Retail Investor Behaviour in SME IPOs: Analyzing Decision-Making Factors, Sentiment Influence, and Market Implications in India.

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Abstract: *Capital formation, Economic growth and investor participation has direct relationship with Initial Public Offering (IPO) in India. To be precise, SME IPOs have grown as a noteworthy avenue for small and medium-sized enterprises to raise funds and expand operations. In general retails investor are one of the main participants in the IPO ecosystem, leading to market liquidity, risk diversification, and sentiment-driven demand. The study aims to examines behaviour of retail investors in SME IPO subscriptions, concentrating on factors influencing their decision-making, trust in financial disclosures, and the role of sentiment in investment choices. The results of this research will infer valuable insights for investors, underwriters, and regulators to improve SME IPO processes, enhance investor confidence, and mitigate risks associated with such investments. So, understanding the be behavioural patterns of retail investors, policymakers will be assisting in developing strategies to foster a more inclusive and efficient capital market in India in the longer run.*

Keywords: - IPO, Retail Investors, SME IPO, Investment Behaviour, Decision Making

I. Introduction: -

Initial public offerings, or IPOs, are important in the Indian financial market. Capital formation, economic expansion, investor involvement, market development, and setting valuation standards all depend on initial public offerings (IPOs). They support the development of the Indian financial industry as a whole, providing businesses the chance to acquire capital, and allow investors to take part in the expansion of potential businesses. Retail investors are crucial to the initial public offering (IPO) market because they expand the number of investors, produce feedback, diversify risks, add liquidity, offer indications of market sentiments, promote stability, and promote inclusive development with financial inclusion and promote investor education and awareness. Their involvement makes the IPO market more efficient and enthusiastic overall and fosters a more diverse investor environment Arora A.K, Kumar S, and Kansal A (2024)

Several academic studies have examined the trends and determinants of IPO and SME IPOs market activity in India. A research paper by Lerner and Scholar (2005) and Arora A.K Kumar S and Kansal A (2024) observed that many factors, such as economic liberalization and regulatory changes, contributed to the notable growth of the Indian IPO and SME IPO markets in the early 2000s. This study is an essential tool for understanding the history of the Indian IPO market's growth. Understanding the increase in IPO and SME IPO activity requires an understanding of investor sentiment. Academic studies have discovered a link between investor sentiment and IPO market trends. The Indian government's initiatives to promote investment and entrepreneurship have had a major role in the growth of the IPO and SME IPO markets. The "Make in India" and "Startup India" initiatives have been the subject of numerous investigations and evaluations.

This study aims to understand how retail investors behave during SME IPO subscriptions by looking at the elements that affect their decision-making, how much they trust the information, and how sentiment plays a part in their choices. Investors, underwriters, and regulators can all benefit from the study's conclusions since they provide insight into how to enhance the SME IPO procedure, boost investor involvement, and reduce the risk involved in SME IPO investments. Market players would benefit from this study's insights regarding retail investors' behavior in SME IPOs, which would then assist regulators in developing well-thought-out measures for protecting investors and fostering market efficiency.

II. Literature Review:-

The literature study emphasizes the importance of understanding the investing behavior of retail investors during initial public offerings (IPOs) and SME IPOs. It is evident that a variety of factors, including investor emotion, financial literacy, underpricing, and behavioral biases, affect investing decisions. The role of social media, the existence of herding behavior, and the necessity of regulation to safeguard individual investors are all revealed by research conducted in India. The results of these studies serve as the foundation for additional research on how retail investors behave during Indian SME IPOs.

Srivastava et al. (2021) they sought to identify the reasons attributed to the oversubscription of SME IPOs. This study revealed that certain features, in particular the listing delays, issue price and issue sizes, had a negative effect on the subscriptions, while others, for example, under-pricing and business size had a positive impact. Singh and Anand (2020) studied the return patterns of SME IPOs during the first day of listing at the Bombay Stock Exchange and found that in terms of the listing day, SME IPOs produced positive returns on investment for their shareholders. It was also found that the subscription amount influenced the return. The higher the subscription rate, the better the return, and vice versa.

Numerous researches have focused on retail investor's behaviour while investing in IPOs. Bandyopadhyay and Das (2019) examined the impact of investor attitude on IPO subscriptions and identified data that may point to a trend of sentiment-driven investing. Age (20–40), gender, education, occupation, and income level were deemed the most significant elements when they made an investment decision, according to Bhat (2018).

Gnawali (2020) examined the opinions of investors in the Kathmandu district of Nepal regarding initial public offerings. This study's primary goal was to ascertain investors' perceptions of initial public offerings. Using both descriptive and explanatory methods, the study discovered that market information and firm performance and reputation had a substantial impact on IPO investment decisions. Srinivas and Rao (2017) attempted to determine the factors influencing the decision of retail individual investors to invest in an initial public offering (IPO). They discovered that people are driven to invest by capital growth and investment safety. Most respondents only made investments for a relatively little period of time—less than three months. Investors believed that the company's reputation, current financial standing, corporate profit, government ownership, and promoter's stake in the business were the most crucial considerations when making an investment in the main market. The least important factors were the issue's first public offering size, market participants' disclosure, and the minimum investment amount (Joshi and Chawla, 2015).

An IPO enables a company to raise finance by making its shares available to the general public. The purpose of this study was to ascertain how investors felt about initial public offerings (IPOs) following the COVID-19 epidemic. With questionnaires serving as the primary tool, 120 participants employed a convenience sampling strategy and a descriptive research design. The findings showed that the company's name had a significant impact on investors' money, indicating that the amount of money allocated to IPOs is probably going to rise in the future. Investors must therefore carefully analyze all of the factors before making an initial public offering (IPO)(Bhuvaneswari & Varghese, 2022).

