

## Investor Satisfaction with Respect to Investment in IPO through ASBA in Ahmedabad city

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### Abstract:

*Application Supported by Blocked Amount (ASBA) is an application containing an authorization to block the application money in the bank account, for subscribing to an issue. Investor submits the ASBA form (available at the designated branches of the banks acting as SCSB) after filling following details: a) name of the applicant, b) PAN number, c) demat account number, e) bid quantity, f) bid price and other relevant details, to their banking branch by giving an instruction to block the amount in their account. In this study 10 research papers on investment system, related to IPO, Investor perception about IPO etc. Research gap is all research paper done on various concepts and my research done in customer perception affects the satisfaction level of investors or not. The research is based on Primary data and the data collected with the help of structured questionnaire. The sample size is 400 in the research and the sampling method used is non-probability sampling method. Correlation and Regression model is used as statistical tool. In this study results perception are affected to the satisfaction level of the investor.*

**Key Words:** Ahmedabad City, ASBA system, IPO, Investor satisfaction level.

### Introduction:

Applications Supported by Withheld Amount (ASBA) Procedure, launched in July 2008, is the alternative method of payment (optional) for IPO applications where the IPO bidding amount remains in the account of investors but is withheld by the bank until the allocation is completed. This is an additional payment form, available exclusively via participatory banks (SCSBs) to retail individual investors. The aim of introducing this new payment method is to reduce the turnaround time for listing IPO Stock and make the process of refunding faster. Technically there is no refund process for this kind of payment option as only the required money for allocated shares is withdrawn from the investors account. Investor can use the remaining money as soon as the required money is withdrawn and the money. Because businesses are unable to list shares before the refund process is completed, ASBA would reduce the burden on the refund process there and ultimately make the listing process faster Applications Supported by using Blocked Amount is a procedure developed by the aid of the India's Stock Market Regulator SEBI for applying to IPO. In ASBA, an IPO applicant's account would not get debited until shares are dispensed to them. Earlier Qualified Institutional Buyers were not allowed to participate in IPOs via ASBA facility. Currently as per SEBI guidelines, all three classes of investors, i.e., Retail Investors, Qualified Institutional Buyers, Non-Institutional Investors, making software in public/rights difficulty shall mandatorily make use of ASBA facility's technique facilitates retail person buyers bidding at a cut-off, with a single option, to practice via Self Certified Syndicate Banks

(SCSBs), in which the buyers have financial institution accounts. SCSBs are those banks which fulfill the stipulations laid by means of SEBI. SCSBs would be given the applications, confirm the application, block the fund to the extent of bid price amount, add the details in the internet primarily based bidding device of NSE, unblock once groundwork of allotment is finalized and transfer the quantity for disbursed shares to the issuer's potential "Applications Supported through Blocked Amount".

ASBA (Applications Supported by Blocked Amount) is an application containing an approval to block the application money in the bank account, for subscribing to an issue. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his/her application is selected for allotment after the basis of allotment is finalized, or the issue is withdrawn/failed. ASBA is an additional mode of payment introduced by SEBI in July 2008 for easing up the process of applying in the Public Offer and making the process more efficient. For the purpose, SEBI has amended the SEBI (Disclosure and Investor Protection) Guidelines, 2000. This process is offered in all public issues made through the book building route. This process Co-Exists with the Current process where the cheques are used as a mode of payment.

### Literature Review:

Veluvali, P. (2019) Legal Framework and Governing Design for IPOs in India. In Retail Investor in Focus, Financial market legislation need to serve the twin objectives of presenting get entry to to the issuers for their growing desires while

making sure fair dealing and safety of investors.

Thakur, P. (2015). A Research Paper On The Impact Of Regulatory Framework On IPO Under Pricing. Blue Ocean Research Journal, In this paper This article investigates stock market responses to special constellations of firm-level company governance mechanisms by way of focusing on overseas preliminary public offerings (IPOs) in the United States.

Plotnicki, M., & Szyszka, A. (2014). IPO market timing. The evidence of the disposition effect among corporate managers. Global Finance Journal, This article investigates stock market responses to special constellations of firm-level company governance mechanisms by way of focusing on overseas preliminary public offerings (IPOs) in the United States.

Bell, R. G., Filatotchev, I., & Aguilera, R. V. (2014). Corporate governance and investors' perceptions of foreign IPO value: An institutional perspective. Academy of Management Journal, This article investigates stock market responses to exceptional constellations of firm-level company governance mechanisms via focusing on foreign preliminary public offerings (IPOs) in the United States.

Bertoni, F., & Giudici, G. (2014). The strategic reallocation of IPO shares. Journal of Banking & Finance, In this work, we find out about the reallocation of shares to retail and institutional investors, measured as the difference between the allocation declared before the initial public offering (IPO) and the positive allotment decided by means of the underwriter after the bookbuilding process.

