WITH INCREASING RISK APPETITE, RECORD SIP INFLOWS

India's IPO Juggernaut Runs on Retail Investor Firepower

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Retail money flowing to primary market up 3x between 2023 and 2025 at nearly ₹42kcr

Reena Zachariah

Mumbai: India's blockbuster IPO year has been driven by an unexpected hero: the retail investor. By clicking 'apply' on their mobile phones and laptops, individual investors have poured nearly ₹42,000 crore into mainboard initial public offerings (IPOs) in 2025—the most ever. This is three times what they put into IPOs in 2023 and is close to the ₹45,700 crore deployed by foreign portfolio investors (FPIs) in new equity issuances this year.

Add another ₹38,000 crore channelled through mutual funds—fuelled by record SIP inflows from individuals—and retail money emerges as the defining force behind the IPO boom in one of the largest markets in the world. The trend signals retail investors' growing engagement with equity investing, reflecting a greater financial capacity to take on risks because of higher incomes, steady savings through systematic investment plans (SIPs) and longer investment horizons.

"What you are seeing is people seeing the opportunity in Indian markets, with a flood of retail money coming in directly and through mutual funds," said Uday Kotak.

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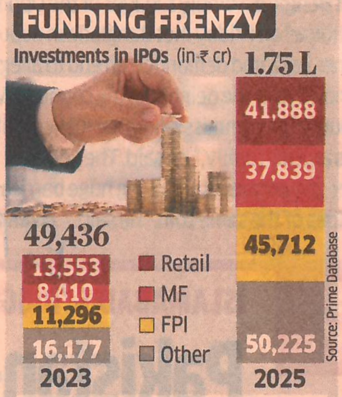

Retail participation in India far ahead of what is seen in US, Europe

Dedicated quota for small investors seen to boost retail inflows

Enthusiasm Expected to Continue

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"This has been a one-way trend for several months, with foreigners selling while Indians continue buying both directly and through mutual funds," he added. The Kotak Mahindra Bank founder was speaking at a recent ET event.

Mutual fund investments in IPOs have jumped to four times 2023 levels, according to Prime Database.

Globally, India stands apart, with retail participation far exceeding that seen in the US and Europe.

"Our market behaviour, from a retail investing standpoint, is similar to that of Hong Kong, South Korea and China, where individual investors play a prominent role," said Aditya Birla Sun Life AMC MD A Balasubramanian. "In contrast, US IPOs see higher institutional participation due to their many omnibus structures."

A key driver of this high retail participation is India's regulatory framework, which ensures a dedicated retail quota in IPOs. "This structural inclusion has led to consistently high retail subscription levels, even in large issues," said Angel One senior analyst Vaqar Khan.

India's IPO allocation methodology also limits exposure and risks for individual investors, making participation economically attractive, according to DAM Capital Advisors MD Dharmesh Mehta.

"The retail portion is capped, and allotments in oversubscribed issues are done through proportionate or lucky draw-based mechanisms," Mehta said. "This makes IPO investing more like a low-risk lottery. Retail investors, therefore, tend to apply to almost every IPO. Even if a few offerings don't perform well, the downside is limited and usually offset by IPOs that list strongly."

FPI investment in IPOs has also surged, to four times the amount invested in 2023. While withdrawing record funds from India's secondary market, they have been pumping money into the primary market, drawn by "fresh entry points, better valuation comfort, and access to high-growth companies," said Mehta.

Prime Database MD Pranav Haldea said, "Retail investors, both directly and indirectly through mutual funds and insurance companies, are a big reason behind the tremendous supply of IPOs in 2025."

Insurers invested over ₹7,200 crore in first-time share sales this year as India raised a record ₹1.75 lakh crore in IPOs by companies that included global names like LG Electronics and homegrown startups such as PhysicsWallah and Groww.

A September survey by Sebi highlighted that 32 million Indian households invest in securities market products—mutual funds, IPOs, futures and options, etc.—with urban participation at 15%.