

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Indian Citation Index (ICI), J-Gate, India [link of the same is duly available at Infilbnet of University Grants Commission (U.G.C.)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 5833 Cities in 193 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	CONTRIBUTION OF RURAL NON-FARM INCOME TO TOTAL HOUSEHOLD INCOME: THE CASE OF TIGRAY, NORTHERN ETHIOPIA <i>ZAID NEGASH</i>	1
2.	COMPETITIVENESS CONDITION, MARKET POWER AND DRIVERS OF COMPETITION OF BANKS IN ETHIOPIA <i>MISRAKU MOLLA AYALEW & Dr. ZHANG XIANZHI</i>	6
3.	COMPREHENSIVE PROBLEMS OF HDFC AND SBI HOME LOAN TAKERS - A STUDY IN TELANGANA STATE <i>RAMESH VANKADOTH</i>	15
4.	THE IMPACT OF VARIOUS ASPECTS OF STRESS INFLUENCING FACTORS OF PRIVATE BUS DRIVERS WITH SPECIAL REFERENCE TO TRICHY DISTRICT <i>Dr. P. DEVI</i>	18
5.	IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) ON INDIAN ECONOMY <i>SUBHASH CHANDRA SONI</i>	21
6.	AN ANALYTICAL STUDY ON LONG TERM PERFORMANCE OF INITIAL PUBLIC OFFERINGS IN INDIA <i>NARENDRASINH B. RAJ</i>	26
7.	WOMEN ENTREPRENEURS IN INDIA: ISSUES AND POLICIES <i>Dr. ARISHA FATIMA RIZVI & HASSAN MD. JILLUN NOOR</i>	31
8.	A STUDY ON WORKING STRATEGY OF SELF HELP GROUPS <i>M.NAGALAKSHMI</i>	36
9.	ANALYSIS OF NON-INTEREST INCOME AN OPPORTUNITY & SUCCESS OF BANKS IN INDIA <i>MEENA KUMARI</i>	40
10.	WINNING THE PLASTIC BOTTLE BATTLE (A CASE STUDY OF THE PLASTIC WASTE DISPOSAL MANAGEMENT AT THE MYSORE CHAMARJENDRA ZOOLOGICAL GARDENS, MYSORE) <i>Dr. SWAROOP SIMHA</i>	43
	REQUEST FOR FEEDBACK & DISCLAIMER	50

CHIEF PATRON**Prof. (Dr.) K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)
 Chancellor, K. R. Mangalam University, Gurgaon
 Chancellor, Lingaya's University, Faridabad
 Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana
 Former Vice-President, Dadri Education Society, Charkhi Dadri
 Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR**Dr. S. GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. R. K. SHARMA**

Professor & Dean, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR**Dr. BHAVET**

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD**Dr. CHRISTIAN EHIOBUCHÉ**

Professor of Global Business/Management, Larry L Luig School of Business, Berkeley College, USA

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

Dr. TEGUH WIDODO

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Indonesia

Dr. M. S. SENAM RAJU

Professor, School of Management Studies, I.G.N.O.U., New Delhi

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

Dr. D. S. CHAUBEY

Professor & Dean (Research & Studies), Uttaranchal University, Dehradun

Dr. ANIL K. SAINI

Professor, Guru Gobind Singh Indraprastha University, Delhi

Dr. ARAMIDE OLUFEMI KUNLE

Dean, Department of General Studies, The Polytechnic, Ibadan, Nigeria

Dr. SYED TABASSUM SULTANA

Principal, Matrusri Institute of Post Graduate Studies, Hyderabad

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture & Tech., Westlands Campus, Nairobi-Kenya

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. BOYINA RUPINI

Director, School of ITS, Indira Gandhi National Open University, New Delhi

Dr. ANA ŠTAMBUK

Head of Department of Statistics, Faculty of Economics, University of Rijeka, Rijeka, Croatia

Dr. FERIT ÖLÇER

Professor & Head of Division of Management & Organization, Department of Business Administration, Faculty of Economics & Business Administration Sciences, Mustafa Kemal University, Turkey

Dr. SANJIV MITTAL

Professor & Dean, University School of Management Studies, GGS Indraprastha University, Delhi

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. NAWAB ALI KHAN

Professor & Dean, Faculty of Commerce, Aligarh Muslim University, Aligarh, U.P.