The study by Nadeem et al. (2020) sought to comprehend how prospective investors' perceptions of money relate to the stock market. Responses to the poll were gathered using the concept of planned behavior. Confirmatory factor analysis and the structural equation model (SEM) were used to test the correlations. It was discovered that "money centrism" had a major role in deciding whether or not to enter the stock market, with risk attitude acting as a partial mediator. Additionally, it demonstrated that self-efficacy and financial literacy positively moderated the association. Future research could examine additional factors including personal value and expand the study's sample size. By selling its shares to investors, an organization can generate liquidity through an initial public offering (IPO).

However, the stock value is always changing due to market fluctuations. It has been proposed to use AI techniques to forecast the IPO's outcome, but regrettably, this approach cannot guarantee accuracy and is only capable of using a small quantity of data. To address these problems, a regression approach backed by AI models was also suggested. Munshi et al. (2022) found that the XG-Boost regressor outperformed all other regressors, with a forecast accuracy of 91.95% on current IPO returns.

III.Gap Analysis: -

To investigate current research trends and pinpoint possible future research topics, bibliometric analysis is used. This study helps academics come up with concepts for future research. Only 13 studies were located in India, and none of them were in the Jamshedpur area, according to the Scopus database. To find out the reasons behind their decision, we also looked at respondents who declined to take part in SME IPOs in our present study. There is a notable lack of research on the particular attitudes, beliefs, and decision-making processes of retail investors in SME IPOs, while the majority of earlier studies focused on investor behavior with reference to SME IPO investments. Given that a sizable portion of SME IPO participants are retail investors, more study concentrating on this specific group is imperative.

IV.Objective of the Study: -

- To identify the factors (both demographic and others) that impact the decision-making processes of retail investors.
- To identify the factors that are significant for the listing of SME IPOs at a profit.

V. Need of the Study: -

The study focuses on the participation of retail investors in SME IPOs, examining the factors that influence their investment decisions, the role of investor sentiment, and the impact of market conditions and regulatory frameworks. The study aims to provide insights into improving SME IPO processes, and enhancing investor confidence in Jamshedpur region.The study will help retail investors make informed decisions, improving participation in SME IPOs.

VI. Research Methodology: -

VI.1 Data Sources- Information was collected via surveys distributed to a sample of retail investors in the Jamshedpur area, regardless of their participation status.

VI.2 Tools and Techniques- The gathered data were analysed through regression analysis, t-tests, and descriptive statistics.

VI.3 Periodicity- This cross-sectional survey was conducted from July to October 2024.

VI.4 Sampling Technique and Sample Size- Convenient sampling technique was utilised in this study. 388 Respodents who respond the questionnaire.

VII. Data Analysis and Interpretation:-

Figure 1. Conceptual Framework
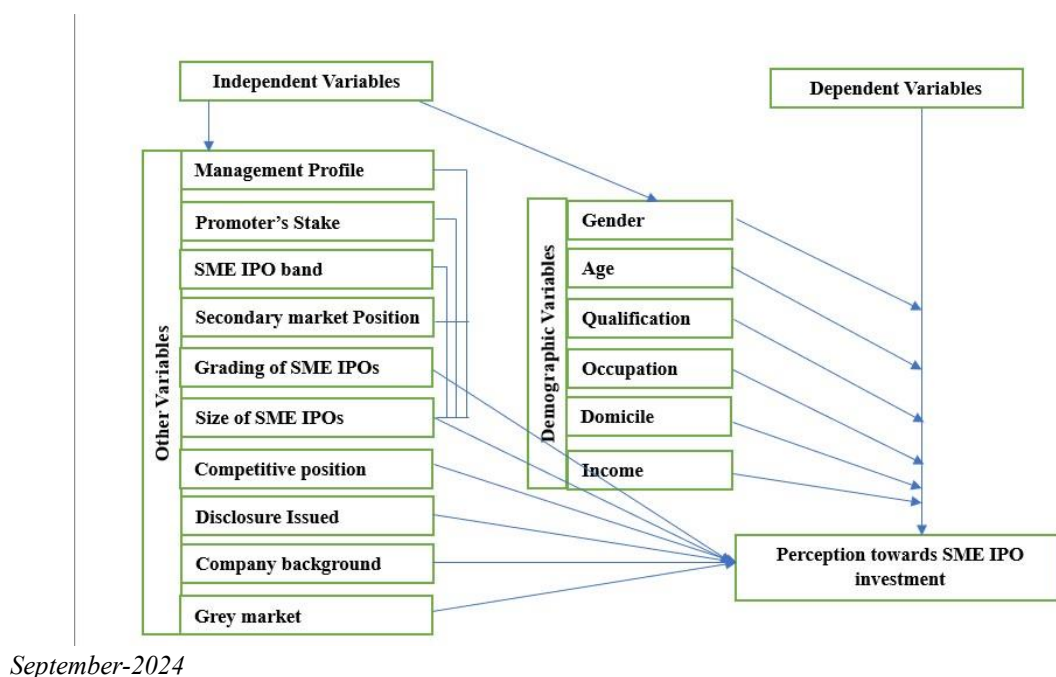
Source: - Indian Journal of Finance-September-2024

SME IPOs listed from July 1st, 2024 to October 31st, 2024

S. No	Issuer Company	Listing Date	Issue Size (In Cr.)	Subscribed (times)	Issue Price (In Rs.)	Listing Price (In Rs.)	Profit & Loss %

