

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2767
ANSWERED ON:26.11.2010
RETAIL INVESTMENT IN IPO
Thamaraiselvan Shri R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is considering to pitch for a higher quota for retail investors in forthcoming share sales as State-run companies;
- (b) if so, the details thereof;
- (c) whether doubling of retail investment limit in Initial Public Offerings (IPO) will help small investors gain more from higher quota; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

- (a): No, Sir. The Government has not proposed any change in the quota for retail investor in the Initial public Offering/ Follow on Public Offering for state run companies. The quota for retail investors is kept as per Securities and Exchange Board of India (SEBI) Regulations.
- (b): SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 provide for a minimum of 35 per cent allocation to be made to retail individual investors in public issues. All issuers, including state run companies, are free to allocate a higher proportion to retail individual investors.
- (c): No, Sir. Doubling of application limit simply means a retail individual investor can now make an application for more number of shares.
- (d): SEBI has recently increased the limit on application by a retail individual investor in public issues from Rs. 1 lakh to Rs. 2 lakh. However, the proportion of a public issue which is to be compulsorily allocated to retail individual investors has not been changed and it remains at not less than 35 per cent of the issue size.