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engg. & Tech., Amity University, Noida

Dr. KEVIN LOW LOCK TENG

Associate Professor, Deputy Dean, Universiti Tunku Abdul Rahman, Kampar, Perak, Malaysia

Dr. OKAN VELI ŞAFAKLI

Professor & Dean, European University of Lefke, Lefke, Cyprus

Dr. V. SELVAM

Associate Professor, SSL, VIT University, Vellore

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

Dr. N. SUNDARAM

Associate Professor, VIT University, Vellore

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

RODRECK CHIRAU

Associate Professor, Botho University, Francistown, Botswana

Dr. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

Dr. DEEPANJANA VARSHNEY

Associate Professor, Department of Business Administration, King Abdulaziz University, Saudi Arabia

Dr. BIEMBA MALITI

Associate Professor, School of Business, The Copperbelt University, Main Campus, Zambia

Dr. KIARASH JAHANPOUR

Research Adviser, Farabi Institute of Higher Education, Mehrshahr, Karaj, Alborz Province, Iran

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

Dr. MELAKE TEWOLDE TECLEGHIORGIS

Faculty, College of Business & Economics, Department of Economics, Asmara, Eritrea

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. JASVEEN KAUR

Head of the Department/Chairperson, University Business School, Guru Nanak Dev University, Amritsar

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

FORMER TECHNICAL ADVISOR

AMITA

FINANCIAL ADVISORS

DICKEN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :

Designation/Post* :

Institution/College/University with full address & Pin Code :

Residential address with Pin Code :

Mobile Number (s) with country ISD code :

Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :

Landline Number (s) with country ISD code :

E-mail Address :

Alternate E-mail Address :

Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation etc. **The qualification of author is not acceptable for the purpose.**

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised.**
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. **Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. **It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

AN ANALYTICAL STUDY ON LONG TERM PERFORMANCE OF INITIAL PUBLIC OFFERINGS IN INDIA

NARENDRASINH B. RAJ
ASST. PROFESSOR
SHRI V. Z. PATEL COMMERCE COLLEGE
ANAND

ABSTRACT

Initial public offering is also known as stock market launch, because shares of any company are to be sold in the market for the first time. The Indian IPO market had under gone several changes during last two decades. The price performance of the IPOs is a buzzword in the area of capital market. In this study the analysis of 258 IPO companies that acquires capital for the first time from the market, are carried out from 2007 to 2014. The performance of IPOs is divided in two categories i.e. Initial performance of IPO and long term after market performance of IPOs for different intervals of time i.e. 1 year, 2 year and 3 year after listing day. The finding indicates that the Indian IPOs, which are underpriced on the listing days, are declining in subsequent long-term period after listing day and underperformed.

KEYWORDS

IPO, MAER, price performance.

INTRODUCTION

High rush of the IPOs in the primary market and the price differences of the IPOs in the short run period leads to analyse the initial performance of the IPOs. In this study, evaluation of the performance of the IPOs is carried for the listing day. The initial performance of IPOs is measured in to two terms, i.e underpricing and overpricing of IPOs. When the closing price on the listing day is more than offer price, such positive return can consider as a underpricing of the IPOs, whereas the listing price is less than the offer price of the IPOs such negative returns are consider as the overpricing. Initial high return (underpricing) of the IPOs on the first trading day leads us to evaluate the long run performance of IPOs, i.e. underperformance and over performance. There were number of research studies, which shows short run high initial returns (underpricing) and subsequently in long run it convert in the lower return i.e. underperformance. In this study evaluation of performance of IPOs for first trading day as well as for long term are carried out.

REVIEW OF LITERATURE

Demitrios Gounopoulos et.al (2012) had measured long performance of 254 IPOs, which are listed in Greek during the period from 1994 to 2002. Their result shows a different trend than the international findings. They also stated the reasons behind such over performance is that the hot period, and during this period, mass IPOs were floated.

Jay Ritters and Ivo Welch (2002) analyse 6249 IPOs issued by the companies from United States during the period from 1980 to 2001. They examined long run after market after market performance for a period of 3 years after listing for that purpose they used multiyear buy and hold returns. The average returns were identified by them for 3 year period is -23.4%.

