

## **MONEY MOBILIZATION IN INDIAN PRIMARY CAPITAL MARKET AND MARKET INTERMEDIARIES INCLUDING MERCHANT BANKERS: AN ANALYTICAL STUDY**

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### **ABSTRACT**

*The merchant bankers have a greater role on the capital issue management comprising primary issues (i.e. new issues) and rights issues. In fact, capital is generated in the Indian primary capital market through capital issue management process performed by SEBI registered merchant bankers called book runner lead managers (BRLMs). Corporate finance is raised from the primary capital market through public offers, rights issues and private placement, etc. Public offer is the largest sources of funds from the primary capital market to the company. Basically, an invitation is made by a company to the public to subscribe to its securities offered through prospectus is called as public offers, which can be adopted either under fixed price, book- building method or pure auction method. Public issues are of two types, namely Initial Public Offer (IPO) and Further Public Offer (FPO). The study makes a growth analysis of money mobilization in Indian primary capital market and market intermediaries including merchant bankers during 2000-2001 to 2017-2018. The study finds that maximum growth rate of amount of total issues is felt in year 2003-2004 (471.79 percentages) and second highest growth rate is evident (254.84 percentages) in 2007-2008. The study also finds that the growth rate of intermediaries is lies between +60 to -40 within the study period.*

**KEYWORDS:** *Indian Primary Capital Market, Resource Mobilization, Public Issues, Merchant Bankers.*

### **Introduction**

Every company requires short term as well as long-term finance for continuing its operations effectively. Short-term finance is raised by the organization through approaching various banks and financial institutions, lenders and also accepting fixed deposits from public and shareholders. Long-term finance is met through loans from various entities and also by issue of corporate securities. The initial and subsequent capital issue of securities like equity shares, preference shares, debentures or bonds can be made in the primary market through public issues as well as rights issues. Initial issue of securities is offered to the public through issue of prospectus and subsequently the public subscribe to them in the primary market directly. Usually, internal resource generation is made through issue of bonus shares. In case of rights issue, existing shareholders are given pre-emptive rights to purchase additional securities of the company. In both the cases of right and bonus issues the company has to offer at the first instance to the existing holders of the securities on a pro-rata basis as required under the provision of the Companies Act, 2013. Bonus shares, basically, are issued by capitalization of reserve balances and undistributed profits of the company. So, there is no scope of resource mobilization from primary market to the issuer company by issuing bonus shares (Saha, 2015). There are two types of public issues: Initial Public Offer (IPO) and Further Public Offer (FPO). IPO, basically, is applicable to those companies which are not listed to the stock exchanges. When a fresh issue of securities of an unlisted company or its existing securities are offered for sale for the first time to the public, called IPO. IPOs are subsequently listed to the stock exchanges and traded in accordance with the SEBI guidelines.

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On the other hand, FPO or follow on offer is applicable to those companies which are already listed to the stock exchanges. When a listed company makes either a fresh issue of securities to the public or an offer for sale to the public, it is called a FPO.

The merchant bankers have a greater role on the capital issue management comprising primary issues (i.e. new issues) and rights issues. In fact, capital is generated in the Indian primary capital market through capital issue management process performed by SEBI registered merchant bankers called book runner lead managers (BRLMs). With the introduction of several new concepts (e.g. book building method, IPO grading, green shoe option etc.) resource mobilization in this market has become a simple affair. Abolition of Capital Issues Control Act, 1947 and establishment of Securities Exchange Board of India (SEBI) in 1988 as a statutory body to control operation of stock exchanges and other market intermediaries, promote development of this market and protect interest of corporate stakeholders also appealed to a huge section of middle class Indian population who once viewed this market with acute skepticism (Saha, 2013). All these factors led to a steady growth of resource mobilization in this market. Data related to market intermediaries and total capital generated through public issues and rights issues under different dimension during 2000-2001 to 2017-2018 has been collected from SEBI Bulletin. Based on secondary data concerning market intermediaries and total capital generated through public issues and rights issues in post-reforms period, the study seeks to make a growth analysis of money mobilization in Indian primary capital market and market intermediaries including merchant bankers during 2000-2001 to 2017-2018.

### **Past Studies**

Indian primary capital market has become a significant subject of research for authors and researchers across the world. Stanley (1984) in his book has made a broad survey on the origin of merchant bankers and considers a variety of themes central to the merchant banking scene embarking on the wider subject of the national and international political influence on the activities of the entities. Verma (1990) in his book has made a quest for answering to the questions on the financial market in India, identifying the contribution of financial entities to industry, trade and commerce in accelerating the pace of development of Indian economy on the lines of the contributions of the merchant bankers in the European countries and North American States. Abadhani (1994) in his laudable work has depicted an overall picture of the merchant banking management in India, their contributions to the economy, their functions, recent trends and also the future prospectus of these organizations. Machiraju (1999) has pointed out that merchant bankers in India have a social responsibility to help building a financially viable industrial structure with latest developed technology. Saha (2016) in his book has elaborated issue of securities under different route in Indian primary capital market. Pricing of public issues, allotment process, green shoe option operation are also discussed as per SEBI (ICDR) Regulations, 2009. Burch & Foester (2004) in their book has made special emphasis on United States (US) Initial Public Offer (IPO) market. Chakraborti & De (2010) have taken an analytical approach to assess operational efficiency of Indian primary market. Rubani (2017) in his paper has analyzed the structure of financial market in India and discussed the functions of Indian capital market. Jenica (2017) in her paper has studied role of Indian primary market in resource mobilization during 2014-2016 covering the method of resource mobilization like offer for sale, private placement, qualified institution investor, right issues and so on. Agu, Nwankwo, & Onwuka (2017) in their paper have appraised the impact of capital market in mobilizing domestic resources for economic development in Nigeria from 2000 to 2015. The long-run effect which was determined using co-integration approach indicating the Nigerian capital market has a negative and significant effect on the development of the Nigerian economy.