Thomadakis, S., Nounis, C., & Gounopoulos, D. (2012). Long-term Performance of Greek IPOs. European Financial Management, We analyse the long-run performance of 254 Greek IPOs that had been listed in the course of the period 1994–2002, computing buy-and-hold atypical returns (BHAR) and cumulative abnormal returns (CAR) over 36 months of secondary market performance.

Lee, G., & Masulis, R. W. (2011). Do more reputable financial institutions reduce earnings management by IPO issuers?. Journal of Corporate Finance, This study investigates whether economic intermediaries (EIs) taking part in the IPO manner play a good sized position in restraining earnings management (EM). Specifically, we study whether or not EM around IPOs is negatively associated to funding banks (FBs) and project capital (VC) investor reputations.

Alanazi, A. S., Liu, B., & Forster, J. (2011). The financial performance of Saudi Arabian IPOs. International Journal of Islamic and Middle Eastern Finance and Management, Saudi IPOs exhibit a substantial decline in the post-IPO overall performance in contrast to the pre-IPO stage as measured through the return on assets and return on sales.

Adjasi, C. K., Osei, K. A., & Fiawoyife, E. U.

(2011). Explaining underpricing of IPOs in frontier markets: Evidence from the Nigeria Stock Exchange. Research in International Business and Finance, The paper gives empirical analyses of IPO underpricing on the Nigerian Stock Exchange, from the length 1990 to 2006.

Bjorn Bartling and Andreas Park, (2010), "How Syndicate Short Sales Affect the Informational Efficiency of IPO Prices and Underpricing", journal of financial and quantitative analysis, When a employer goes public, it is preferred exercise that the underwriting syndicate allocates greater shares than are issued.

**Research Objective:**

To Analyse and examine the satisfaction level and perception of investor with respect to investment In IPO through ASBA in Ahmedabad City.

**Research Methodology:**

The Sampling Process and convenience sampling method has been used in the research. The sample size is of 400. For the research work the primary data have been used. The Primary data have been collected from people who invest in IPO through online and offline. For research purpose relating to the topic for collection of data from respondents the know the perception of the investor. Survey and observation methods have been used for data collection in this research work. The topic of the research work is a theoretical topic and there is no need to have experiments.

**Research Analysis:**

It describes the impact of investor perception affect the satisfaction level of investor. Hence Correlation and Regression technique is used to identify the impact. If R value is between 0 to 0.30 then it says weak positive correlation, when R value is between 0.31 to 0.69 then it says moderate correlation and when R value is above 0.70 then it says strong positive correlation. If the value of R<sup>2</sup> statistic is more than 0.7, then it is suggestive measure of significant impact.

**Result and interpretation:**

Table 1 correlation regression summary statistic

Sr. No	Dependent Variable	Independent Variable		R statistic	R <sup>2</sup> Statistic	Inference
1	Satisfaction in ASBA services with respect to online IPO.	ASBA minimizes risk		0.73	0.80	Strong positive Correlation and Significant Impact.
2	Satisfaction in ASBA services with respect to online IPO.	ASBA is more reliable		0.80	0.75	Strong positive Correlation and Significant Impact.
3	Satisfaction in ASBA services with respect to online IPO.	ASBA is more effective		0.78	0.73	Strong positive Correlation and Significant Impact.
4	Satisfaction in ASBA services with respect to online IPO.	ASBA does not help non-tech savvy investors.		0.75	0.70	Strong positive Correlation and Significant Impact.
5	Satisfaction in ASBA services with respect to online IPO.	ASBA provides multiple bidding options.		0.80	0.85	Strong positive Correlation and Significant Impact.
6	Satisfaction in ASBA services with respect to online IPO.	ASBA provides opportunity to revise bids.		0.83	0.80	Strong positive Correlation and Significant Impact.
7	Satisfaction in ASBA services with respect to online IPO.	ASBA encourage retail investor's participation.		0.85	0.89	Strong positive Correlation and Significant Impact.
8	Satisfaction in ASBA services with respect to online IPO.	ASBA reduces number of bidding options.		0.77	0.80	Strong positive Correlation and Significant Impact.
9	Satisfaction in ASBA services with respect to online IPO.	ASBA is not advertising in small cities and towns.		0.73	0.76	Strong positive Correlation and Significant Impact.
10	Satisfaction in ASBA services with respect to online IPO.	Banks are less interested to promote ASBA.		0.79	0.74	Strong positive Correlation and Significant Impact.

