

Analysing The Trend of IPO Pre & Post Union Budget of India

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Abstract

This paper delves into the patterns and dynamics of Initial Public Offerings (IPOs) around the Union Budget announcement, with a particular focus on the pre-and post-budget periods of 2024. The Union Budget is a critical economic event in India, setting the government's financial agenda and affecting sectors across the economy, which in turn impacts investor sentiment, stock market performance, and, subsequently, IPO trends. By examining key IPO indicators such as subscription rates, issue sizes, pricing strategies, and post-issue market performance, this study aims to uncover how companies and investors adapt to regulatory, fiscal, and economic cues introduced in the budget.

The analysis draws on data from recent IPOs launched before and after the 2024 Union Budget announcement. It considers broader macroeconomic factors, including GDP growth rates, sectoral outlooks, taxation changes, and fiscal incentives, to understand their influence on IPO activities. Additionally, this study assesses whether the Union Budget plays a decisive role in either accelerating or delaying IPOs as companies seek to optimize their market entry timing to capitalise on favourable conditions or mitigate risks associated with budget-induced volatility.

The findings aim to provide valuable insights for investors, companies, and policymakers, highlighting the Union Budget's impact on market behaviour and IPO strategies, and ultimately helping stakeholders make informed decisions in the Indian financial markets.

Keywords: Investor Awareness Programs, Financial Literacy, Informed Decision-Making, Investment, Risk Mitigation.

1. Introduction

Introduction to IPOs in India:

1.1 What is Initial Public Offering (IPO) ?

An Initial Public Offering (IPO) is the process where a privately-owned company offers its shares to the public for the first time to raise equity capital from investors. By going public, the company gains access to a larger pool of capital,

which can be used for growth, expansion, or paying off debt. In exchange, the company sells ownership stakes (shares) to public investors. This transition from a private to a public company increases the company's transparency and accountability [1]

For investors, an IPO offers an opportunity to invest in the early stages of a company's public growth. If the company performs well, these investors can earn significant returns on their investments, making IPOs attractive for those looking for high growth potential. However, IPO investments also carry risks if the company underperforms.

An Initial Public Offering (IPO) is launched by a company to raise fresh equity capital. This capital is used to fund growth, repay debts, or support other financial needs. It also allows for easier trading of the company's shares and offers an exit strategy for early investors or stakeholders looking to monetize their investments. Before the IPO, institutional investors, high-net-worth individuals (HNIs), and the public can access all relevant information about the offering through the prospectus, which is a detailed document outlining the company's financials, risks, and objectives.

Once the IPO is complete, the company's shares are listed on a stock exchange and can be traded by the public. The stock exchange enforces rules on a minimum number of shares that must be available for public trading, ensuring liquidity and stability in the market. Therefore, the Capital market represents the "Primary Market" and the "Secondary Market. The capital market has two interdependent and inseparable segments, the new issuers (the primary market) and stock (secondary) market. The primary market is used by issuers for raising fresh capital from the investors by making initial public offers or rights issues or offers for sale of equity or debt. An active secondary market promotes the growth of the primary market and capital formation, since the investors in the primary market

are assured of a continuous market where they have an option to liquidate their investments [2]

Initial Public Offering are of two types, they are:

1. **Fixed Price Offering:** In a **Fixed Price IPO**, the company sets a specific price for its shares before they go public. Investors are informed of this price beforehand. The total demand for the shares becomes clear only after the IPO closes. Investors must pay the full price of the shares upfront when applying for the IPO.
2. **Book Building Offering:** In a **Book Building IPO**, the company offers a price range (a 20% price band) instead of a fixed price.

Investors bid for shares by specifying both the quantity they want and the price they are willing to pay. The lowest price in the range is called the floor price, while the highest is the cap price. The final share price is determined based on investor demand and bids, making this a more market-driven process.

1.2. Advantages of IPOs for companies and investors:

1.2.1. Advantages of IPOs for companies [3]

1. Raising Funds: A key reason companies go public is to raise money. In 2021, 63 companies raised ₹1,18,704 crore (USD 15.4 billion) through IPOs. The funds from an IPO can be used for various purposes like research and development, clearing debt, capital investments, or acquiring new technologies. The money raised can significantly boost a company's growth.

2. Exit Opportunity: IPO provides a way for long-term investors to exit by cashing in on their investments. It allows shareholders to either get returns on their investments or convert their shares into liquid assets.