### • **Research Gap**

Studies reviewed so far, analyze different aspect of capital markets in India and abroad. However, role of Indian primary market in resource mobilization has also been studied analytically. None of the studies consulted, so far, took an attempt to examining the growth of money mobilization in Indian primary capital market and market intermediaries including merchant bankers during 2000-2001 to 2017-2018.

### **Objectives**

The objective of this study is to analyze growth money mobilization in Indian primary capital market and market intermediaries including merchant bankers during 2000-2001 to 2017-2018 as follows:

- Analyzing growth of category-wise capital generation through primary capital market in India;
- Examining growth of issuer type-wise capital generation from the said market;

- Studying growth of sector-wise capital generation through public and rights issues;
- Exploring growth of region-wise capital mobilization through public and rights issues;
- Examining growth of number of market intermediaries including merchant bankers.

### Data and Methodology

The study is exploratory in nature based on secondary data. Capital generated with the help of market intermediaries including merchant bankers in the Indian primary capital market can be represented by category of issue, nature of issuer, sector wise and region wise distribution. Data on total capital generated under each of the select parameters and market intermediaries including merchant bankers during 2000-2001 to 2017-2018 has been collected from SEBI Bulletin. The study has employed Annual growth. Annual growth of different parameter is calculated by the following equation:

$$\text{Growth (G)} = (\text{Ending Value} - \text{Beginning Value}) \div \text{Beginning Value} \times 100$$

$$\text{Growth (G)} = (Y_t - Y_{t-1}) \div Y_{t-1} \times 100$$

Where,

$Y_t$  = Total Premium in year t;

$Y_{t-1}$  = Total Premium in year  $Y_{t-1}$ .

### Empirical Results and Analysis

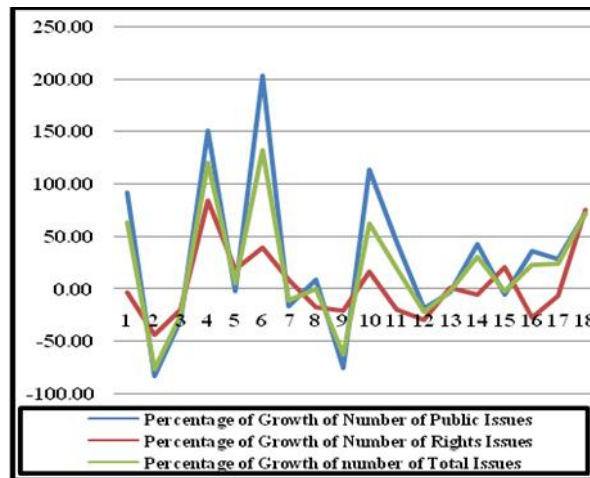
- **Analyzing growth of category-wise capital generation through primary capital market in India**
  - **Growth of Category-wise Number of Issues from Primary Capital Market**

This section presents the percentage of growth rate of number of public issues, right issues and total issues in Indian primary capital market and its graphical presentation in the following Table-1 and Figure-1 respectively. It is evident (Table-1 and Figure-1) that in case of number of public issues, maximum growth rate (202.94 percentages) is observed in the period of 2005-06. In year 2008-09, the growth rate of number of public issues was declined to -76.09 percentages and it increased to 113.64 percentages in the year 2009-10. On the other hand, maximum growth rate of number of right issues (83.33 percentages) is found in the year 2003-2004 and it continued to decrease till 2008-2009 when it was -21.86 percentages. In the 2017-2018, growth rate of number of public and right issues was little better. Maximum growth rate of number of total issues was felt in year 2005-2006 (131.67 percentages) and it came down to ultimately 71.43 percentages in 2017-2018.

**Table 1: Growth of Category-wise Number of Issues**

Year	Percentage of Growth( in number of Issues)		
	Public Issues	Right Issues	Total Issues
2000-2001	90.77	-3.57	62.37
2001-2002	-83.87	-44.44	-76.82
2002-2003	-30.00	-20.00	-25.71
2003-2004	150.00	83.33	119.23
2004-2005	-2.86	18.18	5.26
2005-2006	202.94	38.46	131.67
2006-2007	-17.46	8.33	-10.79
2007-2008	8.24	-17.95	0.00
2008-2009	-76.09	-21.86	-62.10
<b>2009-2010</b>	113.64	16.00	61.70
2010-2011	44.68	-20.69	19.74
2011-2012	-19.12	-30.43	-21.98
2012-2013	-3.64	0.00	-2.82
2013-2014	41.51	-6.25	30.43
2014-2015	-6.67	20.00	-2.22
2015-2016	35.71	-27.78	22.73
2016-2017	27.37	-7.69	23.15
2017-2018	71.07	75.00	71.43