(Source: SPSS)

**Interpretation:**

1. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.73$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the Satisfaction with inASBA services with respect to online IPO and ASBA minimizes risk. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Satisfaction in ASBA services with respect to online IPO). Based on the results the (R square) value is 0.80. This means that the independent variables (ASBA minimizes risk.) predicts the dependent variable (Satisfaction in ASBA services with respect to online IPO.) by 80%, thus, leaving out 20% (100% -80%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA minimizes risk on satisfaction in ASBA services with respect to online IPO.
2. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.80$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between Satisfaction in ASBA services with respect to online IPO and ASBA is more reliable. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.75. This means that the independent variables(ASBA is more reliable) predicts the dependent variable (Satisfaction in ASBA services with respect to online IPO.) by 75%, thus, leaving out 25% (100% - 75%)unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA is more reliable on Satisfaction in ASBA services with respect to online IPO.
3. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.78$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is no significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA is more effective. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.73. This means that the independent variables(ASBA is more effective) predicts the dependent variable (Satisfaction in ASBA services with respect to online IPO.) by 0.73%, thus, leaving out 23% (100% - 73%)unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA is more effective on satisfaction in ASBA services with respect to online IPO.
4. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.75$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA does not help non-tech savvy investors. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.070. This means that the independent variables (ASBA does not help non-tech savvy investors.) predicts the dependent variable (Are you satisfied by the ASBA services for online IPO investments) by 7.0%, thus, leaving out 93%(100% - 7.0%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA does not help non- tech savvy investors. on satisfaction in ASBA services with respect to online IPO.
5. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.80$ ) shows as strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA provides multiple bidding options. The model summary illustrates the (R square)

value which helps in explaining variance in the dependent variable (satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.85. This means that the independent variables (ASBA provides multiple bidding options.) predict the dependent variable (Are you satisfied by the ASBA services for online IPO investments) by 85 %, thus, leaving out 15% (100% -0.85%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA provides multiple bidding options on satisfaction in ASBA services with respect to online IPO.

6. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.83$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA provides opportunity to revise bids. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.80. This means that the independent variables(ASBA provides opportunity to revise bids.) predicts the dependent variable (satisfaction in ASBA services with respect to online IPO) by 80%, thus, leaving out 20% (100% -80%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA provides opportunity to revise bids. on Satisfaction in ASBA services with respect to online IPO.
7. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.85$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA encourage retail investor's participation. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (satisfaction in ASBA

services with respect to online IPO).Based on the results the (R square) value is 0.89. This means that the independent variables(ASBA encourage retail investors participation.) predict the dependent variable (satisfaction in ASBA services with respect to online IPO) by 89%, thus, leaving out 11%(100% -89%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus ,there is significant impact of ASBA encourage retail investor's participation. On Satisfaction in ASBA services with respect to online IPO.

8. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.77$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction in ASBA services with respect to online IPO and ASBA reduces number of bidding options. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Satisfaction in ASBA services with respect to online IPO).Based on the results the (R square) value is 0.80. This means that the independent variables(ASBA reduces number of bidding option) predicts the dependent variable (Are you satisfied by the ASBA services for online IPO investments) by 80%, thus, leaving out 20% (100% -80%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA reduces number of bidding options on satisfaction in ASBA services with respect to online IPO.
9. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.73$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the Are you satisfied by the ASBA services for online IPO investments and ASBA is not advertise in small cities and towns. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (Are you satisfied by the ASBA services for online IPO investments).Based on the results the (R square) value is 0.76. This means that the



independent variable(ASBA is not advertising in small cities and towns.) predicts the dependent variable(Satisfaction with respect to ASBA services with respect to online IPO) by 76%, thus, leaving out 24% (100% -76%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of ASBA as a part of ASBA is not advertise in small cities and towns satisfaction in ASBA services with respect to online IPO.

10. The R-value: shows the direction and the strength of the correlation. The bigger the value the more significant it is. In this case, the Pearson correlation coefficient ( $r = 0.79$ ) shows a strong positive correlation between the variables under investigation. This means the null hypothesis is rejected. Thus, there is significant relationship between the satisfaction with respect to ASBA services with respect to online IPO and Bank are less interested to promote ASBA. The model summary illustrates the (R square) value which helps in explaining variance in the dependent variable (satisfaction with respect to ASBA services with respect to online IPO).Based on the results the (R square) value is 0.083. This means that the independent variables(Bank are less interstate to promote ASBA) predicts the dependent variable (satisfaction in ASBA services with respect to online IPO) by 74%, thus, leaving out 26% (100% -74%) unexplained. In a nutshell, this means that null hypothesis is rejected. Thus, there is significant impact of Bank is less interstate to promote ASBA. on satisfaction in ASBA services with respect to online IPO.

**Conclusion:**

The findings of the study shows that the investors invests in IPO and there are many factors affecting the ASBA services like lack of knowledge, bidding options, technology and income level of investor. From this research it is found that male are more interested compared to female. Most of investor who invest in IPO are the businessman. According to the research the investors invests in IPO for more than 2 years and 44% of investor are satisfied by the ASBA services on online platform for IPO investments.

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