CHAPTER NO.2 REVIEW OF LITERATURE

2.1 Introduction:

Literature review is a body of text that objects to review the perilous points of current knowledge on a particular topic. Literature review gives readers the necessary background to understand the research. The purpose of literature review is to communicate your reader about your consociate with the knowledge and ideas which have already been established by other researches. So, as a part of the research planning process one need to do the literature review which is a survey of important articles, books and other sources relating to research topic. However, the purpose of review of literature is to set the stage for research. Therefore, one should conclude the review with a statement of one’s hypothesis or focused research question.

The Chapter is divided into 5 sections for the purpose of review of literature:

- Introduction
- Review of Books
- Review of International Research Papers
- Review of National Research Papers
- Conclusion

2.2 Review of Books:

2.2.1 Ashish Pandey: Capital Market and Financial System in India:

The book gives broad view of the financial system of a country and promotes savings by providing a wide variety of financial assets to the general public. Savings collected from the household sector are shared together and allocated to various sectors of the economy for raising production levels. If the distribution of credit is cautious and socially equitable, it can help achieve both the objectives of growth and social justice. An understanding of financial markets as part of the financial system is important as they are at the core of the
communication mechanism of monetary policy. In India, financial markets have been developed with a specific prominence on increasing allocative efficiency of resources and promoting financial stability. Financial markets in India comprise, in the main, money market, Government securities market, capital market, corporate debt market, credit market, and foreign exchange market. Capital market plays a very important role in the development of financial system of any economy. It is a market where financial assets such as equities/debts are traded over a long period of time. As a result, the Indian equity market has become modern and transparent. The equity market has witnessed widespread development in infrastructure and its functioning is comparable to international standards. It has seen significant increase in growth and diversity in composition since long period.

2.2.2 Eilis Ferrand, Charles Albert Eric Goodhart (2001): Regulating Financial Services and Markets in the Twenty First Century:

This book contains issues at the lead of financial services regulation. The contributors, who include lawyers, economists and regulators, address the far-reaching effects of the Financial Services and Markets Act 2000 on the UK financial sector in the context of rapid global change. Using their extensive detailed knowledge of regulatory regimes to provide an authoritative analysis of the underlying issues affecting the broad development of financial services regulation, the contributors also attempt to answer fundamental questions about the objectives of regulation, the responsibilities of the regulated community, the accountability of regulators, the regulation of electronic financial markets and the impact of stock market mergers, regional regulation within Europe, and the development of global financial regulation.
2.2.3 Parag Parikh (2005): Stocks to Riches:

Investment apply to the stock market has always endured as a challenging task. The stock market dynamics are very much volatile that brokers, analysts, and investors always tend to stay in a state of confused mind set. Hence to make one understand the reasons behind this and to reveal what does an investor think, why markets bubble and burst, right strategies to keep investment in the stock market in track, and much more such captivating facts from the book.

2.2.4 Dr. Saloni Gupta (2010): Stock Market in India: Working and Reforms:

In this book the mechanism of a stock market is given. It deals mainly in corporate securities. The securities are primarily in the form of equity shares and debentures. The function of the stock market is two-fold: to arrange for the raising of new capital primary market function and to provide liquidity to existing securities secondary market function. There are 24 documented stock exchanges in India, including the Over the Counter Exchange of India (OTCEI) for small and new companies, the old established Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) that was set up as a model exchange to provide nation-wide services to investors. As at end-March 2010, 4977 companies were listed on the BSE, which is the largest exchange in the country. The number of securities available for trading under the equities segment at NSE as on April 30, 2010 was 1872. Associated with the NSE are the National Securities Depository Ltd. (NSDL) and the National Securities Clearing Corporation Ltd. (NSCCL). The NSDL acts as a registrar for dematerialized securities and NSCCL as a clearing house. This book provides a comprehensive account of the working of stock market in India, focusing on reforms introduced during the post-liberalization period. Besides, it traces recent trends in the secondary market and offers empirical evidence of level of efficiency and degree of volatility in the Indian stock market.
2.2.5 Deepak R. Raste (2011): Capital Market in India: Reforms and Regulations:

In this book previously, capital market structure in India was subject to several controls and impervious procedures. The trading and settlement system were outdated and not in collaboration with international practices. Increasing of capital from the securities market was regulated by the Capital Issues (Control) Act, 1947. Under it, companies were required to obtain approval from the Controller of Capital Issues for raising funds in the market. In 1992, the Capital Issues (Control) Act, 1947 was repealed and with this ended all controls relating to rising of funds from the market. Issuers of capital, however, are required to meet the guidelines of Securities and Exchange Board of India (SEBI) on disclosures and protection of investors. As part of the capital market reforms, regulatory authorities in India Government of India, SEBI, Reserve Bank of India (RBI), Central Board of Direct Taxes (CBDT) have been quite active in governing and watching matters related to capital issues. Indian companies have also tapped new sources of domestic and international equity/debt to redesign and strengthen their capital structure. It analyses the impact of regulatory policy changes on capital structure of Indian companies.