Source: Author's calculation based on data from SEBI

**Figure 1: Percentage of Growth of Number of Issues**

Source: Based on Table-1

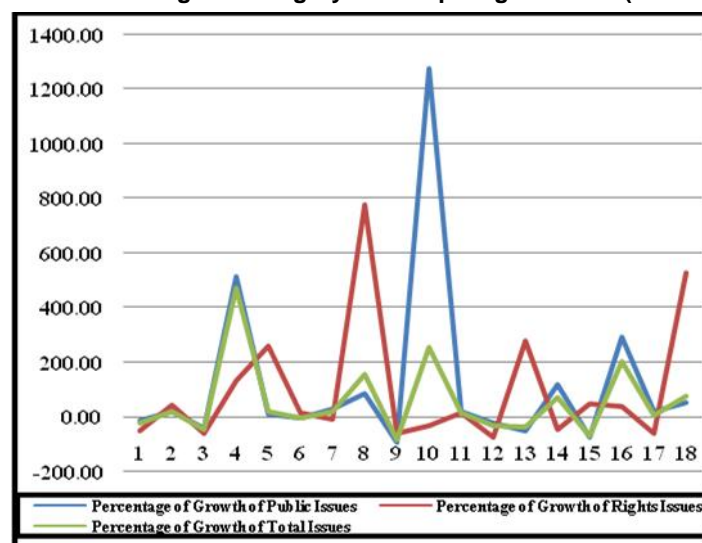
#### ▪ Growth of Category-wise Amount of Issues from Primary Capital Market

This section describes the percentage of growth rate of amount of public issues, right issues and total issues in Indian primary capital market during the study period 2000-01 to 2017-18 and its graphical presentation in the following Table-2 and Figure-2 respectively. It is observed that in year 2008-09, the growth rate of amount of public issues was declined to -93.43 percentages and maximum growth of amount of public issues (1274.54 percentages) is observed in the period of 2009-10. There was a declining trend from 2010-2011 and it continued till 2012-13. On the other hand, maximum growth rate of number of right issues (776.50 percentages) is found in the year 2007-2008 and it continued to decrease till 2011-2012 when it was -20.67 percentages. In the 2017-2018, growth rate of right issues was much better than public issues. Maximum growth rate of amount of total issues is felt in year 2003-2004 (471.79 percentages) and second highest growth rate is evident (254.84 percentages) in 2007-2008 (Table-2 and Figure-2).

**Table 2: Percentage of Growth of Category-wise capital generation**

Year	Growth Percentage of Amount of Issues		
	Public Issues	Right Issues	Total Issues
2000-2001	-14.05	-53.27	-21.86
2001-2002	20.90	42.80	23.49
2002-2003	-44.03	-58.60	-46.04
2003-2004	511.84	133.64	471.79
2004-2005	10.67	259.09	21.42
2005-2006	-5.46	13.05	-3.09
2006-2007	27.91	-9.25	22.37
2007-2008	82.95	776.50	159.73
2008-2009	-93.43	-61.14	-81.36
2009-2010	1274.54	-34.17	254.84
2010-2011	18.01	14.23	17.47
2011-2012	-20.67	-75.01	-28.31
2012-2013	-48.99	276.63	-33.04
2013-2014	-48.84	-48.84	71.47
2014-2015	117.25	47.49	-65.50
2015-2016	-75.62	36.88	202.92
2016-2017	292.91	-63.03	6.33
2017-2018	19.43	526.58	78.08

Source: Author's calculation based on data from SEBI

**Figure 2: Growth Percentage of Category-wise capital generation (Amount of Issues)**

Source: Based on Table 2

- **Examining growth of issuer type-wise capital generation from primary capital market in India**

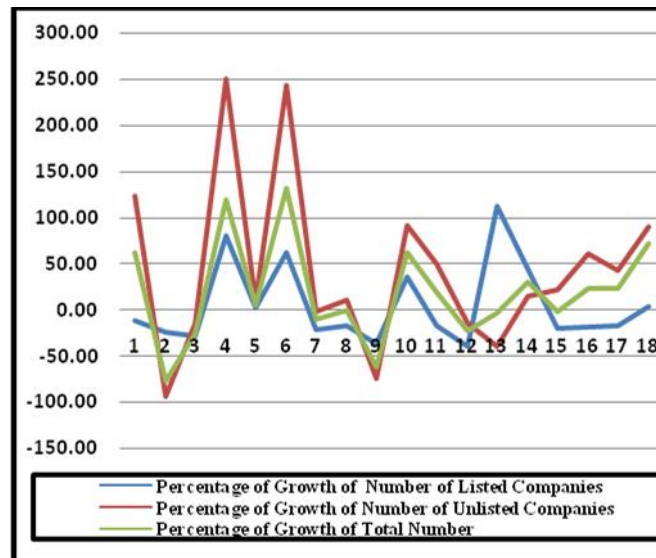
- **Growth of Issuer Type-wise Number of Issues from Primary Capital Market**

As we know that there are two types of issuers namely, listed companies and unlisted companies who come to primary capital market for generation of capital. An attempt has been made to demonstrate the percentage of growth rate of capital generation from primary capital market in India by the number of listed companies, unlisted companies and total number of companies here during the study period 2000-01 to 2017-18 and its graphical presentation in the following Table-3 and Figure-3 respectively.