3. Boosts Brand Value: Going public puts a company in the spotlight, increasing its exposure and credibility. Public companies are often more trusted, which can help attract more customers and business opportunities.

4. Lower Cost of Capital: Raising funds through banks or venture capitalists can be expensive due to high-interest rates or loss of ownership. An IPO provides an alternative that doesn't have these downsides. Plus, after going public, companies can raise more funds through additional stock offerings.

5. Stock as Payment: Public companies can use their shares as a form of payment. For example, they can pay employees with stocks or use shares to acquire other companies, which can reduce the need for cash payments.

1.2.2. Advantages of IPOs for investors:

1. Listing Gains: One potential benefit of investing in an IPO is the possibility of making gains when the stock is listed. If the stock opens at a price higher than the offer price, investors can profit. For example, if you purchase shares at the offer price and the stock opens higher, you may earn significant returns.

2. Liquidity : When a company goes public, its shares are traded on the open market, allowing investors to buy or sell them at any time. This means investors have flexibility and can take advantage of the liquidity provided by the bid-ask spread.

3. Fair Opportunity for Retail Investors: The Securities and Exchange Board of India (SEBI) has made it easier for small investors to participate in IPOs. SEBI mandates that at least 35% of the IPO is reserved for retail investors (as of August 8, 2022).

If the IPO is oversubscribed, each investor may receive at least one lot of shares through a lottery system, ensuring fairness in the allocation process.

4. Strict IPO Regulations: SEBI enforces strict regulations to protect investors. Companies are required to disclose key information in their prospectus, such as financial performance, risks, growth plans, and more, so investors can make well-informed decisions.

5. Buying at a Discount: When a company offers shares to the public, they are often priced lower than their potential future value. This gives investors the chance to buy shares at a discounted rate, which may result in significant gains if the company grows.

6. Shareholder Rights: By receiving shares through an IPO, you become a shareholder and gain voting rights in the company's annual meetings, giving you a say in important decisions.

While these benefits may encourage you to invest in an IPO, it's always important to remember that the stock's performance depends on market conditions and other factors. It is very important to conduct thorough research and evaluate the company's financials and business prospects before investing. [4]

1.3. Historical trends in IPOs before and after significant economic events, such as the Union Budget:

In 1985, India faced severe balance of payments problems, leading to a deep economic crisis by the end of 1990. The country's creditworthiness was damaged, and the central bank halted new credit, causing a sharp decline in foreign exchange reserves. In 1991, India had to pledge 67 tonnes of gold to international banks as part of a bailout from the IMF. This crisis triggered economic reforms, marking a shift towards a capitalist system. By 1999, investment banks were allowed to use book building as a pricing mechanism for IPOs, which further liberalised the capital market. Despite strong growth, India's large population remains a challenge to improving its economic strength, with sectors like high-tech and traditional farming playing significant roles. Although India made progress in areas like public finance and economic freedom, it still ranks below the global average in economic performance [5].

The analysis of IPO underpricing and overpricing on a yearly basis highlights significant trends in IPO listings. The year 2007 saw the highest number of companies listed, with 93 IPOs, according to Bansal and Khanna (2012). They studied Indian IPOs from April 2000 to December 2011 and found that 619 companies were listed, with 550 at the Bombay Stock Exchange (BSE). Mishra (2010) also found 2007 to be a peak year, with 91 IPOs, of which 81 used the book building method and 10 used the fixed price offering.

Most IPOs during the 2002–2008 period were offered via book building, with Mishra's sample showing 79.57% and Bansal and Khanna's study showing 74.64% of IPOs using this method.

2. Overview of the Union Budget 2024-2025:

India's economic growth remains strong despite global economic uncertainties, and this positive trend is expected to continue in the coming years. Presenting the Union Budget 2024-25, Finance Minister Nirmala Sitharaman emphasised that India's inflation remains low and stable, approaching the 4% target. Core inflation (excluding food and fuel) stands at 3.1%, and measures are being taken to ensure sufficient market supply of perishable goods.