2.2.6 H R Machiraju (2007): International Financial Markets and India:

Another book by the writer was taken in to consideration while carrying out the research. This book mainly deals with the globalization and its impact on Indian market as opening up of our economy has made it essential to understand the functioning of international financial markets which are private and unregulated. This book presents an overview of the international financial markets including foreign exchange market, international money, banking, equity, (stock exchanges) and bond markets. Analysis of the exchange rate of regimes is presented along with the theory of determination of exchange rates. The derivative instruments available for hedging exchange and interest rate risks are discussed at length. The problem of liquidity and the impact of external debt on economic
stability have been emphasized. The applications in form of syndicated loan which are applicable for hovering external commercial loans are stated. The functioning of major stock exchanges in developed and emerging countries has been examined in view of the interest in listing equity in external markets. Finally, the concepts and procedures in accessing international equity markets through ADRs and GRDs are explained. This book is very helpful for the investors as it gives new idea of development for investors.

2.2.7 Peter Howells, Keith Bain (2007): Financial Markets and Institutions:

This book is necessary for reviewing as the Financial Markets and Institutions will help Investors to make sense of the financial activity that is so widely and prominently reported in the media. This book applies a practical approach and theory is covered only where absolutely necessary in order to help investors understand events as they happen in the real world. It has been systematically framed to reflect the changes that have occurred in the financial system in recent years. Latest and recent legislative and regulatory changes are explained very precisely in this book. It provides an inclusive coverage of the workings of financial markets. It contains sufficient theory to enable investors to make sense of current events. Up-to-date coverage of the role of central banks and the regulation of financial systems. In UK and European countries financial activity, context and constraints. Offers a wealth of statistical information to exemplify and support the system to develop. Wide-ranging training includes revised boxes, illustrations, keywords concepts, discussion questions, and numerous worked samples. Regularly maintained and updated Companion Website containing valuable teaching and learning material. Financial Markets and Institutions have a wide range of courses in money, banking and finance. Investors taking financial markets and institutions courses as part of accounting, finance, economics and business studies have found this book ideally suited to their needs. The book is also suitable for professional courses in business, banking and finance.
2.2.8 Nalini Prava Tripathi (2007): Financial Services:

This book is reviewed with the aim to study the impact of globalization and liberalization on the world economy, new ideas and new thinking dominate the world. The financial services sector is no concession to this. Being an essential part of the financial system of a modern industrial economy, the financial sector has observed a propagation of its functions. This well-organized, easy-to-read text covers the entire range of development that is taking place in the Indian financial services sector. It also provides an extensive coverage of the dynamics of bond market, insurance, banking services, plastic cards, banc assurance, derivatives and developing trends of real estate industries, the book also concentrates on in-depth knowledge of venture capital, lease financing, securitization as effective financial instruments which is need of the time. It gives a detailed account of the principles, operational policies and practices of the financial services sector. Instructionally it helps investors to understand and apply concepts in real trading. Inclusive coverage of Indian financial regulatory bodies and practices are the key features of the book. Detailed discussions on the working of SEBI and Stock Exchanges both NSE and BSE. A place of interest is the latest trends in financial services sector with figures and tables.

2.2.9 Clifford Gomez (2008): Financial Markets, Institutions, and Financial Services:

Today, with the financial sector undergoing an extraordinary flourishing due to a variety of factors such as liberalization, globalization and consumer spending, the subject of this book has become more important than ever before. The entire range of financial markets, institutions and financial services are very precisely discussed in this book. Divided into three parts— Part I on Financial Markets deals with different Indian and global money markets, and primary and secondary markets. It also covers stock exchanges and their trade mechanism, foreign exchanges, as well as capital markets and their regulations; Part II, Financial Institutions covers diverse banking and non-banking institutions and their legislation; Part III, Financial Services discusses about the financial services
which include mutual funds, lease financing, securitization, and credit and debit cards. A unique effort to expansively analyses, the working of the three pillars of the financial system financial markets, financial institutions, and financial services is done in this book. Gives updated and latest financial data and related information on the subject. Provides tables and diagrams to illustrate the concepts, and questions to test the understanding skills of the students. Proposed primarily as a text for the investors with basic knowledge of the IPO, and Economics, as well as for fighting against the competitive environment around the investors.

2.2.10 H R Machiraju (2009): Indian Financial System:

This book basically deal with the Indian Financial System presents pragmatic analysis of the Principles and Practices in money market, capital market and foreign exchange market and the financial intermediaries operating in them. The system has experienced a constant review during the past fifteen years by the ever-watchful regulators RBI, SEBI and the Government of India to implement best practices, impart transparency and facilitate liquidity pass through all of which have been analyzed in this book.

2.2.11 Bharati V. Pathak (2010): The Indian Financial System: Markets, Institutions and Services

As per the researcher in this book titled ‘The Indian Financial System: Markets, Institutions and Services’ is all about the financial services and factors related to it. The Indian Financial System: Markets, Institutions and Services is a wide-ranging reference book about the financial system. It tries to find the readers hold on of modern business. The book is divided into five units. It acquaints with the economy and the financial system. It helps to understand various concepts of financial markets such as the capital market, the derivatives market, and the debt market. It also concentrates on the topics like insurance and mutual funds along with investment banking, credit rating, housing finance, and micro-finance. The financial regulation is very must important as per the author. It has also introduced
new concepts like foreign currency exchangeable bonds, auction-based building method, and anchor investors.