**Table 3: Growth Percentage of Issuer Type-wise number of Issues**

Year	Percentage of Growth		
	Number of Listed Companies	Number of Unlisted Companies	Total Number
2000-2001	-11.90	123.52	62.37
2001-2002	-24.32	-93.86	-76.82
2002-2003	-28.57	-14.29	-25.71
2003-2004	80.00	250.00	119.23
2004-2005	2.78	9.52	5.26
2005-2006	62.16	243.48	131.67
2006-2007	-21.67	-2.53	-10.79
2007-2008	-17.02	10.39	0.00
2008-2009	-35.90	-74.12	-62.10
2009-2010	36.00	90.91	61.70
2010-2011	-17.65	50.00	19.74
2011-2012	-39.26	-14.29	-21.98
2012-2013	111.76	-38.89	-2.82
2013-2014	44.44	15.15	30.43
2014-2015	-19.23	21.05	-2.22
2015-2016	-19.05	60.87	22.73
2016-2017	-17.65	41.89	23.15
2017-2018	3.57	89.52	71.43

Source: Author's calculation based on data from SEBI

**Figure 3: Growth Percentage of Issuer Type-wise number of Issues**

Source: Based on Table 3

In year 2012-13, the maximum number of listed companies (111.76 percentages) came to market for capital generation as the maximum growth rate of number of listed companies is observed (111.76 percentages) (Table-3 and Figure-3) and it came down to -17.65 percentages till 2016-2017, though a positive growth is found in 2017-18. So far as unlisted companies are concerned, remarkable growth is found in the year 2000-2001(123.52 percentages), 2003-2004 (250 percentages) and 2005-2006(243.48 percentages). A greater number of unlisted companies took much initiative to raise money resources during 2014-2015 to 2017-2018 in comparison with listed companies. Remarkable growth of capital generation by the listed companies, unlisted companies is evident in the year 2003-2004 (119.23 percentages) and 2005-2006(131.67 percentages).

▪ **Growth of Issuer Type-wise Amount of Issues from Primary Capital Market**

This segment covers the growth percentage of amount of capital generation from the primary capital market in India by the listed companies, unlisted companies and total number of companies during the study period 2000-01 to 2017-18 and its graphical presentation in the following Table-4 and Figure-4 respectively.

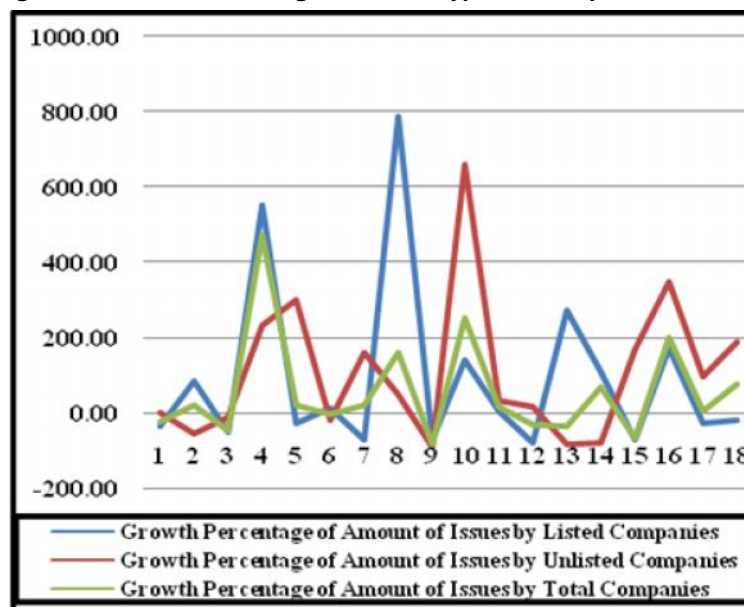
**Table 4: Growth Percentage of Issuer Type-wise capital generation**

Year	Growth Percentage of Amount of Issues		
	Listed Companies	Unlisted Companies	Total Companies
2000-2001	-33.60	0.11	-21.86
2001-2002	87.33	-55.84	23.49
2002-2003	-52.18	-13.56	-46.04
2003-2004	554.29	230.51	471.79
2004-2005	-26.87	300.38	21.42
2005-2006	13.37	-20.46	-3.09
2006-2007	-69.57	160.64	22.37
2007-2008	787.97	49.44	159.73
2008-2009	-71.56	-91.59	-81.36
2009-2010	140.24	659.15	254.84
2010-2011	5.57	30.75	17.47
2011-2012	-78.30	16.75	-28.31

2012-2013	272.88	-84.26	-33.04
2013-2014	109.88	-81.06	71.47
2014-2015	-70.80	167.82	-65.50
2015-2016	172.79	347.51	202.92
2016-2017	-24.45	96.39	6.33
2017-2018	-19.50	187.93	78.08

Source: Author's calculation based on data from SEBI

**Figure 4: Growth Percentage of Issuer Type-wise Capital Generation**



Source: Based on Table 4

Table-4 and Figure-4 show that there was a notable growth of capital generation from the primary capital market in India by the listed companies in several years (554.29 percentages in 2003-2004), (787.97 percentages in 2007-2008), (140.24 percentages in 2009-2010), (272.88 percentages in 2000-2001), (109.88 percentages in 2013-2014), and (172.79 percentages in 2015-2016). As far as unlisted companies are concerned, a striking growth of capital generation is also observed in several years (230.51 percentages in 2003-2004), (300.38 percentages in 2004-2005), (160.64 percentages in 2006-2007), (659.15 percentages in 2009-2010), (167.82 percentages in 2014-2015), (347.51 percentages in 2015-2016), and (187.93 percentages in 2017-2018).

