

INVESTMENT BANKING AND SCOPE IN INDIA

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Abstract

Investment banking is a combination of two words investment plus banking. This sector jointly perform the function of buying and selling of the corporate securities. They buy those securities which involves the provision of advice to various institutions which are interested in buying the securities such as private equity fund, mutual fund, hedge fund etc. moreover investment banks also guide the corporate sectors at the time of merger and acquisition (M & A). it also assist the government sector while doing investments. It makes the portfolio of the invested amount and invest in those areas which yield maximum ROI. Si this paper presents the working functions and the scope of investment banking in India.

KEY WORDS: M&A, HEDGE FUNDS, EQUITY FUNDS, CORPORATE SECURITIES.

INTRODUCTION

Investment banking refers to the banking where the banks serves investment services to the govt., corporates and institutions by providing underwriting and merger and acquisitions and advisory services. Investment banking act as a intermediaries between investors and corporation. **Investment banking** is a special segment of **banking** operation that helps individuals or organisations raise capital and provide financial consultancy services to them. They act as intermediaries between security issuers and investors and help new firms to go public. They act as intermediaries between security issuers and investors and help new firms to go public. They either buy all the available shares at a price estimated by their experts and resell them to public or sell shares on behalf of the issuer and take commission on each share.

Role of Investment Banks

Investment Banks generally act as a intermediaries between the potential investors and the corporation .It takes money from the investor and invest in those areas which yield maximum returns. Investment banking offers wide range of services with full security of funds .Investment banking lends money to the firms to purchase assets and settles the payments. Investment banking helps the firms to earn more profit and also make its functioning more efficient and new issue or IPOs where these banks helps new firm go public.

TOP 10 INVESTMENT BANKS OF INDIA

S. No.	Company	Fees, US \$ bn (2017)
1.	JP Morgan	6.730
2.	Goldman Sachs	5.880
3.	Bofa Merrill Lynch	5.360
4.	Citi group	5.040
5.	Morgan Stanley	5.035
6.	Credit Suisse	3.450
7.	Barclays	3.420
8.	Deutsche bank	2.810
9.	Wells fargo	2.140
10.	RBC Market	2.130

Functions of Investment Banking

- IPOs

The most important role of investment banking is to make IPOs ,means Initial Public Offering .In this function investment banks make different portfolio of all the securities and then sell it to the public Investment bank helps a company to set everything and list IPO in a stock

exchange. IPO is one of the major investment banking functions. This bank in return charges commission from a company.

- Merger and Acquisitions

The investment banking plays a very important role for the corporate sector at the time of acquiring or merging with any firm to another one, the owner don't know the actual worth of that firm and also the future benefit of that firms so at that time, Investment Banking helps them to find out it. One important role in M&A is a valuation of a company. The bank calculates the actual value of a company. Investment bank builds their strategy for M&A of two companies. The investment bank also does financial provisioning for a company as for M&A company will need lots of funds. It helps a company in raising fund for M&A.

- Risk Management

Whenever we talk about finance or money the only thing comes to our mind is its security, how we can make our funds secure? So the investment banking also facilitates a function of risk mgmt. it helps the company to manage financial risk in term of currency, loans, liquidity etc. This bank helps a company to recognize loss area. This bank analyzes the market and credit risk. To control credit risk investment spreads out counterparties and bank choose standard exchange for trading. There are different risks like business risk, investment risk, legal & compliance risk and operational risk which are internally controlled by an investment bank.

- Research

Corporates are usually busy in their daily routines, so the market research and study work is done by the investment banks, it do research on behalf of the corporates. This research helps provide a rating to company help investor to take a decision of investment. Research reports tell whether to buy, sell or to hold the base on a rating of a company. Through this one can know worthiness of the company. Research is done by analyzing and comparing various report and performance report of the company

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- Merchant Banking

All the investors need consultancy and advisory services nefor investing the funds into any sector so the investment also plays a role of merchant to all the investors.it provides them various services like portfolio management, Raising finance for a client.Broker in Stock exchange,assistance to the govt sector,managing public issue of the company,handling the small entepurs and the firms.

LITERATURE REVIEW

According to GLORIA HAMILTON Generally investment banks collects large amount of funds in form of deposits and invest in those or the sectors where the demand or capital requirement is high.. As per the market condition , hopefully it gives maximum returns to their investors. The difference between those rates is the income of the investment banks. One of the profit earning sources of investment bank is foreign exchange market. The main job of investment banks is to advise corporations about funds and raising money. Some do this by selling the company's equity and others do so by offering advice about debt issues.