1	Shivalic Power Control Limited IPO	July 01, 2024	64.32	230.14	100.00	311.00	211.00
2	Visaman Global Sales Limited IPO	July 01, 2024	16.05	51.54	43.00	45.10	4.88
3	Mason Infratech Limited IPO	July 01, 2024	30.46	36.59	64.00	88.00	37.50
4	Sylvan Plyboard (India) Limited IPO	July 01, 2024	28.05	84.11	55.00	66.00	20.00
5	Petro Carbon and Chemicals Limited IPO	July 02, 2024	113.16	74.34	171.00	300.00	75.44
6	Divine Power Energy Limited IPO	July 02, 2024	22.76	507.93	40.00	155.00	287.50
7	Akiko Global Services Limited IPO	July 02, 2024	23.11	45.57	77.00	98.00	27.27
8	Diensten Tech Limited IPO	July 03, 2024	22.08	35.87	100.00	240.00	140.00
9	Nephro Care India Limited IPO	July 05, 2024	41.26	634.12	90.00	171.00	90.00
10	Ambey Laboratories Limited IPO	July 11, 2024	44.68	195.06	68.00	85.00	25.00
11	Ganesh Green Bharat Limited IPO	July 12, 2024	125.23	229.92	190.00	361.00	90.00
12	Effwa Infra & Research Limited IPO	July 12, 2024	51.27	353.07	82.00	155.80	90.00
13	Sahaj Solar Limited IPO	July 19, 2024	52.56	535.03	180.00	342.00	90.00
14	Three M Paper Boards Limited IPO	July 22, 2024	39.83	32.78	69.00	76.00	10.14
15	Prizor Viztech Limited IPO	July 22, 2024	25.15	264.20	87.00	165.30	90.00
16	Sati Poly Plast Limited IPO	July 22, 2024	17.36	670.62	130.00	247.00	90.00
17	Aelea Commodities Limited IPO	July 22, 2024	51.00	24.07	95.00	165.00	73.68
18	Tunwal E-Motors Limited IPO	July 23, 2024	115.64	16.66	59.00	64.00	8.47
19	Macobs Technologies Limited IPO	July 24, 2024	19.46	176.87	75.00	96.00	28.00
20	Kataria Industries Limited IPO	July 24, 2024	54.58	274.52	96.00	182.40	90.00
21	RNFI Services Limited IPO	July 29, 2024	70.81	142.62	105.00	199.50	90.00
22	SAR Televenture Limited IPO	July 29, 2024	150.00	6.51	210.00	225.05	7.17
23	VVIP Infratec Limited IPO	July 30, 2024	61.21	114.07	93.00	176.70	90.00
24	V.L. Infra Projects Limited IPO	July 30, 2024	18.52	844.22	42.00	79.80	90.00
25	Manglam Infra and Engineering Limited IPO	July 31, 2024	27.62	371.72	56.00	106.40	90.00
26	Chetana Education Limited IPO	July 31, 2024	45.90	135.11	85.00	98.90	16.35
27	Trom Industries Limited IPO	Aug 1, 2024	31.37	483.14	115.00	218.50	90.00
28	Aprameya Engineering Limited IPO	Aug 1, 2024	29.23	187.88	58.00	72.00	24.14
29	Clintech Laboratory Limited IPO	Aug 1, 2024	5.78	73.34	96.00	115.00	19.79
30	Esprit Stones Limited IPO	Aug 2, 2024	50.42	145.75	87.00	93.15	7.07
31	S A Tech Software India Limited IPO	Aug 2, 2024	23.01	621.77	59.00	112.10	90.00
32	Ashapura Logistics Limited IPO	Aug 6, 2024	52.66	174.21	144.00	185.00	28.47
33	Rajputana Industries Limited IPO	Aug 6, 2024	23.88	524.61	38.00	72.20	90.00

34	Sathlokhar Synergys E & C Global Limited IPO	Aug 6, 2024	92.93	160.47	140.00	260.00	85.71
35	Kizi Apparels Limited IPO	Aug 6, 2024	5.58	88.42	21.00	23.15	10.24
36	Blukcrop International Limited IPO	Aug 6, 2024	20.78	362.17	105.00	130.00	23.81
37	Utssav Cz Gold Jewels Limited IPO	Aug 7, 2024	69.50	46.71	110.00	110.05	0.05
38	Dhariwalcrop Limited IPO	Aug 8, 2024	25.15	183.89	106.00	150.00	41.51
39	Pictures Post Studios Limited IPO	Aug 9, 2024	18.72	308.09	24.00	30.00	25.00
40	Afcom Holding Limited IPO	Aug 9, 2024	73.83	328.86	108.00	205.20	90.00
41	Aesthetik Engineers Limited IPO	Aug 16, 2024	26.47	461.58	58.00	110.20	90.00
42	Sunlite Recycling Industries Limited IPO	Aug 20, 2024	30.24	252.00	105.00	199.50	90.00
43	Positron Energy Limited IPO	Aug 20, 2024	51.21	351.90	250.00	475.00	90.00
44	Solve Plastic Products Limited IPO	Aug 21, 2024	11.85	46.76	91.00	102.00	12.09
45	Broach Lifecare Hospital Limited IPO	Aug 26, 2024	4.02	356.57	25.00	47.50	90.00
46	Brace Port logistics Limited IPO	Aug 26, 2024	24.41	588.47	80.00	167.55	109.44
47	Forcas Studio Limited IPO	Aug 26, 2024	37.44	415.82	80.00	152.00	90.00
48	Idea Technoplast Industries Limited IPO	Aug 28, 2024	16.03	115.57	121.00	132.10	9.17
49	QVC Exports Limited IPO	Aug 28, 2024	24.07	418.64	86.00	161.00	87.21
50	Resourceful Automobile Limited IPO	Aug 29, 2024	11.99	611.12	117.00	117.00	0.00
51	Rapid Multimodal Logistics Limited IPO	Aug 30, 2024	8.49	211.69	84.00	103.00	22.62
52	Indian Phosphate Limited IPO	Sep 03, 2024	67.36	243.02	99.00	188.10	90.00
53	Jay Bee Laminations Limited IPO	Sep 03, 2024	88.96	87.88	146.00	277.40	90.00
54	Vdeal System Limited IPO	Sep 03, 2024	18.08	76.64	112.00	170.00	51.79
55	Paramatrix Technologies Limited IPO	Sep 04, 2024	33.84	11.86	110.00	115.05	4.59
56	Aero Composite Limited IPO	Sep 04, 2024	56.10	33.77	125.00	150.00	20.00
57	Travels & Rentals Limited IPO	Sep 05, 2024	12.24	532.65	40.00	55.00	37.50
58	Boss Packaging Solutions Limited IPO	Sep 06, 2024	8.41	165.29	66.00	82.50	25.00
59	Jeyyam Global Foods Limited IPO	Sep 09, 2024	81.94	70.43	61.00	61.00	0.00
60	Naturewings Holidays Limited IPO	Sep 10, 2024	7.03	759.12	74.00	95.00	28.38
61	Namo eWaste Management Limited IPO	Sep 11, 2024	51.20	195.54	85.00	161.50	90.00
62	Mach Conference and Event Limited IPO	Sep 11, 2024	125.28	153.98	225.00	300.00	33.33
63	My Mudra Fincorp Limited IPO	Sep 12, 2024	33.26	108.77	110.00	130.00	18.18
64	Vision Infra Equipment Solutions Limited IPO	Sep 13, 2024	106.21	24.14	163.00	205.00	25.77
65	Gajanand International Limited IPO	Sep 16, 2024	20.65	24.18	36.00	42.00	16.67