- **Studying growth of sector-wise capital mobilization through public and rights issues**
  - **Growth of Sector-wise Number of Issues from Primary Capital Market**

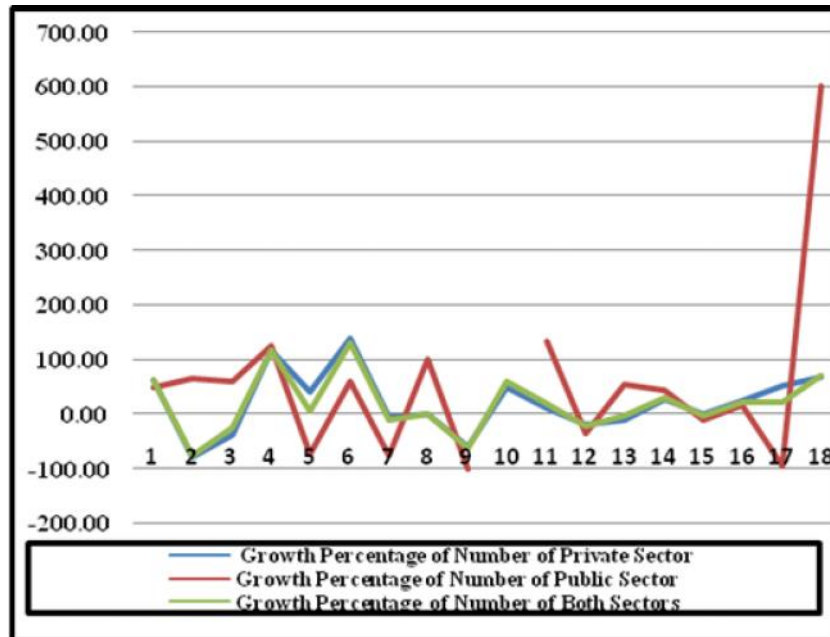
In this section, an endeavor has been made to describe the percentage of growth rate of sector-wise number of issues made by the private sector companies, public sector companies and both sectors companies in Indian primary capital market during the study period 2000-01 to 2017-18 and its graphical presentation in the following Table-5 and Figure-5 respectively.

So far as private sector companies are concerned, maximum growth of number of issues (138.18 percentages) is observed in the period of 2005-06. In case of public sector companies, maximum growth of number of issues (600 percentages) is observed in the period of 2017-2018 and there was also significant growth in 2003-2004 (125 percentages), in 2007-2008 (100 percentages) and in 2010-2011 (133.33 percentages). Both sectors companies' growth shows a notable picture in the year 2003-2004 (119.23 percentages) (Table-5 and Figure-5).

**Table 5: Growth Percentage of Number of Issues in Private and Public Sector**

Year	Growth Percentage of Number of Issues		
	Private Sector	Public Sector	Both Sectors
2000-2001	62.63	50.00	62.36
2001-2002	-79.72	66.66	-76.82
2002-2003	-40.00	60.00	-25.71
2003-2004	116.66	125.00	119.23
2004-2005	41.02	-72.22	5.26
2005-2006	138.18	60.00	131.66
2006-2007	-6.87	-75.00	-10.79
2007-2008	-1.63	100.00	0.00
2008-2009	-60.83	-100.00	-62.09
2009-2010	48.93	----	61.70
2010-2011	10.00	133.33	19.73
2011-2012	-19.48	-35.71	-21.97
2012-2013	-11.29	55.55	-2.81
2013-2014	27.27	42.85	30.43
2014-2015	0.00	-10.00	-2.22
2015-2016	24.28	16.66	22.72
2016-2017	51.72	-95.23	23.14
2017-2018	67.42	600.00	71.42

