

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:656  
ANSWERED ON:03.12.2004  
INITIAL PUBLIC OFFERINGS  
Deora Shri Milind Murl

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Initial Public Offers by companies through book building process are discriminatory to retail investors who have to bid 100 per cent amount at the time of applying as against qualified Institutional buyers who do not put any money;
- (b) whether QIBs significantly revise their bids downwards or sometimes cancel them altogether as the IPO approaches closure;
- (c) whether the Government propose to bring them on par by fixing some margin money and proportionate allotment; and
- (d) if so, the decision in this regard and if not, the reasons therefore ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. S. S. PALANIMANICKAM )

(a): The SEBI (Disclosure and Investor Protection) Guidelines do not mandate collection of margin from investors. The guidelines provide that the margin, if any, collected from categories other than Qualified Institutional Buyers

(QIBs) shall be uniform for each such category. As per the guidelines, QIBs are not permitted to withdraw the bids after closure of bidding period, whereas other non QIB investors can withdraw their bids any time before allotment.

(b), (c) & (d) : The matter has received the attention of SEBI for taking necessary action.