66	Share Samadhan Limited IPO	Sep 16, 2024	24.06	28.40	74.00	73.04	-1.30
67	Shubashree Biofuels Energy Limited IPO	Sep 16, 2024	16.56	135.65	119.00	189.00	58.82
68	Aditya Ultra Steel Limited IPO	Sep 16, 2024	45.88	23.26	62.00	69.90	12.74
69	SPP Polymer Limited IPO	Sep 17, 2024	24.49	59.87	59.00	63.00	6.78
70	Innomet Advanced Materials Limited IPO	Sep 18, 2024	34.24	226.97	100.00	190.00	90.00
71	Excellent Wires and Packaging Limited IPO	Sep 19, 2024	12.60	32.00	90.00	78.00	-13.33
72	Sodhani Academy of Fintech Enablers Limited IPO	Sep 23, 2024	6.12	576.28	40.00	53.00	32.50
73	Popular Foundations Limited IPO	Sep 24, 2024	19.87	27.98	37.00	37.00	0.00
74	Deccan Transcon Leasing Limited IPO	Sep 24, 2024	65.06	120.22	108.00	116.00	7.41
75	Envirotech Systems Limited IPO	Sep 24, 2024	30.24	64.16	56.00	106.40	90.00
76	Pelatro Limited IPO	Sep 24, 2024	55.98	12.58	200.00	275.00	37.50
77	Osel Devices Limited IPO	Sep 24, 2024	70.66	206.07	160.00	198.05	23.78
78	Paramount Speciality Forgings Limited IPO	Sep 25, 2024	32.34	41.35	59.00	83.00	40.68
79	Kalana Ispat Limited IPO	Sep 26, 2024	32.59	74.51	66.00	45.15	-31.59
80	Avi Ansh Textile Limited IPO	Sep 27, 2024	25.99	11.38	62.00	68.00	9.68
81	Phoenix Overseas Limited IPO	Sep 27, 2024	36.03	148.43	64.00	64.00	0.00
82	SD Retail Limited IPO	Sep 27, 2024	64.98	65.25	131.00	145.00	10.69
83	BikeWo Green Tech Limited IPO	Sep 27, 2024	24.09	61.04	62.00	45.00	-27.42
84	Rappid Valves (India) Limited IPO	Sep 30, 2024	30.41	109.09	222.00	312.00	40.54
85	WOL 3D India Limited IPO	Sep 30, 2024	25.56	368.47	150.00	180.00	20.00
86	Thinking Hats Entertainment Solutions Limited IPO	Oct 03, 2024	15.09	347.64	44.00	60.00	36.36
87	Unilex Colours and Chemicals Limited IPO	Oct 03, 2024	31.32	35.11	87.00	89.00	2.30
88	TechEra Engineering Limited IPO	Oct 03, 2024	35.90	66.52	82.00	125.00	52.44
89	Nexxus Petro Industries Limited IPO	Oct 04, 2024	19.43	21.32	105.00	126.00	20.00
90	Forge Auto International Limited IPO	Oct 04, 2024	31.10	61.95	108.00	113.00	4.63
91	Sahasra Electronics Solutions Limited IPO	Oct 04, 2024	186.16	74.85	283.00	537.70	90.00
92	Divyadhan Recycling Industries Limited IPO	Oct 04, 2024	24.17	32.43	64.00	84.00	31.25
93	HVAX Technologies Limited IPO	Oct 07, 2024	33.53	26.69	458.00	486.00	6.11
94	Saj Hostels Limited IPO	Oct 07, 2024	27.63	8.65	65.00	55.00	-15.38
95	Subam Papers Limited IPO	Oct 08, 2024	93.70	66.57	152.00	154.00	1.32

96	Paramount Dye Tec Limited IPO	Oct 08, 2024	28.43	36.26	117.00	101.70	-13.08
97	Neo Politan Pizza and Foods Limited IPO	Oct 09, 2024	12.00	74.15	20.00	19.25	-3.75
98	Khyati Global Ventures Limited IPO	Oct 11, 2024	18.30	44.82	99.00	105.00	6.06
99	Shiv Texchem Limited IPO	Oct 15, 2024	101.35	86.96	166.00	239.00	43.98
100	Pranik Logistics Limited IPO	Oct 17, 2024	22.47	97.21	77.00	79.00	2.60
101	Lakshya Powertech Limited IPO	Oct 23, 2024	49.91	590.26	180.00	342.00	90.00
102	Freshara Agro Exports Limited IPO	Oct 24, 2024	75.39	180.80	116.00	135.00	16.38
103	Premium Plast Limited IPO	Oct 28, 2024	26.20	65.37	49.00	51.45	5.00
104	OBSC Perfection Limited IPO	Oct 29, 2024	66.02	16.20	100.00	110.00	10.00
105	United Heat Transfer Limited IPO	Oct 29, 2024	30.00	98.93	59.00	60.95	3.31
106	Danish Power Limited IPO	Oct 29, 2024	197.90	79.88	380.00	570.00	50.00
107	Usha Financial Services Limited IPO	Oct 31, 2024	98.45	22.43	168.00	164.00	-2.38
	Average						43.50

Source: Chittorgarh (2024).