Source: Author's calculation based on data from SEBI

**Figure 5: Growth Percentage of Number of Issue in Private and Public Sector**

Source: Based on Table 5

#### ▪ Growth of Sector-wise Amount of Issues from Primary Capital Market

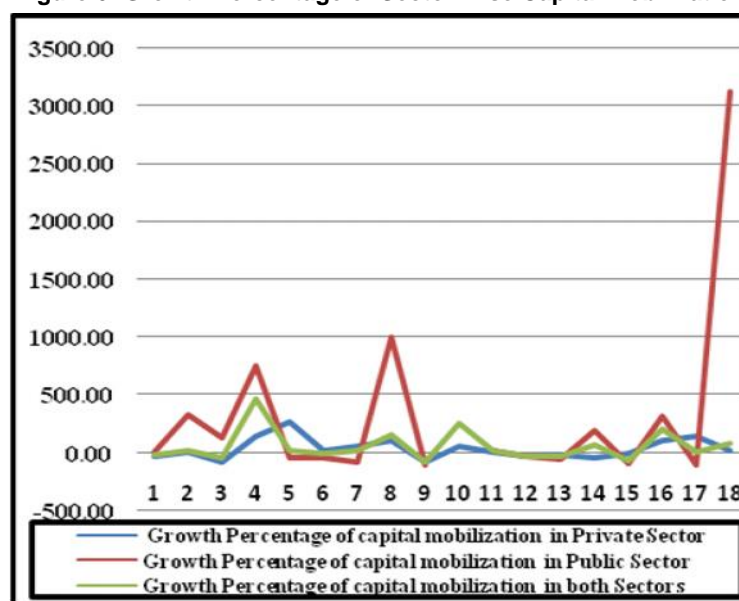
This section depicts the growth percentage of sector-wise amount of issues made by the private sector, public sector and both sectors companies in Indian primary capital market during the study period 2000-01 to 2017-18 and its graphical presentation in the following Table-6 and Figure-6 respectively.



**Table 6: Growth percentage of sector-wise capital mobilization through public and rights issues**

Year	Growth Percentage of Amount of Issues		
	Private Sector	Public Sector	Both Sectors
2000-2001	-22.63	7.50	-21.86
2001-2002	12.01	338.14	23.49
2002-2003	-71.26	130.68	-46.04
2003-2004	143.12	758.72	471.79
2004-2005	272.12	-40.55	21.42
2005-2006	17.70	-35.25	-3.09
2006-2007	57.08	-75.23	22.37
2007-2008	112.15	1008.38	159.73
2008-2009	-75.90	-100.00	-81.36
2009-2010	62.99	----	254.84
2010-2011	11.15	22.84	17.47
2011-2012	-32.37	-25.19	-28.31
2012-2013	-10.99	-48.37	-33.04
2013-2014	-33.97	197.81	71.47
2014-2015	-4.98	-81.57	-65.50
2015-2016	116.72	321.01	202.92
2016-2017	152.45	-96.71	6.33
2017-2018	21.70	3124.37	78.08

Source: Author's calculation based on data from SEBI

**Figure 6: Growth Percentage of Sector-wise Capital Mobilization**

Source: Based on Table 6

In case of private sector companies, an excellent growth is observed in a few years like in 2003-2004 (143.12 percentages), in 2004-2005 (272.12 percentages), in 2007-2008 (112.15 percentages), in 2015-2016 (116.72 percentages), and 2016-2017 (152.45 percentages). Likewise, a tremendous growth of amount of issues made by the public sector companies is evident in 2001-2002 (338.14 percentages), in 2002-2003 (130.68 percentages), in 2003-2004 (758.72 percentages), in 2007-2008 (1008.38 percentages), in 2013-2014 (197.81 percentages), in 2015-2016 (321.01 percentages) and 2017-2018 (3124.37 percentages). Overall incredible growth is felt in 2003-2004 (471.79 percentages), in 2007-2008 (159.73 percentages), in 2009-2010 (254.84 percentages), and in 2015-2016 (202.92 percentages) (Table-6 and Figure-6).

- **Exploring growth of region-wise capital mobilization through public and rights issues**
  - **Region-wise Growth of Number of Public Issue and Rights Issues**

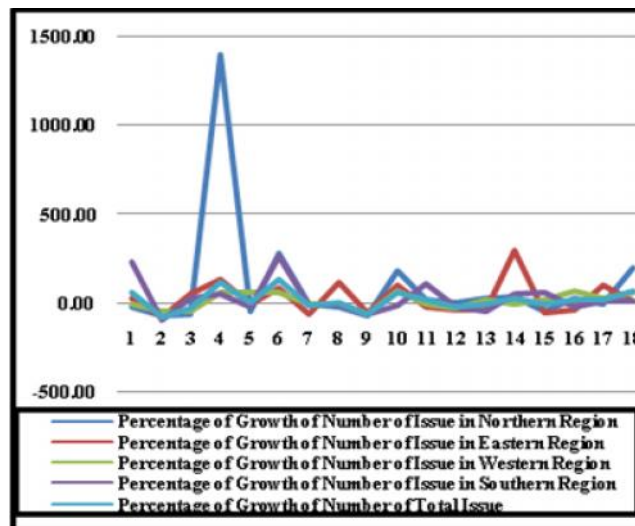
Mobilization of money has been made through public and rights issues across Indian primary capital market in different region, Northern, Eastern, Western and Southern. In this section, we have presented region-wise growth percentage of number of public issue and rights issue during the study period 2000-01 to 2017-18 and its graphical presentation in the Table-7 and Figure-7 respectively.

