

Study On Merchant Banking In India At Hsbc Bank

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Abstract

A merchant bank is a capital-providing financial institution to corporations in the form of shareholding rather than a loan. A merchant bank also offers corporate advisory to the companies in which they invest. In the United Kingdom, the older term "merchant bank" is used to describe a bank. A Merchant Bank may be loosely defined as a private equity investment arm of a financial services company offering investment banking and ancillary services as well. Since a merchant bank plays the role of an advisor and broker as well as a principal, a merchant bank has a longer-term orientation than an ordinary investment bank and takes a keen interest in the viability of every investment opportunity and giving the correct advice to form a strong alliance with each client company. In banking, a merchant bank is an older term for an Investment Bank. It may also be used to describe banking's private equity activities. This article is concerned with the history of banking as established by the merchants, dating back from the middle Ages. Merchant banking is a valuable service rendered by a group of financial institutions that facilitates the development of the corporate sector which finally translates into the overall economic development of the nation. Merchant banks were supposed to undertake various functions like issue management, underwriting, portfolio management, loan syndication, consultant, advisor and host of other functions. Merchant banking is a blend of banking and consultancy services.

Keywords: Merchant Banking, Investment Banking, Corporate Finance, Capital Markets, Financial Advisory Services, Initial Public Offerings (IPOs), Mergers and Acquisitions (M&A), Portfolio Management, Underwriting, Financial Institutions, Risk Management, HSBC Bank, India.

I. INTRODUCTION

Merchant investment in India refers to a set of specific monetary aids that assist parties, governments, and abundant organizations in lifting capital and directing complex fiscal endeavors. These aids are chiefly belonging to the capital display alternatively usual investment functions like deposits and loaning. Merchant bankers help trades raise capital through agents in the way that shares, debentures, and bonds, and they further specify expert able aids for monetary preparation, rearrangement, and clever accountable.

The tumor of vendor investment in India is approximately connected accompanying the happening of the capital advertise, particularly subsequently the financial liberalization of 1991. Before liberalization,

seller investment actions were restricted and generally completed activity by public area banks and economic organizations. However, accompanying the beginning of the saving and the rise of private guests and stock exchange partnership, the demand for professional fiscal able aids raised considerably. Today, two together public and for-profit businesses banks, in addition to specific monetary firms, work as broker bankers in India.

Merchant investment is generally contingent the Securities and Exchange Board of India (SEBI) Securities and Exchange Board of India, that guarantees transparence, financier guardianship, and fair advertise practices. SEBI demands shopkeeper bankers expected recorded and top-secret into various types established the range of aids they can determine. Category I

trafficker bankers are admitted to offer thorough aids containing IPO administration, underwriting, and able functions, while lower types have limited acts chiefly concentrated on consultancy.

One of ultimate main functions of wholesaler investment is issue administration, that includes serving guests raise capital from all through Initial Public Offerings (IPOs), Follow-on Public Offerings (FPOs), and rights issues. Merchant bankers symbolize lead managers for these issues and coordinate the complete process. They assist in fitting documents like the Draft Red Herring Prospectus (DRHP), transporting due earnestness to guarantee all economic and permissible disclosures are correct, and deciding the fixing of shares established advertise environments and party appraisal.

Research Objectives

The primary objective of this study is to examine the merchant banking services provided by HSBC Bank in India and to understand their significance in supporting corporate clients with financial planning, capital mobilization, and strategic investment decisions. The study aims to analyze how merchant banking contributes to the growth and development of businesses by offering services such as issue management, underwriting, financial advisory, mergers and acquisitions, and corporate restructuring.

Another objective of the research is to evaluate the effectiveness and efficiency of HSBC Bank's merchant banking operations in meeting the financial requirements of its clients. The study seeks to assess the quality of services, customer satisfaction, and the role of innovative financial solutions in enhancing the bank's competitive position in the merchant banking sector. It also aims to identify the factors influencing the performance and success of merchant banking services in the Indian financial market.

The research further intends to explore the regulatory framework governing merchant

banking in India and its impact on the functioning of HSBC Bank. It examines the role of regulatory authorities in ensuring transparency, investor protection, and compliance with financial regulations while facilitating smooth capital market operations.

Finally, the study aims to identify the challenges and opportunities associated with merchant banking in the rapidly evolving Indian financial environment. Based on the findings, the research proposes suitable recommendations for improving merchant banking services, strengthening client relationships, and enhancing the overall contribution of HSBC Bank to the development of India's corporate and capital markets.