***Demographic profile of the respondents*: -**

Based on below response it is revealed that of the 388 respondents, around 59% were male and 41% were female. Most of the respondents were in the age of 38-47 i.e. 44.1%, followed by the age 18-27 in this bracket i.e. 21.6%. 33% of respondents were undergraduate and 30.9% respondents were professionals. 23.5% of the respondents belong to the health care sector, followed by the self-employed/freelancer and education sector respectively i.e. 22.2% and 20.1%. 49.5% of the respondents fell into the income group of 50,000-1,00,000 lakhs, followed by the income group of less than Rs. 20,000 and Rs. 1,00,000-2,00,000 respectively i.e. 20.9% and 16.8%. Also graphs represent the normal curve of the data which are collected from the respondents in the city of Jamshedpur.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	229	59.0	59.0	59.0
	Female	159	41.0	41.0	100.0
	Total	388	100.0	100.0	

Source: SPSS Software

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-27	84	21.6	21.6	21.6
	28-37	67	17.3	17.3	38.9

	Frequency	Percent	Valid Percent	Cumulative Percent
38-47	171	44.1	44.1	83.0
47+	66	17.0	17.0	100.0
Total	388	100.0	100.0	

Source: SPSS Software

Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undergraduate	128	33.0	33.0	33.0
	Post-Graduate	55	14.2	14.2	47.2
	Ph.D.	85	21.9	21.9	69.1
	Professional	120	30.9	30.9	100.0
	Total	388	100.0	100.0	

Source: SPSS Software

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government	76	19.6	19.6	19.6
	Private Company	16	4.1	4.1	23.7
	Public Sector Undertaking	16	4.1	4.1	27.8
	Education	78	20.1	20.1	47.9
	Professional	25	6.4	6.4	54.4
	Health Care	91	23.5	23.5	77.8
	Self-Employed/Freelancer	86	22.2	22.2	100.0
	Total	388	100.0	100.0	

Source: SPSS Software

Monthly Gross Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20,000	81	20.9	20.9	20.9
	20,000-50,000	50	12.9	12.9	33.8
	50,000-1,00,000	192	49.5	49.5	83.2
	1,00,000-2,00,000	65	16.8	16.8	100.0
	Total	388	100.0	100.0	

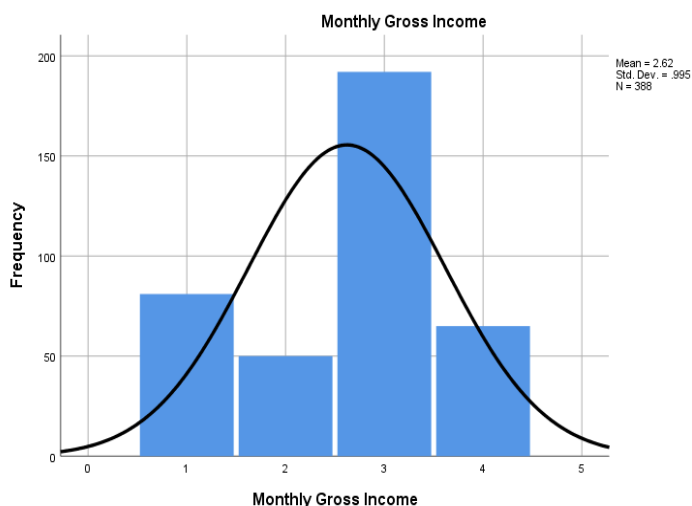Source: SPSS Software
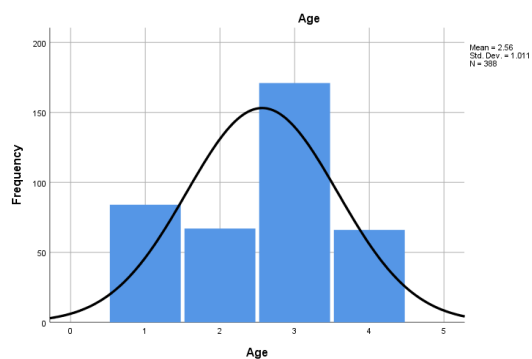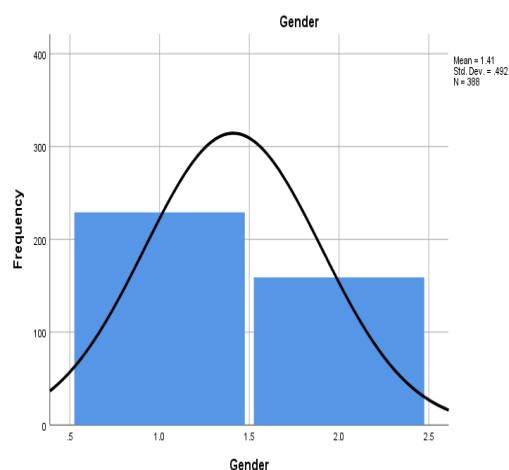
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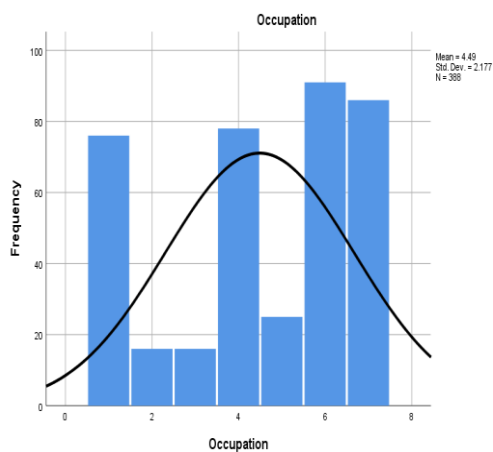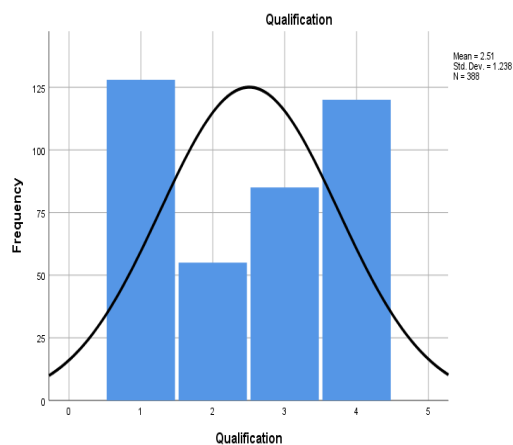
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Source: Software

Thirteen elements were discovered from the prior art, and a question was posed to the respondents in order to ascertain that impact the retail investor's decision-making process. The respondents were asked to rate all these on a Likert scale of 1 to 5 i.e. strongly disagree to strongly agree. The grand mean of all 13 factors is considered the test value to apply the t-test which is 4.06. The outcome of the test is presented in below.