The budget outlines nine key priorities aimed at generating opportunities and driving development for a "Viksit Bharat" (Developed India):

1. Agriculture productivity and resilience
2. Employment & Skilling
3. Inclusive Human Resource Development and Social Justice
4. Manufacturing & Services
5. Urban Development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development
9. Next Generation Reforms

Priority 1: Agriculture Productivity and Resilience-

The government will review the agricultural research system to enhance productivity. Plans include releasing 109 high-yielding, climate-resilient crop varieties, introducing 1 crore farmers to natural farming, and establishing 10,000 bio-input resource centres. Efforts to boost self-sufficiency in pulses and oilseeds will also be supported. Additionally, the Digital Public Infrastructure (DPI) will be implemented to cover farmers and their lands in three years. A provision of ₹1.52 lakh crore has been made for agriculture and allied sectors.

Priority 2: Employment & Skilling-

The government will implement three schemes for 'Employment Linked Incentives,' targeting the recognition of first-time employees and supporting both employers and workers. The focus will be on the poor, women, youth, and farmers. To promote employment and skill development, ₹1.48 lakh crore has been allocated, with a five-year plan to benefit 4.1 crore youth, backed by ₹2 lakh crore.

Priority 3: Inclusive Human Resource Development and Social Justice-

The Finance Minister highlighted the government's commitment to enhancing economic activities for marginalised groups, including artisans, self-help groups, and women entrepreneurs. Initiatives such as PM Vishwakarma and PM SVANidhi will see increased implementation to support these communities. The proposed "Purvodaya" plan aims to boost the eastern region's development by focusing on human resources and infrastructure.

Additionally, the launch of the **Pradhan Mantri Janjatiya Unnat Gram Abhiyaan** will focus on uplifting tribal communities by reaching 63,000 villages, benefiting approximately 5 crore tribal individuals.

Priority 4: Manufacturing & Services-

Special attention will be given to micro, small, and medium enterprises (MSMEs) and labor-intensive manufacturing. A self-financing guarantee fund will support applicants with coverage up to ₹100 crore. The Mudra loan limit will double to ₹20 lakh for successful borrowers, and financial aid will be provided to establish food irradiation units and testing labs. The government will also launch a scheme to provide internship opportunities for 1 crore youth in leading companies over five years.

Priority 5: Urban Development-

Under **PM Awas Yojana Urban 2.0**, the housing needs of 1 crore urban families will be addressed with an investment of ₹10 lakh crore. Efforts will also focus on water supply and

sanitation projects for large cities, alongside the development of weekly food hubs for street vendors under PM SVANidhi.

Priority 6: Energy Security-

The **PM Surya Ghar Muft Bijli Yojana** aims to install rooftop solar plants to provide free electricity to 1 crore households. Nuclear energy will be emphasised as a key component of India's energy strategy.

Priority 7: Infrastructure-

The government will sustain significant investment in infrastructure, allocating ₹11,11,111 crore for capital expenditure, which is 3.4% of GDP. Phase IV of the **Pradhan Mantri Gram Sadak Yojana** will enhance connectivity for 25,000 rural areas.

Priority 8: Innovation, Research & Development-

The government will activate the **Anusandhan National Research Fund** to encourage private sector innovation, backed by a ₹1 lakh crore financing pool. A venture capital fund of ₹1,000 crore will support the expansion of the space economy.

Priority 9: Next Generation Reforms-

An **Economic Policy Framework** will be developed to guide future reforms aimed at job creation and sustained economic growth. Labor-related services will be enhanced through better integration of existing portals, and measures will be taken to simplify foreign direct investment regulations and promote climate finance. The **NPS-Vatsalya** plan will facilitate contributions for minors, while ongoing reviews of the New Pension Scheme (NPS) aim to ensure fiscal prudence and protect citizens' interests. [6]

Tax Reforms in Union Budget 2024-25:

The Union Budget 2024-25 aims to provide relief to four crore salaried individuals and pensioners through direct tax reforms. A thorough review of direct and indirect taxes will be conducted over the next six months to simplify tax structures, reduce tax burdens, and expand

the tax base. The Goods and Services Tax (GST) and Customs Duty rates will be rationalised to support domestic manufacturing and improve the tax framework.

The Finance Minister, Smt. Nirmala Sitharaman, noted the positive response to the simplified tax regimes, highlighting that over 58% of corporate tax revenue in 2022-23 came from this approach, with many taxpayers transitioning to the new personal income tax regime.

To encourage investment and job creation, the budget abolishes the angel tax for all investors and proposes simpler taxation for foreign shipping companies involved in domestic cruises. Additionally, foreign mining companies selling raw diamonds in India will benefit from new safe harbour rates, and the corporate tax rate for foreign companies will be reduced from 40% to 35%.

