.04133064	0.02714678		0.03308649	0.01890263
Angel One	0.092725462	0.24874325	0.87371487		0.15601779	0.78098941
Mazagon Dock	0.023237612	0.05373093	0.10451335		0.03049332	0.08127574
CAMS	0.023237612	0.05373093	0.10451335		0.03049332	0.08127574
Chemcon Special	0.030260621	0.08541916	-0.1040377		0.05515854	-0.1342983
Route	-0.012917171	-0.0637619	-0.083049		-0.0508447	-0.0701318
Rossari	0.018600749	0.05790406	0.14525717		0.03930332	0.12665642
SBI Card	0.011156935	0.04238634	0.18667289		0.0312294	0.17551596
Prince Pipes	0.013143708	0.04336244	0.08255712	0.10831485	0.03021874	0.06941341
Ujjivan Small	0.060022751	0.22001562	0.49254587	1.27892826	0.15999287	0.43252312
CSB Bank	-0.032418547	-0.0831486	-0.1349878	-0.1279124	-0.0507301	-0.1025692
Sterling Wilson	0.010693484	0.04109499	0.10010756	0.25212451	0.03040151	0.08941408
Indiamart Inter	0.015379988	0.02773564	0.07318218	1.03903289	0.01235565	0.0578022
Averages	0.017982416	0.05035049	0.11041124	0.51009762	0.03236807	0.09242882

(Created by scholars)

The table contains monthly, quarterly, semi-annual return of 13 IPOs and annual average returns of 5 IPOs and theirdifference between monthly to quarterly, semi-annually returns. The average monthly to semi-annual return is 9%.

6.CONCLUSION

In conclusion, the impact of issue price on the rate of subscription of 50 IPOs listed between 2017 to 2021 on the National Stock Exchange (NSE) was evaluated. The choice of selection of the IPOs was random, and it was revealed that there exists a negative correlation between the issue price and the rate of subscription, i.e., the issue prices do not impact the subscription rate of IPOs. Further, the performance of these IPOs was assessed by calculating the mean difference between their issue prices and listing prices, and it was found issue prices are not the primary factors impacting listing prices. Moreover, for every year, the influence of important news and other events on the price of these IPOs was also documented, and it was found there is a neutral impact on IPO performance. Subsequently, the Price movement of the concerned stocks was studied to analyze the effect of the holding period of the stocks on the returns obtained, and it was revealed that returns were directly proportional to the holding period of the stocks.

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