Ritter Jay R. (1991) analyse 1526 IPOs and found 29.13% cumulative average adjusted return at the end of the 36 month which proves the underperformance of IPO in long run. Mahammad Khalid Sohail and Mohamed Nasir (2007) investigated 50 Pakistani company and state that the Pakistani IPOs are underperformed with -65.73 % BHAR. Yue – Fang Wen and Minh Huong Cao (2013), Amet Seitibraimov (2012), Jay Ritters and Ivo Welch (2002), Nobyu Takezawa and Noriku Maruoka (2004) and liang Peng (2008) have documented underperformance in the long run after market analysis.

OBJECTIVES OF THE STUDY

1. To measure the initial performance of Indian IPOs i.e. from offer date to listing date.
2. To examine the long run performance of IPOs in India. i.e. listing date to the period up to 3 years.
3. To analyse the factors influencing price performance of IPOs.

RESEARCH DESIGN

There are 275 BSE listed IPOs issued in Indian primary market during the year 2007 to 2011. Out of total IPOs listed on BSE, researcher selected 258 IPOs using random sampling method. The performance of IPOs was evaluated for the period from 2007 to 2014. The performance of IPOs are evaluated under two categories i.e. Initial Performance and long-term performance. The initial performance is evaluated by offer price to listing price performance on first trading day and long-term performance is measured for 1 year, 2 year and 3 year after market performance. Further the performance of IPOs are evaluated under different factors like mechanism, issue size, offer price, group of company, year etc.

SAMPLE SELECTION OF THE STUDY

The present study is based on secondary data. The secondary data consists to the samples of 258 IPOs, which were listed on Bombay Stock Exchange. The study includes pricing performance of those IPOs, which are satisfying the following conditions.

1. The samples includes to the IPOs, which were listed in Bombay Stock Exchange during 2007 to 2011. During the study, period total 275 IPOs falls under this category.
2. Out of 275 IPOs listed BSE 13 IPOs excluded due to falls to the listing at BSE and 4 IPOs were excluded due to unavailability of data for 3 years after market performance now 258 IPOs are the final sample size.
3. The IPO is listed on the BSE and has been traded for minimum 3 years after listing period for short and long run analysis of performance of IPOs.

SOURCES OF DATA COLLECTION

The present study is based on secondary data. The data relating to this study are extracted from Published Annual Reports of SEBI, BSE, Books & journals, Government Guidelines for companies and capital market and Websites of the companies. Further information has been collected from various magazine, articles, books, research publication and websites.

MEASUREMENT OF INITIAL PERFORMANCE OF IPOs

The initial performance is a performance of IPOs from the offer opening date to the issue listing date. To analyse the initial performance of the IPOs the following formula has been used.

$$R_i = \frac{P_1 - P_0}{P_0} \times 100$$

Where,

R_i = Initial return on IPOs.

P_1 = Closing price on the listing date

P_o = Offer price of the issue

When the initial return is positive it can be considered as an underpricing. While the initial return is negative, it can understand as an overpricing. The initial returns computed for IPOs may be affected by market movement. So that it is required to adjust the initial returns with market returns as under.

$$MAER = \left(\frac{P_1 - P_o}{P_o} \right) - \left(\frac{M_1 - M_o}{M_o} \right) \times 100$$

Where,

MAER = Market Adjusted Excess Return

P_1 = Closing price on the listing date

P_o = Offer price of the issue

M_1 = SENSEX value on the listing date

M_o = SENSEX on the offer date

MEASUREMENT OF LONG TERM PERFORMANCE OF IPOs

To evaluate long term performance of Indian IPOs, the returns have been calculated with following formula for the period of 1 year, 2 year and 3 year after the listing day.

$$R_{it} = \frac{P_{it} - P_{io}}{P_{io}} \times 100$$

Where,

R_{it} = returns of i^{th} company for time t

P_{it} = price of share of company i at time t

P_{io} = offer price of share of i^{th} company

Again the long term returns are adjusted with market return as under.

$$MAER_{it} = \left(\frac{P_{it} - P_{io}}{P_{io}} \right) - \left(\frac{M_{it} - M_{io}}{M_{io}} \right) \times 100$$