2.2.12 Rajesh Kothari (2010): Financial Services in India: Concept and Application:

As per the researcher this book covers the syllabi of papers on Financial Services, Management of Financial Services, and Financial Services in India, which are part of most Indian Economy. It consists of discussion on data that is not easily available on financial services, along with analyzing latest trends, new emerging areas, the essential concepts of the financial system and the regulatory framework, and all the developmental aspects of finance. The book studies the pace of progressive integration of financial markets banking, insurance, mutual funds, securities and commodities with high technology preoccupation to focus on customer-based services. At the same time, it focuses on essential topics like real estate investment trust, consumer finance and investment banking. It aids the teaching and understanding of the concepts it discusses.

2.2.13 M Y Khan (2011): Financial Services:

In view of researcher this book deals with financial services, and is aimed at reflecting the current regulatory and policy developments in the financial sector in India. It helps us to understand the theory and business practices of the modern Indian financial services sector. The main focus of this book is to contribute on the current corporate sector by incorporating discussion on regulatory framework for core investment companies, NHB strategies on change in or takeover of management of business of borrowers as well as enclosure of IRDA’s corporate governance plans for insurance companies.
2.2.14 Maureen Burton, Reynold F. Nesiba, Bruce Brown (2015): An Introduction to Financial Markets and Institutions:

This book includes the constant financial crisis and the Obama administration's programs to contest it, this is the best available introductory textbook for investors on Financial Markets and Institutions. It provides balanced coverage of theories, policies, and institutions in a conversational style that avoids complex models and mathematics, making it an investors-friendly, with many unique teaching features. Financial crises, global competition, deregulation, technological innovation, and growing government oversight have significantly changed financial markets and institutions. It helps to design and capture the constant changes, and to present an analytical framework that enables investors to understand and anticipate changes in the financial system and accompanying changes in markets and institutions.

2.2.15 Jaydeb Sarkhel, Seikh Salim (2017): Indian Financial System and Financial Market Operations:

In this book author says to the needs of investors which incorporates all the major developments in the field of Indian Financial System from independence till the most recent time is discussed in depth. It mainly focuses on topics related to Money and Indian Banking System, Development Banks, LIC, GIC, Interest Rate Structure, Money and Capital Market and Investors' Protection. It very cruel book from point of view of Investors.
2.2.16 Benson Kunju, S. Monahan (2012): Financial Markets and Financial Services in India:

Financial markets are the centers that provide facilities for buying and selling of financial assets. Financial markets have developed significantly worldwide and are undergoing constant innovations to improve monetary impulses in different segments of the economy. The most of the financial markets in India were characterized by controls over the pricing of financial assets, restrictions on flows or transactions, barriers to entry, low liquidity and high transaction costs. These characteristics came in the way of development of the markets and allocative efficiency of resources channeled through them. From 1991 onward, wide-ranging financial market reforms have been implemented as a part of economic reforms measures. Financial markets in India are getting increasingly integrated, domestically and globally. Reform measures in terms of free pricing, removal of barriers to flows and broad-based participation have yielded results in terms of fairly high degree of integration of the money market, the government securities market and the foreign exchange market, although in varying degrees. Financial markets are at the core of the transmission mechanism of monetary policy. In India, financial markets have been developed with a specific emphasis on increasing allocative efficiency of resources and promoting financial stability. The purpose of this book is to provide an understanding of the organization, operation and working of financial markets and services in India. The book is designed to interest a cross-section of readers, viz. investors from various backgrounds like economics, commerce, law, public administration, business management, chartered accountancy and company secretarial ship. It will also serve the needs of legislators, business executives, entrepreneurs and investors, and others interested in financial sector developments in India.
2.2.17 Dr Vasant Desai (2018): Financial Markets and Financial Services:

The principle objective of the book is to provide investors an insight into the Indian Financial Markets and varied as well as diversified financial services. The concept, coverage, functions and working of varied financial markets. It deals with the varied and diversified financial services. Only the key important financial services are included in the study. The book provides plenty undated material on the innovative and growing Indian Financial Markets and Financial Services in a lucid style. It also provides the insight and analysis which reflects the curiosity of its readers. The presentation is smart, challenging, yet always very accessible is stimulating, informative and authoritative. The title is not intended to be comprehensive, nor could it be at this length, but it concentrates on putting across the basic principles of the subject as briefly and lucidly as possible. It does this with the aid of carefully selected examples, some recent and other classic or the field, and with numerous illustrations. The aim is to stimulate the investors with this active and exciting area of research and to lay a solid foundation on which future study of its various facts may be based. The book is intelligible to the educated layman, though it deals with some complex ideas. It is an adequate text for all the requirements of investors in this area.