We can interpret that all 13 factors are found to be significant factor for deciding on the SME IPOs. This because the p-value is less than 5% i.e. 0.05.

T-Test: Factor Influencing Retail Investor's Decision-Making Processes

One-Sample Test

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Goodwill	77.308	387	.000	4.062	3.96	4.17
Current Financial Position of the Company	49.080	387	.000	3.232	3.10	3.36
Management Profile	49.682	387	.000	3.369	3.24	3.50
Promoter's Stake in Company	70.480	387	.000	3.920	3.81	4.03
Promoter's History	50.147	387	.000	3.191	3.07	3.32
IPO Price Band-Issue Price	47.493	387	.000	3.240	3.11	3.37
Current Position of Secondary Market	58.719	387	.000	3.433	3.32	3.55
Grading of IPOs	54.026	387	.000	3.387	3.26	3.51
Size of IPOs Issued	55.220	387	.000	3.469	3.35	3.59
Competitive Position	65.160	387	.000	3.590	3.48	3.70
Disclosure by Market Participants	54.024	387	.000	3.479	3.35	3.61
Company Background	60.253	387	.000	3.662	3.54	3.78
Grey Market Premium	65.233	387	.000	4.119	3.99	4.24

Source: SPSS Software

**Recently Listed IPOs in 2024:**

The following are the details of 107 SME companies' IPO listed from July 1st, 2024 to October 31st 2024. The above table display the issue size, subscribed times, issue price, listed price and gain/loss.

The above table revealed the eight of the 107 IPOs that were launched during the period were listed at a loss, four at no profit and eight at less than 5 precent profit and remaining 87 were listed at a gain. All of the SME IPOs have an average return of 43.50%.

| Call:				
lm (formula = Profit ~ Issue + Sub + Price)				
Residuals:				
Min	1Q	Median	3Q	Max
-87.856	2.885	-7.085	18.846	206.958
Coefficients:				
	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	6.91291	9.06427	0.763	0.4474
Issue	0.33482	0.14186	2.360	0.0201 *
Sub	0.13280	0.02083	6.376	5.23e-09 ***
Price	-0.03615	0.07546	-0.479	0.6329

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1				
Residual standard error: 40.93 on 103 degrees of freedom				
Multiple R-squared: 0.2894, Adjusted R-squared: 0.2687				
F-statistic: 13.98 on 3 and 103 DF, p-value: 1.027e-07				