Where,

MAER_{it} = Market Adjusted Excess Return

P_{it} = price of the share of company i at time t

P_{io} = Offer price of share of i^{th} company

M_{it} = SENSEX at time t

M_{io} = SENSEX on the offer date

ANNUALISED RETURNS

The time period has been taken for listing, the IPOs are not similar for different companies. Therefore, to maintain normality in return, the returns were adjusted for 365 days. The formula for annualizing factor is as under.

$$Annualising\ Factor = \frac{Initial\ Return}{Days\ taken\ for\ listing} \times 365$$

OVERALL LONG TERM RETURNS OF IPOs

TABLE 1: OVERALL LONG TERM RETURNS OF IPOs

Period	Raw Return (%)	MAER (%)	Annualised Raw Returns (%)	Annualised MAERs (%)
Listing Day	18.63	18.90	361.16	366.53
1 Yr After Listing	-10.39	-5.82	-9.71	-5.36
2 Yr After Listing	-36.17	-34.67	-17.56	-16.83
3 Yr After Listing	-28.21	-46.68	-9.22	-15.26

The above table indicates that the listing day high initial return of 18.62% came down at -10.39% at the end of one year of listing day. Then after again it is decrease and provided a negative return of -36.17% at the end of the 2nd year after listing day. The return on the 3rd year after listing increases and goes up to -28.21% still it remains negative. In nutshell, we can conclude that the IPOs which are performed better and Underpriced on listing day, subsequently on the long run turn into the underperformance and release lower return.

The Market Adjusted Excess Returns of IPOs have shown a consistently downward trend over an entire study period. The MAER which is 18.90% on the listing day would continuously decrease to -5.82%, -34.67 and -46.68% on the first year, second year and third year respectively. Annualised raw return as well as annualised MAER follows similar trend as that followed by raw return.

MECHANISM WISE LONG TERM RETURNS OF IPOs

TABLE 2: MECHANISM WISE LONG TERM RETURNS OF IPOs

Period	Raw Return (%)		MAER (%)		Annualised Raw Return (%)		Annualised MAER (%)	
	BB	FP	BB	FP	BB	FP	BB	FP
Listing Day	17.83	28.05	18.19	27.43	356.19	420.28	362.26	417.39
1 Yr After Listing	-9.77	-17.87	-5.67	-7.68	-11.91	16.36	-5.26	-6.64
2 Yr After Listing	-35.57	-43.33	-33.96	-43.18	-16.70	-27.93	-16.52	-20.64
3 Yr After Listing	-29.51	-12.77	-47.76	-33.85	-9.35	-7.70	-15.63	-10.88

This section evaluates the relationship between the issue mechanism and the long-term performance of IPOs. In the long run both book building method and fix price method yield negative initial raw return, but book issue through book building method overall perform much better than the fix price method. Table 2 depicts that initial listing day return of book building method and fix price method were 17.83% and 28.04%. At the end of the 1st year the raw return were negative and it shows downward trend, however at the end of the 3rd year the raw return goes down very sharply from -9.76% to -35.57% in both book building method as well as fix price method. In case of the 3rd year, the scenario totally changed. The fix price issue performs better than the book building and also returns were corrected for both the methods. The similar pattern seen in the MAER annualised MAER and annualised raw return as followed by raw return.

OFFER PRICE WISE LONG TERM RETURNS OF IPOs

TABLE 3: OFFER PRICE WISE LONG TERM RETURNS OF IPOs

Offer Price (Rs.)	Period	Raw Return (%)	MAER (%)	Annualised Raw Return (%)	Annualised MAER (%)
<=30	Listing Day	38.34*	38.54	593.22	595.87
	1 Yr After Listing	-40.30	-31.52	-27.17*	-29.79
	2 Yr After Listing	-49.71*	-50.63*	-28.24	-24.57*
	3 Yr After Listing	-56.41*	-76.60*	-16.84	-25.06*
30-60	Listing Day	5.40*	5.53	120.06	127.23
	1 Yr After Listing	-16.07	-14.51	-3.09*	-12.74
	2 Yr After Listing	-37.12*	-43.10*	-18.98	-20.62*
	3 Yr After Listing	-21.12*	-44.21*	-5.91	-14.26*
60-90	Listing Day	8.34*	8.68	210.82	214.79
	1 Yr After Listing	-11.36	-12.59	6.86*	-12.09
	2 Yr After Listing	-54.94*	-52.96*	-17.54	-25.84*
	3 Yr After Listing	-47.38*	-68.41*	-4.09	-22.42*
90-120	Listing Day	7.01*	7.61	131.68	149.70
	1 Yr After Listing	7.52	3.53	22.74*	3.57
	2 Yr After Listing	-29.23*	-26.26*	-18.54	-12.78*
	3 Yr After Listing	-3.22*	-25.78*	-12.14	-8.45*
120-150	Listing Day	33.64*	35.03	687.67	703.69
	1 Yr After Listing	24.69	36.88	-44.12*	35.09
	2 Yr After Listing	20.27*	20.25*	-23.42	9.86*
	3 Yr After Listing	17.27*	3.22*	-15.34	1.04*
>150	Listing Day	24.29*	24.26	471.36	470.42
	1 Yr After Listing	-15.81	-7.18	-19.91*	-6.83
	2 Yr After Listing	-39.70*	-35.68*	-13.38	-17.37*
	3 Yr After Listing	-35.67*	-50.64*	-8.49	-16.59*