2.2.18 Dr. K. Natarajan, Prof. E. Gordon, (2011): Financial Markets and Services:

Financial markets have been increasingly influenced in recent times by financial innovations in terms of products and instruments, adoption of modern technologies, opening up of the market to the global economy, streamlining of the regulatory framework and so on. Similarly, many innovative financial products are introduced to cater to the varied requirements of both corporate and individual customers. In the aftermath of this changing financial scenario, investors are badly in need of a suitable text-book covering all these aspects incorporating the latest developments in the respective fields. Realizing the imperative need to bring out a suitable book on Financial Markets and Services personalized to meet the specific requirements of investors, a modest attempt has been made to present this edition
in the hands of the investor’s community. The specialty of this volume is that all matters are presented in a lucid manner and in simple language, notwithstanding the technical nature of the subject. All latest developments have been covered and above all it is most user-friendly. We are confident that this book will serve as a beacon light to the investor’s community who pursue more risky funds. For the convenience of investors, the present work is divided into two sections. A dealing with financial markets and Section B dealing with financial services. This book owes its consummation to various distinguished personalities who have expressed their views on this subject in different books, journals, magazines and papers.

2.3 International Research Papers:

2.3.1 Dr Pooja Talreja (2014): Title: To study the Trend and Behaviour analysis of Indian Equity Market using Elliott Wave Principle and Fibonacci sequence:

The Indian capital market has witnessed a tremendous growth. An important recent development has been the entry of Foreign Institutional investors who are participants to the primary and secondary markets for the securities. In the past several years, investments in developing countries have increased remarkably. Among the developing countries India has received considerable capital inflows in recent years. The liberalization policy of the government of India has now started fielding results and the country is poised for a big leap in the industrial and economic growth. The economy of the country is mainly based on the development of the corporate sectors. A better understanding of the stock market trend will facilitate allocation of financial sources to the most profitable investment opportunity. The behavior of stock returns will enable the investors to make appropriate investment decisions. The fluctuations of stock returns are due to several economic and non-economic factors. The study is aimed at ascertaining the behavior of share returns. This paper analyses the equity share fluctuations in India. It also measures the strength of the trend and the money involved in investing in the stocks. Elliott Wave Principle along with Fibonacci sequence is
applied for selected companies which would give the investor a sell signal or buy signal. In India most of the industries require huge amount of investments. Funds are raised mostly through the issue of share. An investor is satisfied from the reasonable return from investment in shares. Speculation involves higher risks to get return on the other hand investment involves no such risks and returns will be fair. An investor can succeed in his investment only when he is able to select the right shares. The investors should keenly watch the situations like market price, economy, company progress, returns, and the risk involved in a share before taking decision on a particular share. This study made will help the investors know the behavior of share prices and thus can succeed.

2.3.2 K. Hema Divya (2013): Title: A Study on Performance of Indian IPO’s During the Financial Year 2010-2011:

In this book the Analysis from the statistical data that will cover the IPOs of various companies adopting the book-building route also faces under-pricing. There is an extent of over subscription of an IPO, which will determine the First Day Gains. The over subscription will lead to larger First Day Gains for the IPOs. The analysis will help us to find out whether the stocks are under-priced or overpriced. The small-issue-size, stand-alone companies that will show how to grasp the Investors during the booming IPO market and collected as much money as possible from them. The other class represents companies from Indian business groups or government ownership. They under-priced more and came back to investors after their IPOs to raise more funds, irrespective of industry classification.
2.3.3 Dr S. Poornima, Aalaa J. Haji, Deepa (2016): Title: A Study on the Performance of Initial Public Offering of Companies Listed in NSE, India & Gulf Base GCC Index.

Initial public offerings are gaining importance worldwide as an important source of funds for the companies to accelerate their growth by using the mobilized funds to implement innovative strategies as well as considered as an important tool for investment since it offers huge profits on the listing day. In this study the short run performance of the companies is analysed to understand the anomaly of abnormal returns as well long-term performance to analyses the performance of the IPO’s in the long run. The period of study is from Jan 2013 – Dec 2014. The sample for the study includes 9 companies listed in National Stock Exchange of India pertaining to the study period. The results of this study will throw light on the performance of the IPO’s which are majorly considered as a speculative tool and hence aid in better decision making for the investors. The findings will also help conclude if IPO can be a long-term investment tool or a speculative opportunity to earn booming profits.

2.3.4 Mr. Suresh A.S. (2013): Title: A Study on Fundamental and Technical Analysis:

The unique nature of capital market instruments forces investors to depend strongly on fundamental factors in their investment decisions. These fundamental factors relate to the overall economy or a specific industry or a company. The performance of the securities that represent the company can be said to depend on the performance of the company itself. However, as companies are a part of industrial and business sector, which in turn are a part of overall economy, so even the economic and industry factors can affect the investment decision. The selection of an investment will start with fundamental analysis. Fundamental analysis examines the economic environment, industry performance and company performance before making an investment decision.
2.3.5 Namrata N. Khatri (2017): Title: Factors Influencing Investors Investment in Initial Public Offering:

The analysis of the data reveals that majority of the investor’s takes broker’s advice while investing in IPO. The analysis also states that 182 respondents invest in IPO to benefit from listing gain. It can be stated from the data analysis that majority of the respondents find the IPO procedure to be difficult. The analysis indicates that the major problem faced by the investors is delay in refund and lack of clarity in allotment. The factor analysis was carried to identify the factors that influence the investors to invest in IPO. The KMO value of 0.783 suggests that there is adequate number of factors that can be extracted. The analysis accounted for 62.03% of variance and the most important factor that influence the investors are Company Philosophy, Future Prediction and Projection, News relating to company IPO and Financial Performance.