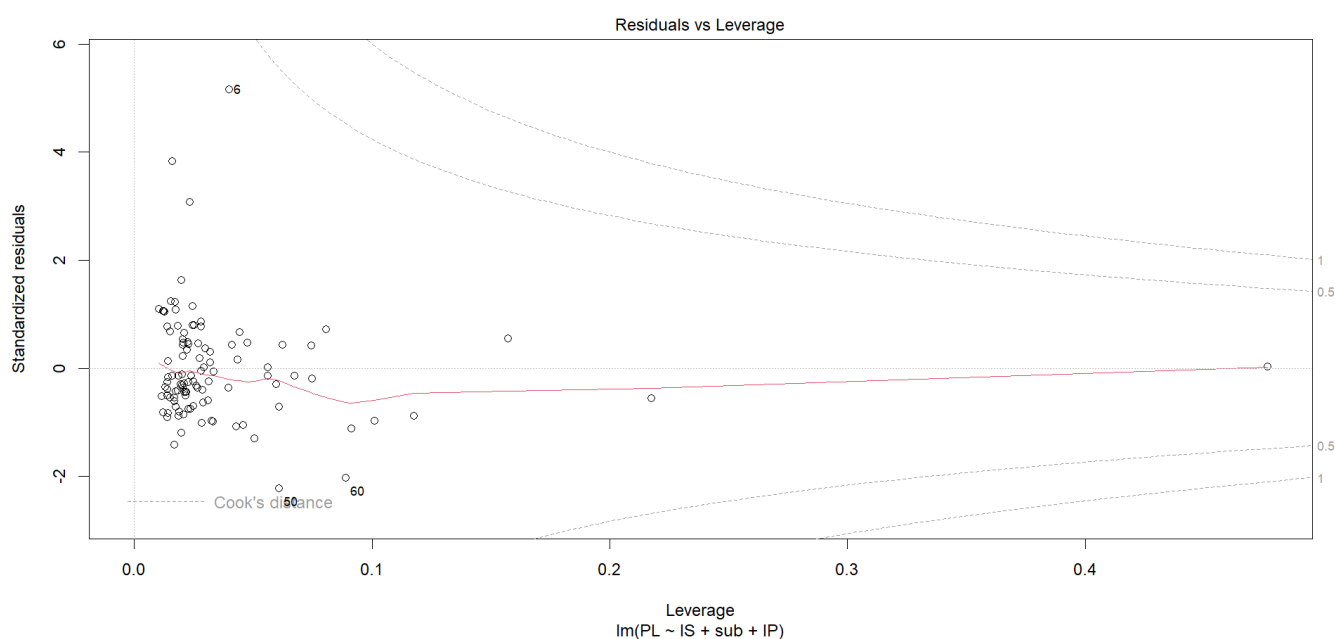Source: R-Studio Software
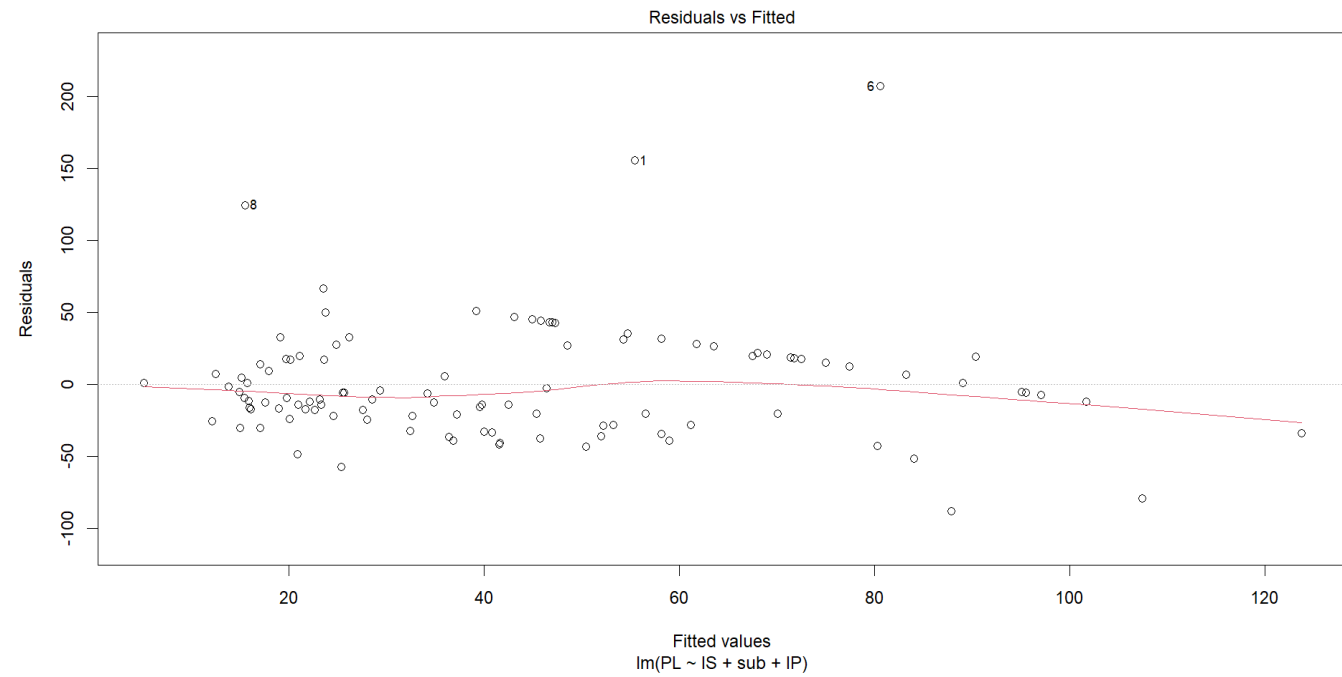
Source: R-Studio Software
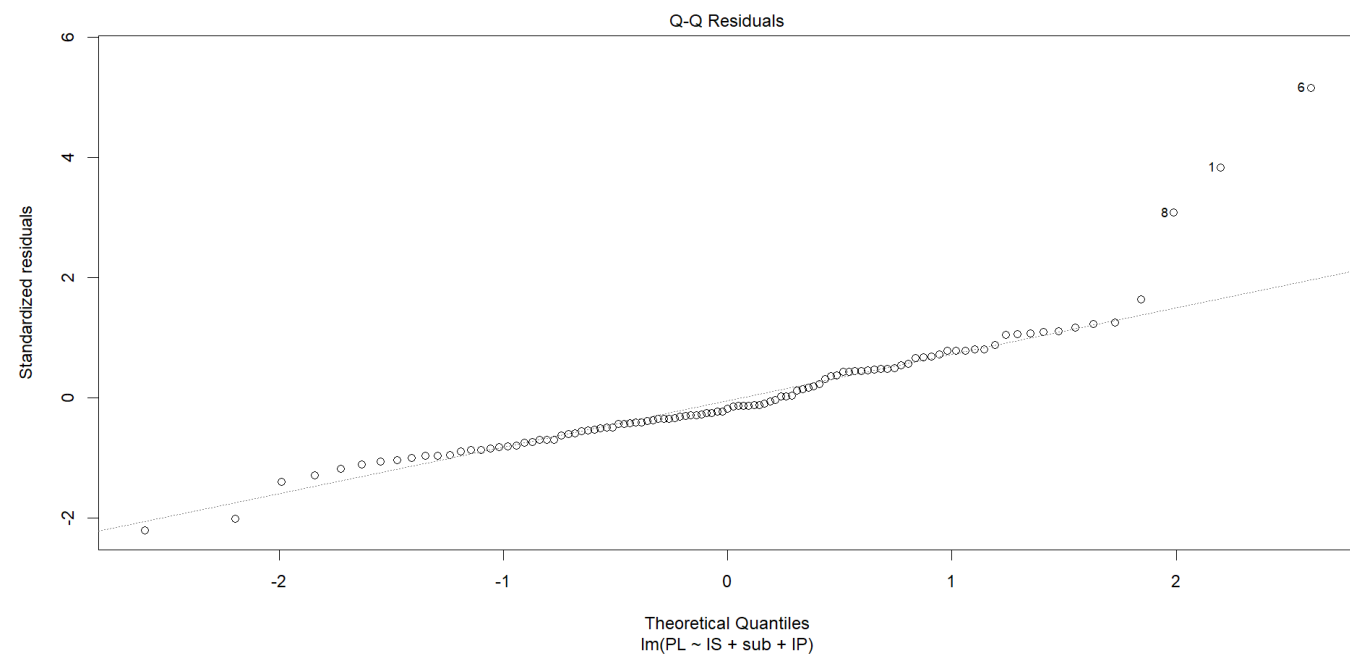
Source: - R-Studio Software
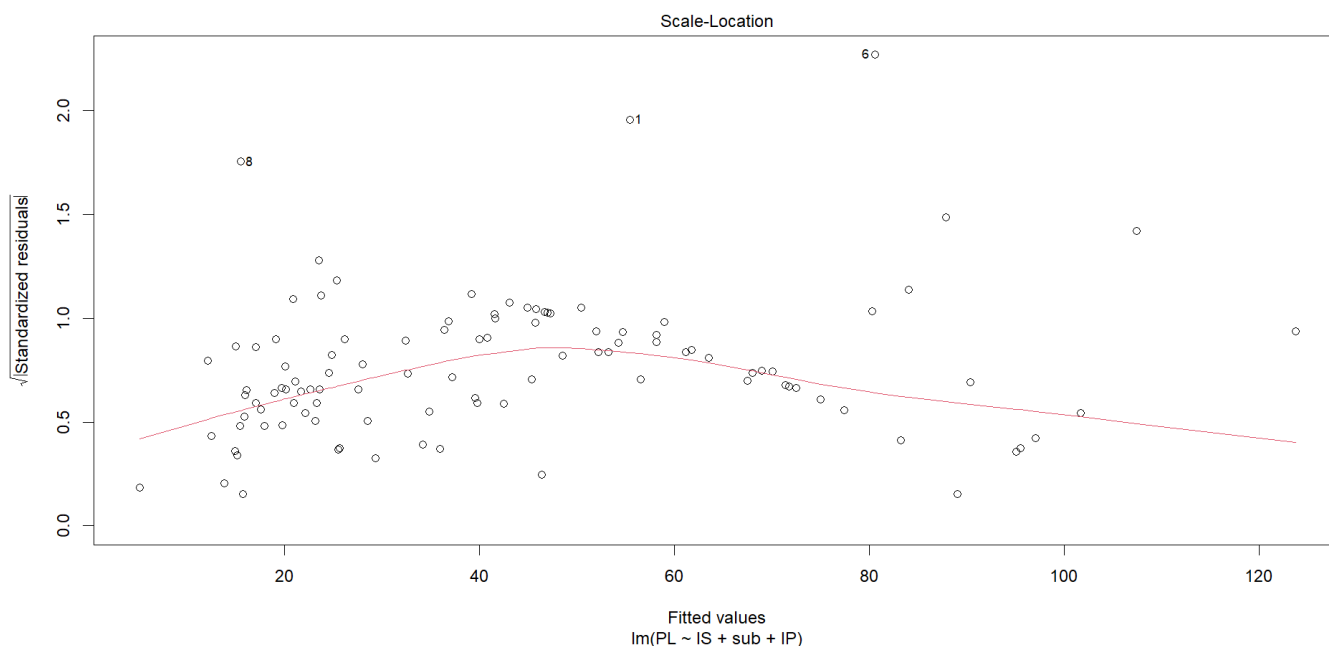
Source: R-Studio

