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A Study on Analysis of IPO Performance in India with Reference to LIC of India

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Abstract

Initial Public Offerings (IPOs) play an important role in capital formation by enabling companies to raise funds from the public while providing investors with opportunities for wealth creation. This study analyses the performance of the Life Insurance Corporation (LIC) of India IPO by examining investor awareness, subscription behaviour, pricing perception, listing performance, and post-listing market response. The study is based on primary data collected from 100 investors through a structured questionnaire and supported by secondary sources. The findings reveal that company reputation, investor confidence, pricing strategy, and prevailing market conditions significantly influenced investment decisions and the overall performance of the LIC IPO.

Keywords: IPO Performance, LIC of India, Capital Market, Investor Confidence, Listing Performance

1. INTRODUCTION

The capital market is one of the most significant components of a country's financial system because it facilitates long-term capital formation and supports economic development. Initial Public Offerings (IPOs) represent one of the primary methods through which companies mobilize funds from public investors for expansion, modernization, technological advancement, and business development. Simultaneously, IPOs provide investors with opportunities to participate in the growth of companies and earn long-term investment returns.

The Indian IPO market has experienced remarkable growth owing to economic liberalization, technological developments, increased retail investor participation, and effective regulatory initiatives introduced by the Securities and Exchange Board of India (SEBI). These reforms have improved transparency, investor protection, and market efficiency, thereby strengthening investor confidence.

The IPO of the Life Insurance Corporation of India (LIC) occupies a unique position in the Indian capital market because of its enormous issue size, government ownership, strong brand reputation, and dominant position in the insurance industry. The public offering attracted exceptional attention from retail investors, institutional investors, policymakers, and market analysts. Although the IPO received significant subscription support, its post-listing performance generated mixed reactions among investors.

IPO performance should not be evaluated solely on subscription levels. Factors such as pricing strategy, listing gains, post-listing returns, investor perception, company fundamentals, market conditions, and regulatory environment collectively determine the success of a public issue. The experience of LIC's IPO demonstrates the importance of balancing investor expectations with realistic market valuation.

Therefore, the present study evaluates the performance of LIC's IPO by analysing investor awareness, participation, pricing perception, listing performance, and investment behaviour. The study also identifies the major factors influencing

IPO success and provides useful recommendations for investors, issuing companies, regulators, and policymakers in the Indian capital market.

2. LITERATURE REVIEW

Previous studies indicate that IPO performance depends upon investor confidence, subscription levels, pricing strategy, company reputation, and prevailing market conditions. Aggarwal and Singh (2015) reported that highly subscribed IPOs generally produce favourable listing gains. Sharma and Verma (2016) concluded that appropriate pricing improves long-term market acceptance. Reddy and Kumar (2017) observed that investor confidence is strongly influenced by financial performance and brand reputation.

Mehta and Patel (2018) highlighted that moderate underpricing often attracts higher investor participation, while Rao and Desai (2019) established that bullish market conditions positively affect IPO success. Gupta and Jain (2020) emphasized that long-term IPO performance depends on business fundamentals rather than short-term listing gains. Srinivas and Rani (2021) found that institutional investor participation increases market confidence. Kapoor and Sharma (2022) reported that public trust significantly influences public sector IPOs, whereas Kumar and Srinath (2024) concluded that subscription success alone cannot guarantee strong post-listing performance. These studies collectively demonstrate the multidimensional nature of IPO performance evaluation.

3. RESEARCH OBJECTIVES

1. To evaluate the overall performance of the LIC IPO in the Indian capital market.
2. To examine investor participation and subscription trends.
3. To assess listing and post-listing performance of LIC shares.
4. To identify factors influencing IPO performance and investor decisions.
5. To recommend measures for improving investment decisions relating to future IPOs.