Research Methodology:

The present study adopts a descriptive research design to examine the merchant banking services offered by HSBC Bank in India and to evaluate their role in supporting corporate finance and capital market activities. A descriptive approach is appropriate because it enables a systematic analysis of existing merchant banking practices, customer perceptions, service efficiency, and the overall contribution of the bank to the financial sector. The study focuses on understanding the current operational framework rather than establishing causal relationships.

The research is based on both primary and secondary data. Primary data are collected through a structured questionnaire and informal discussions with customers, banking professionals, and corporate clients associated with HSBC Bank. The questionnaire is designed to gather information regarding awareness, satisfaction levels, service quality, and the effectiveness of merchant banking services. Secondary data are obtained from annual reports of HSBC Bank, publications of the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), research journals, books, financial magazines, and other reliable online sources related to merchant banking and capital markets.

A convenience sampling technique is employed for selecting respondents due to its practicality and ease of data collection. The study considers a sample size of 100 respondents, comprising customers, investors, and banking professionals who possess knowledge of merchant banking services. This sample size provides sufficient information to analyze customer opinions and evaluate the effectiveness of HSBC Bank's merchant banking operations.

The collected data are organized, classified, and analyzed using statistical tools such as frequency distribution, percentages, mean values, and graphical representations including bar charts and pie charts. These analytical techniques facilitate a clear interpretation of respondents' views and help identify patterns, trends, strengths, and areas requiring improvement. The findings obtained through this methodology form the basis for drawing conclusions and providing practical recommendations to enhance the quality and effectiveness of merchant banking services offered by HSBC Bank in India.

II. REVIEW OF LITERATURE

RSEBI (Merchant Bankers) Regulations, 1992 – Regulatory Framework Analysis

The basic “work” on operator investment in India is the SEBI Merchant Bankers Regulations, 1992. Many scientists treat this as the base document for all studies. It delineates the parts, accountabilities, and fitness tests of trafficker bankers. Scholars climax that this managing revamped retailer investment from an deregulated able exercise into a organized capital retail function, reconstructing transparency and financier care.

RBI Reports on Development of Financial Institutions

Reserve Bank of India reports stress the development of vendor investment alongside India's economic subdivision corrects. Researchers resolving these reports decide that shopkeeper investment win significance following in position or time

liberalization on account of raised allied expenditure needs and growth of impartiality markets. RBI focal points the increasing relation middle from two points banks and capital retail movements.

N. Rajan (Study on Investment and Merchant Banking in India)

Rajan's work focuses on the functional makeup of operator banks in India. He discloses that Indian trafficker banks are densely contingent on issue administration and underwriting aids alternatively all-encompassing-style able aids. His reasoning shows that Indian dealer investment is still developing distinguished to Western grant investment models.

M.Y. Khan – Financial Services Theory

Khan's commercial duties foundation contains operator investment as a key non-investment commercial duty. He discusses that vendor investment plays a extending duty betwixt savers and corporates. His work focal points functions in the way that project finance, notebook administration, and capital rearrangement as essential for business-related incident.

I.M. Pandey – Financial Management Perspective

Pandey discloses seller investment from a allied finance angle. According to him, trader bankers be a part of commercial veterans the one help firms correct capital form. His reasoning stresses appraisal methods, IPO fixing, and allied rearrangement as key gifts of trafficker bankers in India.

S. Gurusamy – Capital Market Studies

Gurusamy focal points that dealer investment in India is approximately even to the progress of the basic display. He specifies that exporter bankers be a part of mediators guaranteeing decent arrangement 'tween SEBI, stock exchanges, and emitting associations. His studies show growing civility in IPO administration subsequently SEBI corrects.

Dr. S. Guruswamy & SEBI Compliance Studies

Research documents resolving SEBI agreement stress that shopkeeper bankers play a fault-finding duty in due intensity and revelation. These studies decide that accurate supervisory necessities have diminished deceptive IPO practices and revised financier assurance in Indian capital markets.

Dr. V. A. Avadhani – Financial Services Analysis

Avadhani’s work focuses on the variety of trafficker investment duties. He describes that up-to-date dealer banks in India are not any more restricted to IPOs but again undertake mergers, additions, working capital able, and allied reorganization.

ICFAI Research Papers on Merchant Banking

ICFAI advertisements climax the shift of shopkeeper investment afterwards proliferation. They decide that for-profit businesses banks and external organizations have popularized leading commercial means and worldwide best practices, reconstructing adeptness in Indian capital markets.