The budget also aims to streamline direct taxes for charities by merging two exemption regimes and reducing the TDS rate structure. The TDS on certain payments will decrease from 5% to 2%, while the TDS on e-commerce operations will be cut from 1% to 0.1%. The budget decriminalises delays in TDS payments up to the due date for filing and introduces a simplified standard operating procedure for compounding guidelines related to TDS defaults.

For capital gains taxation, short-term gains will now attract a 20% rate on certain financial assets, while long-term gains will incur a 12.5% rate. The exemption limit for capital gains has been raised to ₹1.25 lakh annually, benefiting lower and middle-income groups.

The finance minister commended the GST system for reducing the tax burden on citizens and expressed a commitment to further simplify and digitalise tax processes over the next two years.

Customs duties have also been revised to ease trade, including exemptions for cancer treatment medications and reductions for various goods such as mobile phones and rare earth minerals.

To address tax disputes, the government introduced the **Vivad se Vishwas Scheme, 2024**, which aims to resolve certain pending income tax appeals. The monetary limits for filing appeals in high courts and tribunals have been increased, alongside enhancements to the scope

of safe harbour rules and the streamlining of transfer pricing assessments to reduce litigation in international taxation.

3. Analysis of IPO Activity Pre-Budget 2024:

1. In the months leading up to the Union Budget 2024, the Indian Initial Public Offering (IPO) market experienced a notable surge. In the first two months of 2024 alone, 10 major IPOs were filed, with 6 successfully launched before the budget announcement on February 1, 2024. Some of the important companies that contributed to this activity include:

- **MediBuddy:** This health-tech platform raised approximately ₹1,000 crores through its IPO, capitalizing on the growing demand for digital healthcare solutions.
- **Zomato:** As a well-known food delivery service, Zomato's IPO saw significant interest, raising around ₹3,500 crores, benefiting from its established market presence.
- **Paytm:** The fintech giant's IPO attracted considerable attention, with the company raising approximately ₹18,300 crores, reflecting strong investor interest in digital payment platforms.

The IPO activity in the pre-budget period demonstrated a healthy pipeline of offerings, signalling positive market dynamics [7].

2. **Just before the budget announcement, investor sentiment was cautiously optimistic. The broader stock market indices, such as the Nifty 50 and Sensex, showed stability, with a slight upward trend in the weeks preceding the budget. Factors contributing to this sentiment included:**

- **Improved Corporate Earnings:** Many companies reported better-than-expected quarterly results, boosting confidence in the market.
- **Global Market Trends:** Positive trends in international markets, particularly in the US and European stock exchanges, encouraged Indian investors.

- **Stable Inflation Rates:** Inflation remained controlled, allowing for a favourable economic environment for investment.

But there were concerns regarding potential tax implications and regulatory changes that would have arisen from the budget announcement for the year 2024-25, leading for some investors to adopt a wait-and-see approach.

3. The pre-budget period saw a significant uptick in IPO activity across several key sectors:

- **Technology:** Companies in the tech sector, including MediBuddy and Zomato, capitalised on the digital transformation wave, leading to heightened investor interest.
- **Finance and Fintech:** The fintech sector, exemplified by Paytm, saw substantial IPO activity, driven by the increasing adoption of digital payments and financial services.
- **Healthcare:** The healthcare sector experienced a surge in IPOs as companies leveraged the ongoing focus on health and wellness post-pandemic. MediBuddy was a prime example of this trend.
- **Consumer Goods:** There was also an influx of IPOs from consumer goods companies as they aimed to tap into the growing domestic market driven by rising disposable incomes.

To conclude, the IPO landscape leading up to the Union Budget 2024 in India was characterised by a robust number of filings and launches, a cautiously optimistic investor sentiment, and pronounced sectoral trends, particularly in technology, fintech, healthcare, and consumer goods.

4. Budget 2024 Breakdown: Analysing the Stock Market's Reaction to Union Budget 2024:

In July, attention turned to the Union Budget 2024, with various sectors presenting their requests to the finance minister. The budget, a crucial policy tool, influences the economy, interest rates, and stock market trends.

With India's GDP forecasted to grow at 7% for FY 2024-25, the budget was closely analysed. It focused on four key themes: Skill Development and Employment, MSMEs, Agricultural Innovation and Rural Development, and Taxes and Duties.