*Significantly different from zero at 5 % level

Table 3 depicts that the IPOs which had released higher initial returns on the listing day, were converted into the lower return in long run and such reduction in return seen at all categories of offer price. The initial return of IPO issued at the below 30 Rs. offer price are consistently decreasing. The initial return which was 38.3% on the listing day decreased to -40.3% after one year, decreased to -49.7% after second year and come down to -56.4% at the end of the third year. Noticeable point is that among all the offer price group less than 30 offer price group underperform more in long run with constant reduction pattern. The offer price group 120 to 150 follows same pattern as that of offer price group below 30 Rs. Though it is underperformed, it provides positive returns for entire study period. Therefore, it is better than other offer price groups. The MAER was consistently decreased at all the groups of offer price but the annualised raw return as well as annualised MAER were fluctuating under all the offer price group during entire study period.

After the analysis of offer wise performance of IPO, it can be concluded that lower offer price more underperformed than medium range offer price. Again extreme high offer price also underperform with negative returns but some extent it is better than the lower offer price.

OFFER SIZE WISE LONG TERM RETURNS OF IPOs

TABLE 4: OFFER SIZE WISE LONG TERM RETURNS OF IPOs

Offer Size	Period	Raw Return (%)	MAER (%)	Annualised Raw Return (%)	Annualised MAER (%)
0-25	Listing Day	21.90	22.34	389.04	398.68
	1 Yr After Listing	-11.59*	8.08	-6.91	-6.47
	2 Yr After Listing	-29.44	-18.10	-32.99	-15.95
	3 Yr After Listing	-40.09	-3.44	-59.15	-19.31
26-50	Listing Day	22.80	21.92	438.34	424.45
	1 Yr After Listing	10.07*	0.56	11.34	11.33
	2 Yr After Listing	-40.76	-23.51	-43.69	-21.19
	3 Yr After Listing	-16.38	-12.53	-40.04	-13.07
51-75	Listing Day	18.62	19.73	363.41	383.33
	1 Yr After Listing	-42.79*	-28.83	-33.35	-31.78
	2 Yr After Listing	-36.21	-26.30	-36.28	-17.72
	3 Yr After Listing	-35.62	-19.48	-54.42	-17.86
76-100	Listing Day	24.48	23.85	508.52	492.29
	1 Yr After Listing	18.21*	15.45	10.99	10.41
	2 Yr After Listing	-48.87	-12.62	-39.02	-18.99
	3 Yr After Listing	-35.04	-4.07	-58.49	-19.15
101-125	Listing Day	26.87	26.98	602.26	599.27
	1 Yr After Listing	15.97*	-5.54	14.43	14.73
	2 Yr After Listing	-40.73	-20.48	-38.59	-18.41
	3 Yr After Listing	-24.35	-14.73	-47.30	-15.27
>125	Listing Day	11.09	11.81	198.41	213.60
	1 Yr After Listing	-21.05*	-21.96	-12.05	-11.53
	2 Yr After Listing	-31.84	-10.77	-27.68	-13.51
	3 Yr After Listing	-25.10	-5.10	-37.83	-12.41

*Significantly different from zero at 5 % level

Table 4 shows that raw return and MAER which is positive on the listing day would become negative in long run performance by all the offer size groups. It means those IPOs underpriced with high return are under performed in long run with negative returns. The IPOs in the offer size of less than 25 crores shows -40.09% highest negative raw returns on 3rd year after listing. The performance of the large offer size IPO is better than the lower and medium range offer size IPOs on the 3rd year of listing day. Medium offer size IPOs from offer size 51 crores to 100 crores are more under performed in the 1st and 2nd year after listing. Annualised raw return and annualised MAER also follow the raw return.

