

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

STARRED QUESTION NO:595

ANSWERED ON:06.05.2010

INITIAL PUBLIC OFFERINGS

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether cases of overpricing of shares raised through the Initial Public Offerings (IPOs) have been reported;
- (b) if so, the details thereof;
- (c) whether any expert group has been appointed to study and suggest steps for monitoring the end use of IPOs funds;
- (d) if so, the details thereof; and
- (e) the corrective action taken by the Government in this matter?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in answer to Lok Sabha Starred Question No. 595 for 6.05.2010 regarding Initial Public Offerings

(a) & (b) : IPO price is fixed by the issuer based on an analysis of the quantitative and qualitative factors of the issuer company, market sentiments, demand for the scrip as assessed during road shows etc. The freedom to fix the price band rests with the issuer, who generally does so in consultation with the merchant banker.

As per the data received from Bombay Stock Exchange (BSE), on an analysis of IPOs listed during the period April 01, 2009 till April 30, 2010, as many as 24 out of the 39 IPOs listed during the period have closed above the issue price on the date of listing. Further 23 IPOs out of the 39 IPOs listed during the period are quoting above their issue price as on April 30, 2010.

(c), (d) & (e): Yes Sir, the report of the Expert Group is under examination by the Ministry.