**Table 7: Region-wise Growth of Number of Public Issue and Rights Issues**

Year	Percentage of Growth				
	Northern	Eastern	Western	Southern	Total
2000-2001	-23.08	28.57	-6.52	229.63	62.37
2001-2002	-70.00	-77.78	-46.51	-92.13	-76.82
2002-2003	-66.67	50.00	-43.48	28.57	-25.71
2003-2004	1400.00	133.33	61.54	55.56	119.23
2004-2005	-46.67	0.00	61.90	-21.43	5.26
2005-2006	275.00	85.71	64.71	263.64	131.67
2006-2007	-6.67	-61.54	-1.79	-10.00	-10.79
2007-2008	-21.43	120.00	0.00	0.00	0.00
2008-2009	-72.73	-54.55	-61.82	-58.33	-62.10
2009-2010	183.33	100.00	71.43	-13.33	61.70
2010-2011	17.64	-20.00	-2.78	107.69	19.74
2011-2012	0.00	-37.50	-28.57	-22.22	-21.98
2012-2013	25.00	-40.00	20.00	-47.62	-2.82
2013-2014	32.00	300.00	-6.67	54.55	30.43
2014-2015	-45.45	-50.00	25.00	58.82	-2.22
2015-2016	22.22	-33.33	71.43	-18.52	22.73
2016-2017	-4.55	100.00	33.33	9.09	23.15
2017-2018	195.24	12.50	61.25	16.67	71.43

Source: Author's calculation based on data from SEBI

**Figure 7: Region-wise Growth of Number of Public Issue and Rights Issues**



Source: Based on Table 7

Northern region shows an excellent growth in 2003-2004 (1400 percentages), in 2005-2006 (275 percentages), in 2009-2010 (183.33 percentages) and in 2017-2018 (195.24 percentages). Mobilization of money in Eastern region demonstrates a moderate growth in a few years like in 2003-2004 (133.33 percentages), in 2007-2008 (120.00 percentages), in 2009-2010 (100.00 percentages), in 2013-2014 (300.00 percentages), and in 2016-2017 (100.00 percentages). Though there is a positive

growth in a few years in western region, while no remarkable growth is observed. In case of southern region, a fantastic growth is found in 2000-2001 (229.63 percentages), in 2005-2006 (263.64 percentages), and in 2010-2011 (107.69 percentages) (Table–7 and Figure–7).

▪ **Region-wise Growth of Amount of Public Issue and Rights Issues**

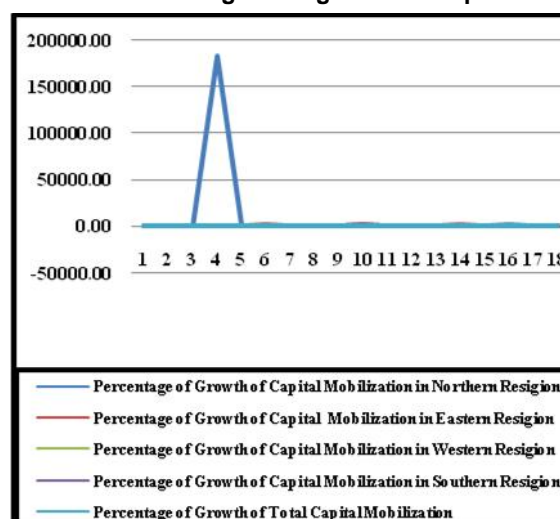
Region-wise growth percentage of amount of money mobilization through public and rights issue in Indian primary capital market during the study period 2000-01 to 2017-18 and its graphical presentation is presented in the Table–8 and Figure–8 respectively. Highest growth of amount of money mobilization in northern, eastern, western and southern region is observed in 2003-2004, 2009-10, 2015-16, and 2009-10 respectively (Table–8 and Figure–8). In 2017-2018, a positive growth is felt in all regions.

**Table 8: Growth Percentage of Region-wise Capital Mobilization**

Year	Growth Percentage of Amount of Issues				Total
	Northern	Eastern	Western	Southern	
2000-2001	-89.11	126.42	-21.59	169.50	-21.86
2001-2002	384.06	-25.00	44.75	-73.05	23.49
2002-2003	-99.20	-35.00	-43.49	40.33	-46.04
2003-2004	182100.00	443.59	103.28	110.03	471.79
2004-2005	-40.14	-67.92	162.98	11.50	21.42
2005-2006	-38.24	632.84	-16.65	301.96	-3.09
2006-2007	-31.84	-88.96	53.47	21.16	22.37
2007-2008	349.93	562.42	179.30	-21.41	159.73
2008-2009	-82.44	-71.15	-82.53	-65.84	-81.36
2009-2010	751.62	1223.81	41.01	615.03	254.84
2010-2011	-33.82	311.74	35.98	-21.55	17.47
2011-2012	117.33	-98.69	-72.92	-31.86	-28.31
2012-2013	-27.47	-56.73	-22.65	-69.81	-33.04
2013-2014	70.52	830.77	54.88	83.70	71.47
2014-2015	-91.75	-42.81	-20.35	135.73	-65.50
2015-2016	792.34	12.47	238.32	-28.55	202.91
2016-2017	-83.08	108.15	136.29	67.7471	6.33
2017-2018	138.64	448.82	71.97	30.6510	78.08

Source: Author's calculation based on data from SEBI

**Figure 8: Growth Percentage of Region-wise Capital Mobilization**



Source: Based on Table 8

▪ **Examining growth of number of market intermediaries in primary capital market in India**