From the above analysis, it can be concluded that offer size affects the performance of IPOs. Smaller size IPOs were more underperformed than the larger issue size. All the categories of offer size of IPOs were negatively performed in long run however; the extent of negative return is different across all size.

GROUP WISE LONG TERM RETURNS OF IPOs

TABLE 5: GROUP WISE LONG TERM RETURNS OF IPOs

Group	Period	Raw Return (%)	MAER (%)	Annualised Raw Return (%)	Annualised MAER (%)
A	Listing Day	26.08	26.46	474.49	484.19
	1 Yr After Listing	16.80	1.01	17.78	16.80
	2 Yr After Listing	3.69*	-9.50*	12.93	6.29*
	3 Yr After Listing	29.84*	-0.19*	15.55	5.08*
B	Listing Day	16.79	16.89	341.02	341.51
	1 Yr After Listing	-11.05	-15.88	-5.18	-4.70
	2 Yr After Listing	-41.69*	-19.28*	-41.87	-20.34*
	3 Yr After Listing	-36.60*	-12.10*	-55.33	-18.10*
T	Listing Day	11.59	12.07	171.62	181.67
	1 Yr After Listing	-21.03	-4.66	-28.98	-27.69
	2 Yr After Listing	-60.32*	-14.29*	-64.43	-31.36*
	3 Yr After Listing	-66.78*	-2.42*	-93.65	-30.65*
X	Listing Day	20.01	20.14	309.44	318.68
	1 Yr After Listing	-58.30	-1.87	-48.38	-45.26
	2 Yr After Listing	-65.61*	-21.70*	-65.82	-31.76*
	3 Yr After Listing	-69.24*	-5.70*	-87.96	-28.65*
Z	Listing Day	22.93	25.31	496.86	545.65
	1 Yr After Listing	-37.00	22.40	-28.96	-27.39
	2 Yr After Listing	-47.46*	-22.83*	-43.02	-20.95*
	3 Yr After Listing	-37.63*	-14.65*	-58.27	-19.09*

*Significantly different from zero at 5% level

The above mentioned table 5 shows that companies from group – A provides positive initial return and Underpriced on the listing day. However, in long run of 3 year after listing it shoes over performance. Companies from group-A only provides positive raw return among all the groups. The reason behind this over performance in initial as well as long run is that BSE registers the blue chip companies in group – A. Majority groups were underperformed among all the groups but group X and T are more underperformed than the other groups.

The group X and group T produce highest negative return of -69.24 and -66.78 respectively on the 3 year after listing. They consistently decrease from listing day to 3 year after listing.

In nutshell, it can be concluded that group can affect the performance of IPOs. In long companies from group A were over performed where as other groups were underperformed.

YEAR WISE LONG TERM RETURNS OF IPOs

TABLE 6: YEAR WISE LONG TERM RETURNS OF IPOs

Year	Period	Initial Return	MAER (%)	Annualised Raw Return (%)	Annualised MAER (%)
2007	Listing Day	32.25*	31.90*	527.50	523.17
	1 Yr After Listing	1.65*	8.61	0.47	8.19
	2 Yr After Listing	-41.48	-28.03	-18.51	-13.58
	3 Yr After Listing	-14.17	-31.68*	-4.50	-10.33*
2008	Listing Day	5.55*	5.98*	171.45	177.83
	1 Yr After Listing	-53.36*	-37.08	-33.56	-34.79
	2 Yr After Listing	-33.71	-49.61	-16.33	-24.00
	3 Yr After Listing	-53.76	-73.28*	-17.10	-23.92*
2009	Listing Day	9.73*	9.74*	156.48	150.60
	1 Yr After Listing	25.33*	4.19	15.57	3.90
	2 Yr After Listing	-24.93	-31.76	-4.23	-15.44
	3 Yr After Listing	-34.25	-50.86*	-0.14	-16.64*
2010	Listing Day	14.70*	16.07*	356.44	384.35
	1 Yr After Listing	-20.56*	-16.16	-24.56	-15.43
	2 Yr After Listing	-27.95	-25.93	-17.97	-12.69
	3 Yr After Listing	-29.31	-37.35*	-13.34	-12.28*
2011	Listing Day	5.10*	5.26*	208.21	206.99
	1 Yr After Listing	-3.24*	-2.26	-2.67	-1.22
	2 Yr After Listing	-44.82	-55.72	-23.38	-27.02
	3 Yr After Listing	-36.49	-76.54*	-12.68	-24.99*