2.3.6 Ravleen Kaur (2017): Title: Comparative Analysis of Indian Stock Exchange and Major Index with Global Stock Exchange and their Major Index:

Indian Stock Market at Global Stage holds a predominant place in world’s economy. Bombay Stock Exchange and National Stock Exchange are two stock exchanges with advance technologies. Globally India’s stock Exchange holds a great significance when it comes to comparison of all stock exchanges. In this research paper we will compare major world’s stock exchange in terms of both qualitative and quantitative terms. There are various factors that affect stock exchange including trade barriers or requirements both globally or individually. India’s Stock exchange includes both BSE and NSE. Where Bombay stock Exchange is the oldest stock exchange with major index as Sensex and National Stock Exchange is one with far better technologies and has advancement with major index to be NIFTY 50. There are various regulations that are differently applied on different stock exchanges over the world. The Analysis is done in two parts that is quantitative and qualitative where the Stock exchange of various countries are taken with their index are compared thereafter.
2.3.7 Dr. Ch. Chaitanya (2015): Title: Comparative Analysis of International Stock Markets:

International capital markets have undergone tremendous changes since last 2 decades. Several countries, including India have adopted liberalization and globalization policies dismantling the trade barriers internationally. This transformation made local economies to integrate with the international economy intern seeking information and their impact on other global markets. In the light of the above, the current paper focuses on trend movements of Global and Asian Stock Market indices, including the correlation with each other markets, descriptive statistics, Kurtosis, and skewness during the period of 2005-2014.

2.3.8 Dr. Anuradha Sheokand (2015): Title: A comprehensive study on under Pricing in Indian Initial Public Offerings Indian Initial Public Offerings:

An Initial Public Offerings (IPOs) is a major source of capital for firms. Indian exchanges ranked 8th in the world in the number of IPOs and value in 2006. Accordingly, Indian IPOs market has been selected as subject matter of the study. This research was intended to test short term performance of Initial Public Offerings (IPOs) in the Indian stock market between from 1992 to 2007 with the sample of 230 companies after the abolition of the Controller of Capital Issue (CCI). The study is based on the secondary data. The performance of IPOs has been measured in term of initial returns on the first day of trading. Five measures including Raw returns (RRs), Market Adjusted Excess Returns (MAERs), Annualized Raw Returns (ARRs) and Annualized Market Adjusted Excess Returns (AMAERs) have been undertaken to examine the performance of Indian IPOs. The extent of under-pricing in Indian IPOs market is found to be very high and statistically significant as compared to the experience of the capital markets of other countries.
2.3.9 Madhvi (2014): Title: An Evaluating study of Indian Stock Market scenario with reference to its Growth and Inception Trend attempted by Indian Investors: Relation with LPG:

Stock market is most promising sector in an Indian economy for raising the level of Indian financial system. After liberalization phase stock market has proven as a weapon of fighting with the foreign economies. After its inception in 1875 stock market has been played a challenging role for savers as well as for investors. Directions of an economy can be measured by movement of volatility index. Stock Index has been a barometer for measuring the performance of Indian economy with its development. Micro and macro-economic factors have continuously affected the industrial growth. Our financial industry has been affected by financial crisis frequently that has proven the stock market full of risk and uncertainty. That was already an unsolved problem for the investors. But CAPM, APT, Portfolio diversification has proven a very effective risk management tool. Nifty and SENSEX always have been in the mind of active investors which have changed the life as miracle. Indian stock market has gained new milestones and its volatility has surprised our economy with the expansion in equity, debentures, bonds, real estate, Options, Futures, and Derivatives. Our Indian economy will be the third largest economy after 2035 according to a survey. After getting freedom from Britishers, Indian economy has survived with rebuilding their stand through monetary policies, fiscal policies, five-year plans etc. Efficient and effective stock market is that place where prices of the security are showing all related information about that with its true worth. Working on Indian stock market has become interesting job for various researchers. Already appreciable studies have been conducted in this area. This paper is an attempt to analyse stock market conditions with all related measure to check on risk management tools with their respective return. With the help of Secondary sources like current research studies, Reports of BSE, NSE this study has been taken further to exploring some new highlights.
2.3.10 Subashini1, Dr. M. Karthikeyan (2015): Title: Forecasting on Stock Market Time Series Data Using Data Mining Techniques:

A stock exchange market depicts savings and investments that are advantageous to increase the effectiveness of the national economy. There are many factors that affect share prices. However, there is no specific cause for the prices to rise or fall. This makes investment subject to various risks. The future stock returns have some predictive relationships with the publicly available information of present and historical stock market indices. ARIMA (Autoregressive integrated moving average) is a statistical model which is known to be efficient for time series forecasting especially for short-term prediction. In this paper, we propose a model for forecasting the stock market trends based on the technical analysis using historical stock market data and ARIMA model. This model process future stock price indices and provides assistance for financial specialists to purchasing and/or selling of stocks at the right time. The forecast results are visualized using R programming language. Results of ARIMA model have a strong potential for short-term prediction of stock market trends.