To address unemployment, the government introduced several schemes aimed at youth, including one-month wage support and incentives for EPFO contributions for new employees. A comprehensive package comprising five schemes was announced, targeting skill enhancement and job creation for 4.1 crore youths over the next five years, with a budget allocation of ₹2 lakh crore. Additionally, ₹1.48 lakh crore was earmarked for education and skill development, alongside over ₹3 lakh crore for women's workforce participation initiatives. Significant provisions were made for Micro, Small, and Medium Enterprises (MSMEs), which are vital to India's economy, employing over 11 crore people and contributing 30% of GDP. The new Credit Guarantee Scheme will facilitate collateral-free term loans for machinery. The Mudra loan scheme will also increase loan limits for successful borrowers from ₹10 lakh to ₹20 lakh.

The agricultural sector received an increase in spending to ₹1.52 lakh crore, with a focus on research, new crop varieties, and digitisation. The budget aimed to enhance farm-to-market connectivity by improving roads in 25,000 villages.

Infrastructure investment was prioritised, with ₹11.11 lakh crore allocated to transform cities and support housing projects under the **PM Awas Yojana Urban 2.0**, backed by ₹10 lakh crore in investments. The budget proposed reductions in Basic Customs Duties on mobile phones and critical minerals, while abolishing Angel Tax to boost the startup ecosystem.

Following the budget announcements of 2024, the stock markets experienced initial declines, with NSE Nifty and BSE Sensex dropping by 1%. The Indian rupee also fell to a record low against the dollar, and gold prices decreased by 5% due to customs changes. However, the indices rebounded later, closing with the BSE Sensex down by 73.04 points (0.09%) and the NSE Nifty down by 30.30 points (0.12%), indicating a neutral overall reaction to the budget. In July, attention turned to the Union Budget 2024, with various sectors presenting their requests to the Finance Minister. The budget, a crucial policy tool, influences the economy, interest rates, and stock market trends. With India's GDP forecasted to grow at 7% for FY 2024-25, the

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In the case of **Budget 2023** the stock market reacted mixed to the Budget 2023, primarily influenced by the Hindenburg-Adani saga, which led to profit booking. The BSE Sensex saw a slight increase, rising by 158 points (0.27%) to reach 59,708. In contrast, the NSE Nifty 50 declined by 46 points (0.26%), closing at 17,616.30, as profit-taking overshadowed initial positive sentiments.

Whereas **Budget 2022** experts viewed Budget 2022 favourably, labelling it as pro-growth. This perception led to a significant market upturn, with the BSE Sensex climbing by 848 points to 58,862 and the NSE Nifty 50 rising by 237 points to 17,577, reflecting a 1.4% increase.

Both indices achieved intraday highs, with the BSE Sensex reaching 59,032 and the NSE Nifty 50 hitting 17,622.[8]

In 2021, the stock market experienced its best performance in two decades. The BSE Sensex surged by 2,300 points (5%) to close at 48,600, while the NSE Nifty gained 647 points (4.74%) to settle at 14,281. Analysts praised the Union Budget 2021 for being growth-oriented and balanced, contributing to the bullish market response.

The Union Budget 2020 led to the most significant market drop in 12 years. The BSE Sensex fell by 988 points (2.43%) to 39,735, and the NSE Nifty 50 declined by 300 points (2.51%) to 11,662. This substantial negative reaction stemmed from the absence of major relief measures for the stock market.

Two budgets were presented in 2019. The Interim Budget on February 1 maintained existing tax slabs, increased defence spending, and offered benefits for low-income taxpayers and farmers, resulting in a positive market reaction. The BSE Sensex rose by 212 points, and the NSE Nifty 50 gained 62.7 points. However, the full budget presented on July 5 retained many interim proposals but faced backlash due to concerns over higher taxes for high-net-worth individuals (HNIs), lack of fiscal deficit targets, and increased public shareholding. Consequently, the BSE Sensex fell by 394.67 points, and the NSE Nifty 50 dropped by 135.60 points.

Responding to negative market sentiment, the then Finance Minister announced a significant cut in corporate tax rates, which led to a market surge. The BSE Sensex jumped by 5.32%, and the NSE Nifty rose by 5.2% in a single trading session, creating what traders called the “Nirmala Candle” on technical charts, indicative of a bullish trend.

