

Retail money shifts from IPOs to stocks

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Retail investors are shifting their direct equity allocations back towards listed stocks in FY27, reversing the unusual pattern seen last year, when they sold shares in the secondary market but continued to invest in initial public offerings (IPOs).

Individual investors bought a net ₹39,053 crore worth of secondary-market shares in the NSE cash market during FY27 so far, compared with a net outflow of ₹5,803 crore in the whole of FY26, according to data from the National Stock Exchange (NSE).

Their primary-market investment, meanwhile, stood at ₹7,134 crore during FY27 so far, substantially lower than the ₹42,608 crore deployed in the previous financial year.

The contrast points to a clear shift in the source of retail equity flows. Of the combined net investment of ₹46,187 crore in FY27 so far, nearly 85% has gone into the secondary market.

In FY26, primary-market purchases more than offset the selling of listed shares, leaving individuals with an overall net equity investment of ₹36,805 crore. Notably, combined retail investment in the first four months of FY27, for which data was available, is already about 25% higher than the amount invested across the whole of FY26. The difference, however, lies in where that money is being deployed.

The current allocation marks a return to the trend

Capital shift

Retail investors are shifting capital back to listed stocks.

Individual investor flows in cash market (in ₹ crore)



Individuals include domestic investors, NRIs, proprietorships and HUFs. Primary-market data cover retail individuals up to ₹2 lakh.

*FY27 is till 31 July 2026.

Source: NSE

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prevailing before FY26. Individual investors were net buyers of listed shares in every financial year between FY21 and FY25. Their secondary-market purchases reached ₹1.25 trillion in FY25, alongside ₹34,336 crore invested in the primary market. FY26 interrupted that trend as individuals turned net sellers of listed stocks even as their investment in new issues rose to ₹42,608 crore.

Improved opportunities in selected listed companies following the market correction earlier in 2026, along with a limited supply of attractive IPOs, appear to have encouraged the latest shift.

Gurpreet Sidana, chief executive officer of InCred Markets, said, "Both factors were contributing to the

change. Valuations have become more reasonable in selected parts of the secondary market, while the IPO market has lacked a consistent supply of large, high-quality issues offering compelling risk-reward."

"The current shift should not be seen simply as investors moving away from IPOs. It reflects limited compelling IPO opportunities and better risk-reward in selected listed companies, particularly in the

mid- and small-cap segments," he added.

"Retail investors are not moving away from equities; they are becoming more selective about where they deploy their capital."

The weakness in primary-market deployment becomes

clearer when viewed across financial years. Mainboard IPOs mobilized ₹32,442.57 crore in FY27 so far, equivalent to just 18% of the ₹1.79 trillion raised during FY26.

SME IPOs, meanwhile, raised ₹2,786.67 crore, roughly a quarter of the ₹10,955.09 crore mobilized in the previous financial year.

Retail participation nevertheless strengthened in the IPOs that reached the market. Retail individual investors accounted for 29% of mainboard IPO allocations in FY27 so far, up from 23% in FY26.

Santosh Meena, head of research at Swastika Investment Ltd, said "The thin supply of compelling IPOs was the bigger catalyst for the rotation, although opportunities in listed stocks also contributed. Secondary-market opportunity also helped, as buyers selectively accumulated after prior selling and in relatively attractive names, but the primary drought was the bigger catalyst for the rotation."

The IPO pipeline, however, remains substantial. According to Prime Database, companies planning to raise ₹2.65 trillion have received Sebi approval and their clearances remain valid.

Draft offer documents for issues worth another ₹2.02 trillion are awaiting regulatory approval.

Together, these issues represent a pipeline of about ₹4.66 trillion, more than 13 times the ₹35,229 crore raised through mainboard and SME IPOs in FY27 so far.

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