2.3.11 Dr Vinod Kumar, Sahil Narang (2017): Title: Investment strategy for initial public offers: empirical evidence:

This paper is an endeavour to frame the strategy regarding investment in Initial Public Offers. On the grounds of the price behaviour of Initial Public Offers of fifteen years, study suggests the exit timing from Indian IPO market. Study covers IPOs offered through BSE during years from 1993 to 2007. The price behaviour of IPOs has been examined by using price performance indicator i.e. wealth relative (WR). The study examines the price behaviour of selected IPOs in India up to three years from the listing day. A sample of 488 IPOs offered during the year 1993 to 2007 has been considered to study the price behaviour of IPOs.
2.3.12 Manpreet Kaur, Dr. Simranjit Singh, Dr. Neetu Prakash (2017): Title: Public Offer’s Performance- An Analysis of NSE Listed Companies, Since 2001:

An Initial Public Offer (IPO) is when an unlisted company makes either fresh issue of securities or an offer for sale of its existing securities to the public. IPO when issued can be under performed or over performed. Investors state that, under-pricing signals high interest to the market whereas overpriced stocks will drop long-term as the price stabilizes so under-pricing may keep the issuers safe from investor litigation. In the world of IPOs, generally under-pricing is a good thing. Follow on public offer (FPO) refers to the issuing of shares to investors by company that has been already listed in an exchange. FPO is a stock issue of supplementary shares made by a company that has been already publicly listed. The research focuses on the evaluation of price performance of IPOs and FPOs. The sampling area for the study is India and sampling unit is NSE. IPOs issued during 2001-2016 and FPOs issued during 2006-2016 taken in concern. The short run performance analysis is done using MAAR for IPO and RMAR for FPO and long run performance analysis is done using BHAR for IPO and RBHAR for FPO. To analyse descriptive statistics has been used.

2.3.13 Dr. A. S. Ambily, Gayatri Krishna, Aswathy K and Deepa Balakrishnan (2016): Title: A study on Performance of IPO’s under NSE from issue price to last trading price in the year 2013-2015:

In this paper, researcher studied the performance of IPO’S from issue price to last trade price in India during, 2013 to 2015, listed in National Stock Exchange (NSE) India. Researcher found that there is, on the average, significantly positive return. The investment done in the securities by the investors is mainly done only by the image of the company but not on the basis of the fundamental analysis. Most of the investors always prefer to purchase at a lower rate when issue price and last trade price is compared. The percentage return shows the return for a particular period of time. The last trade price will always be higher than the issue price. The last trade price comes after the issue price in the study.
2.3.14 Evalyne Wambui Wamari (2014): Title: The Effect of Initial Public Offers on Long run Stock Performance: Evidence from the Nairobi Securities Exchange:

The main objective of any business is to maximize shareholders’ wealth therefore this study endeavoured to find out whether Initial Public Offers (IPOs) actually help a firm to achieve this objective in the long run. This study thus sought to find out the long run performance of a company’s stock after it goes public. The study therefore looked at variables that show the performance of the stock in the long run such as share price, earnings per share and price earnings ratio of the stock. The study analysed seven companies which went public between 2000 and 2006 using the Buy and Hold Abnormal Returns (BHAR) model. Observations were made on a yearly basis over six years to allow the researcher to analyse (BHAR) for the period of six years. The study drew data from balance sheets and the Income statements and information from the Nairobi Securities Exchange (NSE) on the companies’ earnings. Hypothesis testing was done using the student’s t-test at 95% confidence level to find whether there is significant under performance of IPOs in the long run. The trend analysis findings showed that share price, price earnings ratio and the overall stock performance decreased in the long run after IPO. However, the earnings per share increased after IPO. The buy and hold abnormal returns decreased in the long run after IPO; however, the test of significance findings at 5 % level of significance showed that the decrease in stock performance after IPO was not significant. Generally, the finding showed that the stock under performs in the long run after IPO but not significantly.
2.3.15 Poonam Rani, Laxme Vachher (2014): Title: Initial Public Offers in India: Trend and Market Developments:

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 authenticate it very well. It complements the extant literature by presenting recent reforms in systematic manner. Applying simple statistical 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 expanse 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.