According to MARK KY MARK He majorly focused on the investors section ,he talked from the view point of investors , it is very difficult for them to compare which investment would be beneficial. . Unfortunately, after the financial crisis of 2008 and the global crisis of 2009, investors are becoming more cautious towards investments, especially in high-risk financial products.

According to HEENA KOTHARI She focused on the youth section for the investment .If the younger generation would start investing from today time then they will be able to save more for the future. Facts revealed in this study highlight the perception of varied age group investors who desire to invest in different avenues which give high returns and growth prospect.

According toRAJARAJEN VANJEKO the upcoming market condition shows the positive response towards the investment bankingIt also shows that investor's future preferences, his major area of study is the rural sector where huge amount of development is needed. The growth of the economy is dependent on the growth of the rural market in the country. Timely and affordable financial support helps people sustain and grow their livelihoods because Lack of financial help stunts the growth of many rural micro-enterprises and force people to migrate to urban areas in search of jobs.

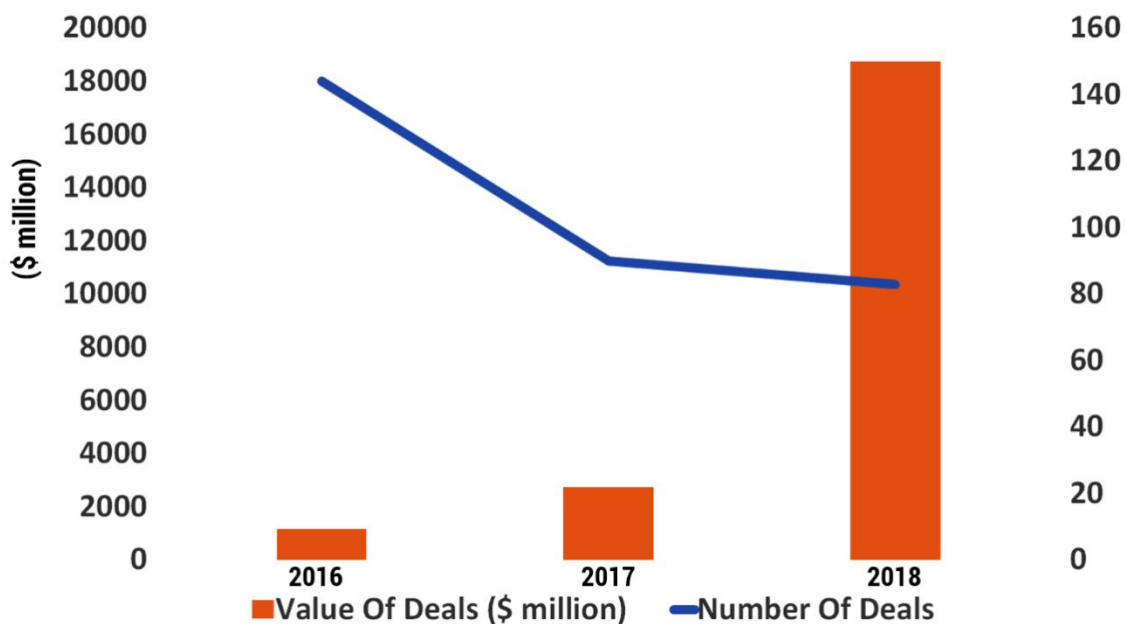
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GROWTH

As the reports of 2017 & 2018 say that the previous year was the golden days for Indian investment banks as the rate of FDI increases in India along with the number of Indian companies which raises capital from global and domestic investors ,Now the India is being a highly competitive market to market.

Flipkart-Walmart Deal Drives Digital Sector's Growth



Source: Kotak Investment Banking

Bloomberg | Quint

CONCLUSION

(Scope)Investment banks has a big scope for investment banking in India .It is one of the most demanded sector these days .Investment banking is truly a great career option that is becoming more popular due to increases in the rate of FDI in India .Investment banking is a kind of rewarding job with rewards n monetary terms as well as personal and career growth .It is a fast paced job along with good scope of learning .Investment Banking gives you a pathways to bigger career like entrepreneurship, wealth management and venture capital. At last I want to

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conclude my paper with this conclusion that there is a great scope of investment banks in nearby future .moreover youth's participation is also plays a big role in it ,investment banks also provide funds for the rural development on easy rates.

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