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**RBI Working Paper No. 11/2022: SME Exchanges in India:
Empirical Analysis of Firm Attributes and IPO Characteristics**

Today the Reserve Bank of India placed on its website a Working Paper titled "[SME Exchanges in India: Empirical Analysis of Firm Attributes and IPO Characteristics](#)" under the Reserve Bank of India Working Paper Series¹. The Paper is authored by Shromona Ganguly.

This study throws light on some of the characteristics of SME (small and medium enterprises) exchanges in India in terms of underpricing, aftermarket liquidity and long run abnormal returns, using the initial public offering (IPO) data of SME-dedicated exchanges and firms' balance sheet data. Using the propensity score matching technique, the study finds that firms listed in SME exchanges have higher profitability, liquidity and asset utilisation ratio as compared with other unlisted SMEs. It was found that SME IPOs preceded by a boom market period are more underpriced. Further, lack of aftermarket liquidity remains a problem in SME exchanges with the turnover ratios declining significantly even within the first 60 trading days after listing.

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(Yogesh Dayal)
Chief General Manager

¹ The Reserve Bank of India (RBI) introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the RBI and at times also those of external co-authors, when the research is jointly undertaken. They are disseminated to elicit comments and further debate. The views expressed in these papers are those of the authors and not necessarily those of the institution(s) to which they belong. Comments and observations may please be forwarded to the authors. Citation and use of such papers should take into account its provisional character.