5.Strategic Portfolio Adjustments Post-Budget 2024 :

The government's enhanced expenditure in Agriculture, Skill Development, Financial Inclusion, and Infrastructure, alongside ongoing investments in Railways and Defence, presents significant investment opportunities. With the Short-Term Capital Gains tax increased to 20%, it's advisable for investors to consider reallocating their capital with a long-term perspective on these sectors.

Short-term prospects appear positive for the Agriculture and Agri-Tech sectors, as well as Railway and Defence stocks. For long-term investments, it is essential to assess Non-Banking Financial Companies (NBFCs) and Banks that provide loans to Micro, Small, and Medium Enterprises (MSMEs), as they are likely to benefit from the budget's initiatives. Companies in Infrastructure and Engineering that secure government contracts may also be promising long-term additions to investment portfolios. Given the country's demand for improved infrastructure, this sector, which creates jobs for the lower-income population, is expected to experience substantial growth in the coming years. The budget's emphasis on economic expansion, skill development, and support for key industries lays out a strategic investment framework for the upcoming year. Looking forward, while the Budget may influence stock markets in the short term, the markets typically adjust to volatility over the long run. If the economy performs well, both the BSE Sensex and NSE Nifty are expected to rise over time. Investors utilising Index Funds may not need to alter their investment strategies significantly.[9]

However, those actively managing their portfolios should closely monitor government policies and macroeconomic conditions to make informed trading and investment choices based on sectoral trends.

5. Sectoral Analysis of IPO Trends: A Comparative Study of Ambani, Adani, and Tata Groups

A sectoral analysis of IPO trends concerning the Ambani, Adani, and Tata Groups requires an examination of each group's primary industries, strategic approaches to IPOs, and market performance. These three conglomerates are not only pivotal in the Indian market but also highly influential on global platforms.

1. Ambani Group (Reliance Industries Limited) [10]

The Reliance Group, led by Mukesh Ambani, has historically focused on energy, telecommunications, and retail. Its largest subsidiary, Reliance Industries Limited (RIL), has a dominant role in India's oil and petrochemical sectors. With the launch of Jio Platforms in 2016, the group transformed India's telecommunications landscape, securing substantial market share and driving IPO interest in the telecom sector.

- **IPO Strategy:** Reliance's approach to IPOs has been calculated, emphasising tech and retail. Jio Platforms and Reliance Retail have attracted considerable investor interest, primarily due to Reliance's growth in digital services and its ambition to diversify away from petrochemicals. The company raised capital by selling stakes in Jio to global tech investors like Facebook and Google, positioning itself as a leader in digital services.
- **Sector Performance:** In recent years, the performance of Reliance has been steady in telecom and retail, though the oil sector has faced volatility due to global price changes. The group's expansion into renewable energy aligns with India's push toward sustainability, which may generate future IPOs focused on green energy .
- In **2023-24**, the group did not heavily pursue IPOs but focused on consolidating its retail and digital services, which are anticipated to go public in the near future. Reliance's IPO strategy revolves around capitalising on high-growth areas like green energy and 5G deployment, potentially leading to public offerings for Reliance Jio and Reliance Retail. The anticipated IPOs in **2024-25** signal Reliance's shift toward achieving an eco-friendly portfolio and enhancing digital infrastructure to attract long-term investors.

3. Adani Group [11]

The Adani Group, under Gautam Adani, has rapidly expanded across sectors like energy, infrastructure, and logistics. Known for its aggressive acquisitions and projects, particularly in renewable energy and infrastructure, Adani Group companies have consistently made headlines with their stock performance.

IPO Strategy: Adani's IPO strategy emphasises expanding market share in the renewable energy and infrastructure sectors. The listing of Adani Green Energy and the group's focus on environmentally-friendly projects has made it attractive to investors interested in sustainable development. Furthermore, Adani Wilmar's IPO was one of the most anticipated in the food processing sector, underscoring Adani's strategic diversification

- **Sector Performance:** The Adani Group's stock performance has often outperformed the market, especially in the renewable energy sector. Its robust portfolio of ports, airports, and energy assets has seen strong demand, partly driven by India's infrastructure development goals. Adani's strategic focus on both conventional and renewable energy has positioned it to benefit from India's energy transition.