Under-pricing is one anomaly in initial public offerings (IPO) literature that has been widely observed across different stock markets with different trends emerging over different time periods. This study seeks to determine how IPOs on the JSE performed on the first day, first week and first month over the period of 1996-2011. Under-pricing trends are documented for both hot and cold market periods in terms of four main sectors (cyclical, defensive, growth stock and interest rate sensitive stocks). Using a sample of 360 listed companies on the JSE, the empirical findings established that IPOs on the JSE are significantly underpriced with an average market adjusted first day return of 62.9%. It is also established that hot market IPOs on the JSE are more underpriced than the cold market IPOs. Also observed is the fact that as the offer price per share increases
above the median price for any given period, the level of underpricing decreases substantially. While significant differences exist in the level of underpricing of IPOs in the four different sectors in the hot and cold market periods, interest rates sensitive stocks showed a different trend from the other sectors and thus require further investigation to uncover this pattern.

2.4 National Research Papers:

2.4.1 Malabika Deo, P. Arun Prakash (2017): Title: A Study on Integration of Stock Markets: Empirical Evidence from National Stock Exchange and Major Global Stock Markets:

This study empirically examines the co integration of the Indian stock market with special reference to National Stock Exchange, with the major stock exchanges in the world. The study of the existence of interlink ages among international capital markets has considerable implications on determining the extent of portfolio diversification as well as macroeconomic policies of individual countries. The changing conditions in the international stock market have led global investors to think of other leading market which offers immense returns. Asian Markets have emerged as desired investors center for the global players. However, their movement is also subject to the volatility prevailing in the international markets. The results of Johansen co-integration test confirmed the existence of long-term relationship between NSE Nifty and other indices of major stock exchanges in the world.
2.4.2 Rohit Bansal, Ashu Khanna (2012): Title: Determinants of IPOs Initial Return: Extreme Analysis of Indian Market:

This paper attempts to design and test empirical models, which integrate theoretical, institutional, and other factors, which interact to explain ownership structure. Ex-ante information at the level of underpricing succeeds the Indian stock market crunch. The study is based on IPO that listed at Bombay stock exchange given that April 2000 to December 2011. Multiple linear regressions are used to distinguish the relationship between various independent variables with the dependent variable, i.e. level of underpricing. The outcomes of multiple regressions reveal that, firm’s age, IPO years, book building pricing mechanism, ownership structure, issue size, & market capitalization explained 44% of the variation in issuer underpricing, Durbin Watson’s value subsisted 1.58, which indicates that, there is a positive sequential relationship between variables. Number of shares offered, issue size, market capitalization, subscription offer timing, book building mechanism and IPO years 2006, 2009 & 2011 are constructed to have important effect on the level of underpricing after the Indian market crisis. Nevertheless, firm’s age, IPOs year 2008, private issuing firms, non-institutional promoters, Indian promoters and non-institutional non-promoters contain no significant difference in the level of underpricing after-market crisis.

2.4.3 Pradeep Chougala and Srivatsa H.S. (2016): Title: Analytical Study of Correlation between Indian and International Stock Market:

There are many global issues that affect the indices of different stock markets. Knowing the importance of correlation between Indian stock market and International stock market will help the investor to analyses the position of the Indian stock market. The main objective of the study is to analyses Correlation between Bombay stock exchange indices with other selected International stock markets indices. Secondary data is used in this study from January 2011 to February 2016. Monthly wise closing prices of selected indices have been collected from the studied stock exchanges. Correlation, rate of change, relative strength index, moving average MACD (Moving average convergence and divergence) are used to know the relationship and linkage of BSE with other
selected stock exchanges. There is a high positive correlation between BSE Sensex and S&P 500 of New York, NASDAQ Composite, FTSE of London Stock Exchange, Nikkei of Japan Stock Exchange and SSE Composite of China.

2.4.4 Ash Narayan Sah (2010): Title: Stock Market Seasonality: A Study of the Indian Stock Market:

In this study, we tried to examine the seasonality of stock market in India. We considered the S&P CNX Nifty as the representative of stock market in India and tested whether seasonality is present in Nifty and Nifty Junior returns using daily and monthly data sets. The study found that daily and monthly seasonality are present in Nifty and Nifty Junior returns. The analysis of stock market seasonality using daily data, we found Friday Effect in Nifty returns while Nifty Junior returns were statistically significant on Friday, Monday and Wednesday. In case of monthly analysis of returns, the study found that Nifty returns were statistically significant in July, September, December and January. In case of Nifty Junior, June and December months were statistically significant. The results established that the Indian stock market is not efficient and investors can improve their returns by timing their investment.

2.4.5 Supriya Katti, B.V. Phani (2016): Title: Underpricing of Initial Public Offerings: A Literature Review:

Rock’s theory ascertains information asymmetry as a primary reason to answer “Why New Issues are Under-priced?” Theoretical construct of this seminal work is based on information asymmetry between various classes of investors. Empirical manifestation of this theoretical explanation is based on considering different proxy measures to quantify the information asymmetry as perceived by various researchers over the past three decades. The growing IPO literature also explained underpricing with the help of agency theory, signaling, behavioral theories etc. Empirical research has identified various determinants of IPO underpricing. The influence of various factors predominantly depends upon country specific regulations, market microstructure and price discovery mechanism. Although many factors have justified the degree of underpricing, controlling for these factors does not completely eliminate the degree of
underpricing. The justification of residual underpricing through these factors has limitations in terms of failure to completely explain the IPO underpricing. The paper reviews different factors presented in the extant literature that influence the price discovery mechanism of initial public offerings (IPO) in various economies. We conclude that the degree of underpricing is dynamic and various markets forces interact simultaneously in observing the variation in pricing the new equity issues. This paper points out the significance of regulatory framework in explaining the degree of IPO underpricing.