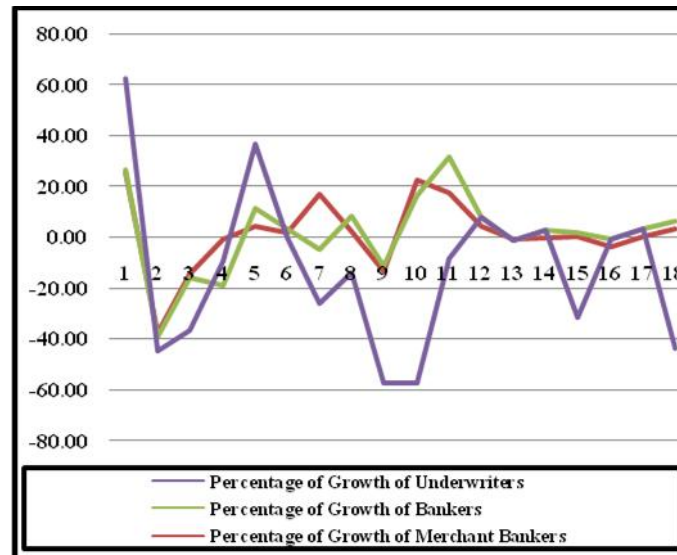
Securities market intermediaries are service providers in different segments of the market. The SEBI has introduced a number of intermediaries equipped with specialized skills and expertise to be available to the common investors, to carry out and assist them with a package of investment services. The financial intermediaries are engaged in: (a) obtaining funds from lenders or investors and (b) lending or investing the funds that they borrow to those who need funds. Financial intermediaries are engaged in transformation of financial assets, which are less desirable for a large part of the investing public into other financial assets.

**Table 9: Growth Percentage of Number of Intermediaries**

Year	Percentage of Growth		
	Merchant Bankers	Bankers to an Issue	Underwriters
<b>2000-2001</b>	25.27	1.47	35.71
2001-2002	-37.77	-1.45	-5.26
2002-2003	-14.48	-1.47	-20.37
2003-2004	-0.81	-17.91	9.30
2004-2005	4.07	7.27	25.53
2005-2006	1.56	1.69	-3.39
2006-2007	16.92	-21.67	-21.05
<b>2007-2008</b>	1.97	6.38	-22.22
<b>2008-2009</b>	-13.55	2.00	-45.71
<b>2009-2010</b>	22.39	-5.88	-73.68
2010-2011	17.07	14.58	-40.00
2011-2012	4.17	3.64	0.00
2012-2013	-1.00	0.00	0.00
2013-2014	-0.51	3.51	0.00
2014-2015	0.00	1.69	-33.33
2015-2016	-4.06	3.33	0.00
2016-2017	0.00	3.23	0.00
2017-2018	3.17	3.13	-50.00

Source: Author's calculation based on data from SEBI

**Figure 9: Percentage of Growth of Number of Intermediaries**



Source: Based on Table 9

These securities market intermediaries are merchant bankers, stock brokers, syndicate members, registrars, underwriters, bankers to an issue, portfolio managers, debenture trustees, foreign institutional investors, depositories, depository participants, custodians, credit rating agencies, venture capitalists. In this context, the study intends to focus on primary market intermediaries. In this section, we have presented the growth percentage of number of intermediaries in Indian primary capital market during the study period 2000-01 to 2017-18 and its graphical presentation in the Table–9 and Figure–9 respectively.

It is evident that the growth rate of intermediaries is lies between +60 to -40 within the study period. The maximum growth rate of merchant bankers and underwriters are observed in the period of 2000-01. In case of merchant bankers, there was a declining trend since 2001-2002 and it continued till 2008-2009, while a notable growth was found in 2009-2010 (22.39 percentages). Again it came down till 2016-2017. Since 2005-2006, a sharp declining trend as well as negative growth is felt for growth rate of underwriters because their role have become very less recently. In case of bankers to an issue, a remarkable growth is found in 2010-11 (14.58 percentages).

### Conclusion

The current study has made an enquiry on capital mobilization in the primary market through public and rights issues and the role of merchant bankers as lead managers issue management of capital issues in India. Capital generated with the help of market intermediaries including merchant bankers in the Indian primary capital market has also been studied from the view point of category of issue, nature of issuer, sector wise and region wise distribution. It is pointed out that maximum growth rate of number of total issues was felt in year 2005-2006 (131.67 percentages) and it came down to ultimately 71.43 percentages in 2017-2018. On the other hand, maximum growth rate of amount of total issues is felt in year 2003-2004 (471.79 percentages) and second highest growth rate is evident (254.84 percentages) in 2007-2008. A striking point is that a greater number of unlisted companies took much initiative to raise money resources during 2014-2015 to 2017-2018 in comparison with listed companies, though there was a outstanding growth of capital generation from the primary capital market in India by the listed companies in several years (554.29 percentages in 2003-2004), (787.97 percentages in 2007-2008), (140.24 percentages in 2009-2010), (272.88 percentages in 2000-2001), (109.88 percentages in 2013-2014), and (172.79 percentages in 2015-2016). Merchant bankers, as lead managers, take decision upon the volume of issue and the amount to be underwritten in consultation with the issuing company and appoint the underwriters in managing the same. Merchant bankers also act as underwriters as per SEBI regulations. It is revealed from the study that the participation of merchant bankers into public and rights issues as lead managers has been in a declining mood during 2010-2016, whereas there has been a declining mood of underwriters' participation in capital issue management since 2005-2006. In the days ahead, merchant bankers must be more dynamic, and vigorous to meet the challenges with a view to improving the corporate finance and establishing a healthy corporate environment. This is the high time to the merchant bankers to sharpen their skills, expertise and efforts to harmonize their activities for the economic development of the country.

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