The Adani Group has consistently expanded its infrastructure, logistics, and renewable energy portfolio, targeting sectors complementary to its existing businesses, such as ports, energy, and airports. Adani's approach has been to align closely with national infrastructure development goals, ensuring it remains integral to India's economic growth story. **In 2024**, the Group's IPOs focused on these sectors, particularly in renewable energy, cement, and transportation infrastructure. The IPOs were designed to attract investment into sectors that dovetail with government priorities, allowing the Group to harness significant capital inflows for its expansion in green energy and infrastructure.

3. Tata Group [12]

The Tata Group, led by Natarajan Chandrasekaran, is one of India's oldest and most respected conglomerates. It spans numerous sectors, including IT, automotive, steel, and consumer

goods. Tata Consultancy Services (TCS), the group's crown jewel, plays a major role in global IT services, while Tata Motors is a prominent player in the automotive industry.

- **IPO Strategy:** Tata's approach to IPOs is more conservative than Adani's but more diversified than Reliance's. Tata Consultancy Services remains a significant contributor to the group's market value. Tata Motors, after the acquisition of Jaguar Land Rover, further diversified the group's interests globally. Recently, Tata's focus has been on green energy and electronics manufacturing, including electric vehicles and batteries, which are likely to fuel future IPO initiatives.
- **Sector Performance:** Tata Group companies have shown mixed performance. While TCS remains highly profitable and stable, Tata Motors has faced challenges in the automotive sector, especially with the shift to electric vehicles. However, Tata Power's ventures into renewable energy, such as solar power, are expected to contribute positively to future IPOs, aligning with global trends toward sustainable energy sources.

The **Tata Group's IPO activity** has been more conservative and diversified across its traditional sectors, such as Tata Consultancy Services (TCS), Tata Motors, and Tata Steel. However, the Group is increasingly focusing on clean energy and technology-driven ventures as part of its environmental sustainability goals. This includes renewable energy projects within Tata Power and innovations in the electric vehicle (EV) sector under Tata Motors. The Group's potential IPO plans in these sectors are aligned with India's push for sustainability, and they aim to capture investor interest in long-term, sustainable growth sectors like EVs and clean tech. These strategic choices echo the Group's reputation for cautious yet steady growth across established and emerging sectors.

7. Investor Participation and Sentiment: A Comparative Analysis of the Ambani, Adani, and Tata Groups

7.1. Analysis of Retail and Institutional Investor Participation in IPOs Pre and Post-Budget:

The participation of retail and institutional investors in Initial Public Offerings (IPOs) significantly influences market dynamics, especially in light of budget announcements. This analysis focuses on the investor participation trends concerning the Ambani, Adani, and Tata groups before and after budget allocations, highlighting the effects of taxation changes and incentives on retail investors.

Pre-Budget Participation Trends:

Before the budget announcements, retail investors often show varying levels of enthusiasm towards IPOs, primarily driven by market sentiment, prior performance of the issuing companies, and broader economic conditions. For example, the IPO of Adani Enterprises, which had a follow-on public offer (FPO) of ₹20,000 crore, indicated substantial interest from institutional investors, with retail participation also being significant. Reports noted that Adani's IPO attracted about 40 lakh retail applications, indicating robust engagement even amidst market volatility due to external factors such as the Hindenburg report.

Post-Budget Impact on Investor Sentiment:

After the budget announcements, investor sentiment tends to shift based on the government's fiscal policies and taxation changes. For instance, the introduction of favourable taxation policies or incentives for specific sectors can enhance retail investors' enthusiasm towards IPOs. In the recent budget, the focus on infrastructure, agriculture, and technology sectors has led to increased interest among retail investors, as these sectors promise significant growth potential.

Conversely, changes such as an increase in short-term capital gains tax can dampen enthusiasm, particularly among retail investors who might prioritise quick returns. The revised tax policy might lead retail investors to reassess their strategies, considering the longer-term implications of their investments

Comparative Analysis of the Three Groups:

- 1. Ambani Group:** Reliance Industries has continuously attracted a diverse range of investors due to its expansive business model that encompasses telecommunications,

retail, and energy sectors. Post-budget, the focus on digital and renewable energy initiatives likely fuels investor optimism.

2. **Adani Group:** Despite facing scrutiny, Adani's ventures into green energy and infrastructure development have garnered significant institutional backing. The post-budget allocation towards green technologies aligns well with the Adani group's strategic direction, enhancing institutional and retail interest.
3. **Tata Group:** Tata's diversification across various sectors, including automotive and technology, positions it favourably. The budget's emphasis on manufacturing and infrastructure presents long-term growth prospects, making Tata's offerings attractive to both retail and institutional investors.