*Significantly different from zero at 5% level

The table 6 proves that the Indian IPOs issued during 2007 to 2011 were underperformed for long IPO period of time. On the listing day, all the IPOs generate positive initial returns but raw returns decline over a time and become a negative in the long period of time. The highest negative initial returns were shown by the year 2008. The raw return of 2009 and 2010 reveals continuous decreasing trend, whereas fluctuating trend found in the year 2007, 2008 and 2011. MAER shows something different views than raw return from 2007 to 2011. The MAER of IPOs shows continuously reduction over a long period of 3 years after listing. Which shows continuous underperformance prevails over a time. The annualised raw return and annualised MAER shows fluctuating trend during all the five years.

CONCLUSION

From the foregoing analysis, it can be concluded that the underpricing and underperformance of the IPOs is observed in BSE. The Indian IPOs are underpriced on the first trading day as an average return of the international evidences of IPO underpricing. The Indian IPOs which are underpriced on the listing days are declining in subsequent long term period after listing day and underperformed. At general, it can be concluded that there are various factors affected to the performance of the IPOs in the long term. They include the issue mechanism; offer size, offer price, and groups of the Market are impacted to the performance of the IPOs in different time intervals.

REFERENCES

BOOKS

1. Kothari, C.R. (2004), "Research Methodology", second revised edition, NewAge International Publisher's Pvt. Ltd., New Delhi.
2. Zikmund, William G. (2009), Business Research Methods, 8th edition, The Poyen Press, New York.

ARTICLE AND REPORTS

3. Anuradha (2012), Performance of IPOs in Indian Capital market, Doctoral thesis, Maharshi Dayanand University, Rohtak.
4. Gounopoulos Dimitrios et. al 2012, Long Term Performance of Greek IPOs, European Financial Management, Vol. 18, Vol. 1, pp. 117-141.
5. Loughran Tim, Jay R. and Rydyvist, Kristian (1994) Update 2013, Equally Weighted Average Initial Returns for 52 Countries, Pacific-Basin Finance Journal, Vol. 2, pp. 165-199.
6. Madhusoodanan, T. P. and Nitish Ranjan (2004), IPO Underpricing, issue mechanisms and size, institute of financial management and research, Chennai.
7. Peng Liang 2008, Empirical Study on The Performance of IPOs in China, J Serv. Sci. and Management, Scientific Research Publishing, Vol. 1 pp. 135-142.
8. Ritter Jay and Welch Ivo 2002, A Review of IPO Activity, Pricing and Allocations, Yale ICF working paper, No. 02-01.
9. Ritter Jay R. 1991, The Long Run Performance of IPOs, Journal of Finance, Vol. 46, No. 1, pp. 3-27.
10. Seitibraimov Amet 2012, Underpricing and Long Term Performance of IPOs from CIS, M.A. Dissertation, Kyiv School of Economics.
11. Sohail Mahammed Khalid and Nasr Mohamed 2007, Performance of IPOs in Pakistan, International Review of Business Research Papers, Vol. 3, No. 2, pp. 420-441.
12. Takezawa Nobuya 2004, IPOs on the Japanese OTC Market: The Preliminary Evidences, The Journal of Social Science, Vol. 52, pp. 121-136.
13. Wen Yue Fang and Cao Minh Hung 2013, Short Run and Long Run Performance of IPOs: Evidence from Taiwan Stock Market, Journal of Finance and Accounting, Vol. 1, No.2, pp. 32-40.

REPORTS

14. Reports of SEBI
15. Hand book of statistics of SEBI
16. Annual Reports of BSE

WEBSITES

17. www.bseindia.com
18. www.chittorgarh.com
19. www.sebi.gov.in

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