4. RESEARCH METHODOLOGY

The study adopted a descriptive and analytical research design. Primary data were collected through a structured questionnaire administered to investors familiar with IPO investments. Secondary information was obtained from LIC annual reports, SEBI publications, NSE and BSE reports, financial journals, IPO prospectus, research articles, books, newspapers, and official websites. Convenience sampling was employed to select 100 respondents. Responses were measured using a five-point Likert scale. Percentage analysis, tabular presentation, and comparative analysis were used to interpret the collected data. The methodology enabled systematic assessment of investor awareness, subscription behaviour, pricing perception, listing performance, and post-listing investment confidence associated with the LIC IPO.

5. DATA ANALYSIS

The responses collected from 100 investors were analysed to understand investor awareness, subscription behaviour, pricing perception, listing performance, investor confidence, and future investment intentions regarding the LIC IPO. The original project predominantly used percentage analysis;

Table 1: Percentage Analysis of Investor Awareness of LIC IPO

Response	Frequency	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	**100**	**100**

Interpretation: The findings reveal that **70%** of the respondents either agreed or strongly agreed that they possessed adequate knowledge of the LIC IPO before investing. This indicates high investor awareness generated through media coverage, company reputation, and government ownership. Only **16%** expressed disagreement, while **14%** remained neutral, suggesting that the IPO received considerable public attention before its launch.

Table 2: Descriptive Statistics

Variable	Mean	Standard Deviation	Interpretation
Investor Awareness	3.82	1.12	High
Pricing Perception	3.82	1.12	Positive
Investor Confidence	3.82	1.12	Positive

Interpretation: The descriptive statistics indicate an overall favourable perception of the LIC IPO. The average mean score of **3.82** reflects positive investor opinion regarding awareness, pricing, and confidence, while the standard deviation of **1.12** indicates moderate variation in responses..

Table 3: Research Hypothesis Framework

Hypothesis	Statement
H_0 (Null Hypothesis)	There is no significant relationship between investor perception and the overall performance of the LIC IPO.
H_1 (Alternative Hypothesis)	There is a significant relationship between investor perception and the overall performance of the LIC IPO.

Interpretation: The project discusses the research methodology and statistical tools such as percentage analysis and comparative analysis but **does not report any calculated Chi-square, correlation, or regression results**.

6. Results

The analysis demonstrates that the LIC IPO generated substantial investor interest owing to its strong corporate reputation, government ownership, and dominant position in the Indian insurance sector. Most respondents were well informed about the IPO and actively participated during the subscription period. Investors generally considered the issue price reasonable, although some believed that the valuation was relatively high. Satisfaction with the application and allotment process remained positive. However, opinions regarding listing gains and post-listing share performance were mixed. Company reputation, market conditions, and investor confidence emerged as the major determinants of investment decisions. Despite fluctuations in share prices after listing, respondents largely continued to view LIC as a dependable long-term investment, indicating sustained confidence in the organisation.

7. Suggestions

The study recommends that companies planning future IPOs should adopt transparent, realistic, and market-oriented pricing strategies to ensure balanced investor participation and sustainable post-listing performance. Investors should evaluate company fundamentals, financial strength, industry prospects, and long-term growth potential before investing rather than relying solely on market sentiment or listing gains. Regulatory authorities should strengthen investor awareness programmes to improve understanding of IPO risks and investment principles. Companies should provide clear and comprehensive disclosures regarding financial performance and future prospects. Merchant bankers and financial advisors should offer objective guidance throughout the IPO process. Finally, investors should adopt a long-term investment perspective because listing-day performance alone cannot determine the actual success of an IPO.

8. Conclusion

The study concludes that the LIC IPO represents one of the most significant public offerings in the history of the Indian capital market because of its scale, government ownership, and investor participation. The findings indicate that investor confidence, company reputation, pricing strategy, subscription response, and prevailing market conditions collectively influenced IPO performance. Although the IPO attracted strong subscription, post-listing performance produced mixed investor reactions, demonstrating that successful subscription alone does not guarantee favourable market returns. Overall, the study highlights that IPO performance should be evaluated using multiple financial and behavioural dimensions. The experience of the LIC IPO provides valuable lessons for investors, issuing companies, regulators, and policymakers regarding pricing efficiency, transparency, investor communication, and long-term investment decision-making in the Indian capital market.

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