

# Mutual funds leave insurers in the shade on anchor allotments

Insurance participation in IPOs has risen but MF allocations have grown even faster

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Issuers have allotted nearly four times as much to mutual funds (MFs) as they have to insurance companies in recent quarters.

MFs invested ₹21,976 crore as anchor investors in initial public offerings (IPOs) on a trailing four-quarter basis, according to data from Prime Database. Insurance companies, by comparison, bought shares worth ₹5,216 crore during the same period.

Anchor investors are institutional investors who receive an early allocation in an IPO, subject to a lock-in. MFs are guaranteed one-third of the anchor quota. In a July 31 consultation paper, the Securities and Exchange Board of India (Sebi) proposed an additional 7 per cent quota for life insurers and pension funds.

“With growing interest from insurance companies and pension funds in IPOs, the proposed increase in anchor reservation to 40 per cent will ensure their participation. It would diversify the long-term investor base while retaining the one-third reservation for MFs, enhancing the depth and stability of anchor investments,” Sebi observed.

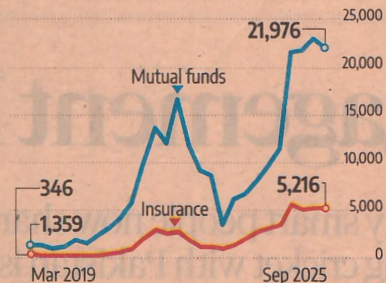
The regulator formalised these changes on September 12.

ILLUSTRATION: AJAYA MOHANTY



## Widening gap

QIB anchor allotment  
(rolling 4-quarter, in ₹ crore)



Source: primedatabase.com

Ratio of MF holdings to insurance  
holdings in NSE-listed companies



Note: Based on quarterly shareholding disclosures by companies listed on NSE  
Source: primeinfobase.com, BS calculations

Insurance participation in IPOs has risen. The rolling four-quarter average was under ₹300 crore in 2019 but has now crossed ₹5,000 crore. MF allocations, however, have grown even faster — from ₹1,000 crore to over ₹20,000 crore in the same period.

Part of this reflects the post-pandemic surge in retail participation. The number of investor accounts rose from under 90 million in 2019 to over 240 million in 2025. MFs now manage far more equity money

than insurers.

Data from Prime Infobase shows MFs held over ₹48 trillion in assets as of June, compared with just over ₹24 trillion for insurance companies. The gap has been widening steadily, though the trend predates the pandemic.

“A big tipping point was demonetisation,” said Pranav Haldea, managing director at Prime Database. “The sudden withdrawal of high-value notes in 2016 nudged investors towards formal

savings like MFs. Growth picked up soon after and accelerated during the pandemic. The gap with insurers is only likely to widen.”

As of September 2016, insurers held a larger share of companies listed on the National Stock Exchange. But by September 2017, MFs had pulled ahead, holding a 5.68 per cent stake versus 5.44 per cent for insurers. As of June, MFs' share has more than doubled to over 10 per cent, while insurers are at 5.3 per cent.