NSE & BSE Market Studies

Stock exchange research reports stress the significance of dealer bankers as “lead managers” in IPOs. These studies show that the accomplishment of public issues depends laboriously on the influence and effectiveness of exporter bankers in appraising and shopping shares.

Khan & Jain (Financial Management Text Analysis)

Khan and Jain specify shopkeeper investment as a mixture of able and fiscal intermediation aids. Their study climaxes risk administration, underwriting, and allied able as principal functions. They maintain that exporter investment reinforces capital distribution effectiveness in arising frugalities like India.

Recent Research on Fintech and Merchant Banking Integration

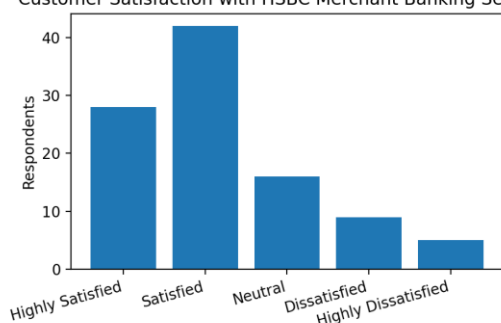
Recent academic studies devote effort to something by virtue of what mathematical planks and fintech are changeful shipper investments. Researchers decide that connected to the internet IPO requests, invention-located appraisal forms, and mathematical due earnestness are reconstructing speed and transparency. However, they still note challenges in supervisory adjustment.

III. DATA ANALYSIS & INTERPRETATION.

A survey of 100 respondents was conducted to evaluate perceptions of merchant banking services offered by HSBC Bank in India. The following analysis summarizes customer levels of satisfaction. The values are illustrative for academic project purposes.

S.No.	Response	Respondents
1	Highly Satisfied	28
2	Satisfied	42
3	Neutral	16
4	Dissatisfied	9
5	Highly Dissatisfied	5

Customer Satisfaction with HSBC Merchant Banking Serv



Interpretation

The graph indicates that a majority of respondents expressed positive opinions about HSBC Bank's merchant banking services. Around 42% reported being satisfied and 28% were highly satisfied, suggesting strong confidence in the bank's advisory, issue management, and corporate finance services. A smaller proportion remained neutral (16%), while only 14% remained dissatisfied.

expressed dissatisfaction. Overall, the findings indicate a favorable perception of HSBC Bank's merchant banking operations.

IV. FINDINGS

- The study found that HSBC Bank provides a comprehensive range of merchant banking services, including issue management, corporate advisory, mergers and acquisitions, underwriting, and capital restructuring.
- A majority of the respondents expressed overall satisfaction with the quality and efficiency of HSBC Bank's merchant banking services.
- The bank's professional expertise and timely financial advisory services were identified as major strengths that enhance customer confidence.
- Merchant banking services offered by HSBC Bank play a significant role in assisting corporate clients in raising capital through equity and debt instruments.
- Respondents perceived HSBC Bank as a reliable and trustworthy financial institution for handling complex corporate financial transactions.
- The study revealed that customer service quality and transparency have a positive influence on client satisfaction and long-term business relationships.
- The bank effectively complies with the regulatory guidelines issued by SEBI and RBI, ensuring secure and transparent merchant banking operations.
- Technological advancements and digital financial solutions have improved the accessibility and efficiency of merchant banking services.
- Intense competition from domestic and international financial institutions remains a major challenge for HSBC Bank in expanding its merchant banking business.
- The study indicates that increasing customer awareness, digital innovation, and personalized financial advisory services can further strengthen HSBC Bank's position in the Indian merchant banking sector.

V. CONCLUSION

Merchant Banking, as the term has progressed in Europe from the 18th centennial to contemporary, pertained to an individual or an investment family whose basic function search out aid implausible story process 'tween a commodity and the monetary necessities for allure growth. Merchant investment duties span from the first bargaining's from an undertaking to allure real fulfillment 'tween purchaser and dealer.

In particular, the seller broker performed as capital beginnings whose basic project was supervised towards a merchandise seller/baggage partner the one was complicated in the purchasing, auction, and ships of merchandise. The function of the trafficker officer, the one had the knowledge to comprehend the undertaking, search out organize the inevitable capital and guarantee that the undertaking would eventually produce "collectable" profits. Often, the wholesaler manager still enhanced complicated in the real bargaining's 'tween a purchaser and retailer in an undertaking.

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