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## Determinants of IPO Underpricing in the National Stock Exchange of India

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### Abstract

The National Stock Exchange (NSE) is India's first fully demutualized stock exchange. It is also the largest exchange in India in terms of volumes in both equity and derivatives segments. The previous studies on Initial Public Offerings (IPOs) in India have been largely confined to the Bombay Stock Exchange (BSE). This study looks at the pricing of IPOs in the NSE. In particular, it seeks to empirically explain the first day under pricing in terms of the demand generated during the book building of the issue, the listing delay between the closure of the book building and the first day listing of the issue and the money spent on the marketing of the IPO by the firms. It also seeks to understand any emerging patterns in Indian IPO market with reference to the previous studies. Moreover it seeks to find the post IPO returns for one month in the NSE. The results suggest that the demand generated for an issue during book building and the listing delay positively impact the first day under pricing whereas the effect of money spent on the marketing of the IPO is insignificant. We also find that in consonance with extant literature, the post IPO performance in one month after the listing for the firms under study is negative.

**Keywords:** National Stock Exchange (NSE), Initial Public Offerings (IPOs), Under Pricing[Suggested Citation](#) >[Show Contact Information](#) >

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