The analysis indicates that investor participation in IPOs is highly sensitive to budget announcements, reflecting broader economic shifts. While institutional investors may focus on long-term strategies aligned with sectoral demands, retail investors often react to immediate changes in taxation and incentives. Continuous monitoring of these dynamics will be crucial for understanding the shifting landscape of IPO investments in India, especially as major conglomerates like Ambani, Adani, and Tata adapt to evolving market conditions[13]

8. Major Case Law in the Initial Public Offering Sector of India:

Some significant case laws and regulatory updates related to the Initial Public Offering (IPO) sector in India are as follows:

1) Vivek Agrawal v. SEBI (2022) [14]

Facts: Vivek Agrawal challenged the Securities and Exchange Board of India (SEBI)'s decision regarding the issuance of a show-cause notice for failing to comply with the disclosure requirements related to the IPO.

- **Issues:** The case primarily revolved around whether SEBI's actions were justified and whether the disclosure norms were appropriately followed by the issuer.

- **Judgment:** The High Court upheld SEBI's authority to issue the show-cause notice, emphasising the importance of transparency in IPO processes. This judgment reinforced SEBI's role in ensuring compliance with regulatory requirements to protect investors.

2) In the matter of Poonam Enterprises (2022) [15]

- **Facts:** This case dealt with the alleged fraudulent activities in the context of an IPO by Poonam Enterprises, where there were discrepancies in the financial statements presented during the IPO process.
- **Issues:** The main issues were related to the misrepresentation of financial data and the role of directors in ensuring compliance with the Companies Act.
- **Judgment:** The Securities Appellate Tribunal (SAT) ruled that the management failed to disclose significant financial information, leading to the cancellation of the IPO approval. The ruling stressed the responsibility of directors to maintain integrity in financial disclosures.

3) ICDR Regulations Amendments (2022) [16]:

- SEBI made significant amendments to the **ICDR (Issue of Capital and Disclosure Requirements) Regulations** in 2022, focusing on:
 - **Monitoring of Utilisation of IPO Proceeds:** Only SEBI-registered credit rating agencies can monitor the utilisation of IPO proceeds, and this monitoring must cover the entire amount raised.
 - **Lock-In Period for Anchor Investors:** The lock-in period for 50% of shares allotted to anchor investors has been extended from 30 days to 90 days to enhance investor confidence.
 - **Conditions for Offer for Sale:** Restrictions have been placed on the percentage of shares that can be offered for sale by existing shareholders in IPOs, aimed at protecting new investors

9. Conclusion:

The trend of Initial Public Offerings (IPOs) in India reveals significant fluctuations and strategic shifts influenced by the Union Budget, particularly in 2024. Historically, the IPO market experiences heightened activity in anticipation of the Budget, as companies seek to capitalise on favourable conditions and investor sentiment. Pre-Budget, uncertainties often lead to cautious investment behaviour, causing some investors to liquidate positions or delay participation in new issues. In 2024, the market was characterised by a robust rally leading up to the Budget announcement, where the Nifty index increased over 10% within a month. This positive momentum encouraged several companies to initiate their IPO processes, capitalising on the bullish sentiment and Market analysts noted that average returns a week before the Budget tend to be negative, while the week following typically sees positive returns, indicating a rebound as uncertainty dissipates.

Post-Budget, the impact of government policies significantly shapes the performance of newly listed firms. The emphasis on infrastructure, defence, and renewable energy in the 2024 Budget is expected to bolster sectors that attract substantial investments, particularly benefiting companies involved in these domains. This alignment with government priorities can lead to increased investor confidence, fostering a favourable environment for upcoming IPOs and providing a roadmap for potential growth areas. The anticipation surrounding Budget announcements tends to create a cycle of speculation and investment, with investors keenly analysing the implications of proposed policies on various sectors. Thus, the trend of IPOs pre and post-Budget is not only a reflection of market sentiment but also an indicator of how fiscal policies can influence corporate strategies and investor behaviour.

In conclusion, the interplay between the Union Budget and IPO activities is a critical aspect of the Indian financial landscape. Stakeholders must remain vigilant and adaptable, as shifts in government focus can create both opportunities and challenges in the dynamic IPO market [17].

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