Software

Source: R-Studio

Software

The first plot is the residual plot, an evaluation of the residuals of the model against the fitted values produced the model, and is most important plot because it can tell us about trends in the residual, evidence of the heteroskedasticity and possible outliers. The plot for this model indicates that model is systematically underpredicting the lower values of profit and overpredicting the higher values of profit. Although the residuals seem to be evenly spread around 0 for all fitted values, the range of the residuals at each fitted value appears to be the same, so graph revealed that is no evidence of heteroskedasticity.

The inference of next plot as QQ-Plot has maximum points on the line which indicates that residuals are coming from normal distribution. There are some points straying from the line in the lower and upper quantiles of the plot. Also, apparently these points do not come from a normal distribution.

Also, the third plot created is the scale location plot and it is alike to the residual plot, despite its use the square root of the standardized residuals instead of the residuals themselves. Also, it makes a pattern in residuals more evident, in addition it is obvious to be U-shaped trends.

To summarize, we found the leverage plot and it portrays standardized residuals contrary to their leverage also implies the Cook's distance boundaries. And any point outside of those boundaries will be an outliner in the X direction. So, boundaries are not visible on our plot, it can be concluded that we have no outliers.

VIII. Findings of the study: -

➢ The analysis specifies that the independent factor account for 26.87% of the variation and the value of multiple R-Squared 28.94%. The impact of issue size, subscribed times and issue price on the listing gain is not significance because the significance value is less than 0.05 and the F-value is 13.98, we can accomplish that the model is significant.

➢ The result indicated that the number of times an SME IPO is subscribed is crucial for the listing profit, but issue size and issue price are not significant variables for the listing profit. After the analysis we can suggest that the higher subscribed SME IPOs are listed at a premium on the day of listing.

IX. Practical Implications: -

The practical implications of the study on retail investor behavior in SME IPO subscriptions in India are significant for multiple stakeholders, including investors, underwriters, SMEs, and regulators.

X. Conclusion: -

The study on retail investor behavior in SME IPO subscriptions offers crucial insights into how individual investors participate in the capital markets, especially in the context of small and medium-sized enterprises. Retail investor plays an important role in the IPO ecosystem, influencing market liquidity, risk diversification, and investor sentiment. Understanding all the factors that drive their decision-making, including fostering trust in financial disclosures, market sentiment, and the overall perception of SME growth potential, can lead to more informed investment choices and a more transparent, efficient, and inclusive capital market.

Particularly retail investors, the research underscores an improved decision-making process, risk awareness, and confidence in financial information. It also highlights the need for better engagement and communication strategies from underwriters, financial advisors, and SMEs, ensuring that the IPO process aligns with investor expectations and fosters trust. Furthermore, regulators can use the conclusions to draft policies that protect retail investors, enhance transparency, and ensure the long-term sustainability of the SME IPO market in India.

In general, the findings of this study will contribute in improving investor participation in SME IPOs, fostering a more resilient capital market in India.

By addressing the behavioral nuances of retail investors and strengthening the overall IPO framework, the market can continue to provide small and medium-sized businesses with access to necessary capital, while offering retail investors attractive opportunities for growth and diversification.

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