2.4.6 Sarat Dhal (2009): Title: Global Crisis and the Integration of India’s Stock Market:

Due to growing skepticism over the globalization process across countries, economists in the emerging market economies (EMEs) are anxious to know how the integration of financial markets was associated with the recent global crisis and whether there could be some key lessons for the broader policy approach to the development of financial market in the future. In this milieu, this study emphasizes on a positive perspective on the subject, deriving from the key concerns of the EMEs and the insights from the literature. Financial integration and its association with the global crisis could be construed in terms of the pricing and the re-pricing of risks by the markets. The study derives some crucial insights from the multivariate co-integration analysis of stock price indices for the global markets of the US, the UK and Japan and select regional markets such as Hong Kong, Singapore and India, with a focus on the latter, a leading emerging market economy. These markets shared a single co-integration relationship and the Indian market played the key role. The long-run integration was evident from stock prices measured in US dollar rather than local currencies, attributable to the role of foreign investors and capital flows. The analysis for the full sample and the subsample (excluding the crisis phase) showed that the global crisis could not have been associated with the breakdown of the long-run relationship among the markets. The co-integrated stock markets could contribute to financial stability, since stock prices cannot diverge too far from the long-run equilibrium path.
2.4.7 Ravi Kiran (2011): Title: Price Performance of IPOS in Indian Stock Market:

The present study has been undertaken to gauge the underpricing in NSE in the short run periods, i.e., from the listing day to the six months after the listing and for the long period. The results depict that the presence of underpricing. The study also tries to analyze the influence of factors on IPOs pricing performance. The results show that these factors viz. Subscription level, Issue size, listing lead time and Age influence the initial returns.

2.4.8 Iqbal Thonse Hawaldar, Naveen Kumar and Mallikarjunappa Thathaiah (2018): Title: Pricing and performance of IPOs: Evidence from Indian stock market:

This study examines listing day performance of IPOs, book-built and fixed-price IPOs, post-listing aftermarket performance of IPOs, book-built and fixed-price IPOs in the Indian stock market. We examine pricing as well as long run performance of 464 (365 book-built IPOs and 99 fixed-price IPOs) Indian IPOs that went public between 2001 and 2011. The study covers 15 years from the financial year 2001 to 2015. Analysis of the results reveals that compared to fixed-price IPOs, book-built IPOs are underpriced by lesser magnitude. Moreover, book-built IPOs are associated with negative cumulative average abnormal returns (CAARs) up to five years and beyond, the negative CAARs associated with fixed-price IPOs turn positive after one and one-half year and continue to be positive thereafter.
2.4.9 Dr. Makarand S. Wazal, Sudesh Kumar Sharma (2017): Title: Participation of Retail Investors in Indian Equity Market:

There are many studies on estimating retail investors in Indian Equity Market. However, each of them remains short on exact number. This paper is also an attempt to arrive at estimated number of retail investors in the Indian equity market and how it compares with rest of the world. We with our justification estimate population of retail investors at 4.45 percent of total Indian population. Retail investor participation in India is amongst the lowest. Retail investors in India disproportionately distributed with western region dominating with nearly half of the investor population.

2.5 Conclusion:

The above review of literature is very important from point of view of the research as its focuses on the broader side of the researcher and have open the doors of new opportunity for the researcher. In the doing these activity researchers have gained ample of information which is supposed to be beneficial for this project work. All the above literature is studied in depth so that new ideas can be abstracted from the literature. It has helped very much for the development of new ideas for the betterment of the researcher. Though the task was very lengthy but researchers have successfully done it to its optimum.

The conclusion is important part of the review of the literature as it helps to understand the different point of view of various expert people in the same field. It also helps us to gain insight of the actual facts and figures related to particular topic. With application of different opinion of the different authors, investors, experts, professionals and many more one can know that various trends of the investment in IPO is seen in the market. It promotes the discussion of choosing the IPO as one of the best sources of investment for long term as well as short term.

The fundamental understanding derived from the above review of literature is that investment is not very easy task it needs lots of thought process as well as research before making any investment decision. The trends in IPO have also
show positive momentum for the larger and small investors. Many facts regarding the IPO is explored in the review of literature by the researcher, facts like investment in IPO is not myth or wastage of time and money, but it is less risky assets type, and to support this statement many examples are discussed and studied by the researcher in the chapter review of literature. It will be very injustice to come at any particular conclusion of any writer, as coin has it two side positive as well as negative many expert have their own way of thinking and interpreting things due respect must be given to each writer and expert only those thinks should be considered as important which are important from point of view of the subject matter and researcher have been successfully in doing this. In nutshell we can conclude that IPO have always be the first choice of the long term investors as it have shown positive trends over long period of time.