

Rs 4.66 lakh crore IPO pipeline under pressure from market selloff, rising US yields

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India's Rs 4.66 lakh crore [IPO pipeline](#) is coming under pressure from the recent correction in the [secondary market](#), with rising [US Treasury yields](#), higher crude prices and renewed concerns over inflation adding to the uncertainty around the timing and pricing of upcoming issues.

The Nifty 50 and Sensex fell for a fifth consecutive week on Friday, declining 0.34 per cent and 0.16 per cent respectively during the day. The two indices have lost nearly 4.8 per cent over the past five weeks, while the latest sell-off has also spread to mid-cap and small-cap stocks. Brent crude has risen sharply amid escalating tensions in the Middle East, adding to concerns over inflation and interest rates.

The deterioration in the secondary market comes as a large number of companies prepare to tap the primary market. According to Prime Database data, 238 companies are in the IPO pipeline with potential fundraising of Rs 4,65,613 crore. Of these, 167 companies with valid SEBI approvals account for Rs 3,05,933 crore, while 71 companies awaiting approval represent another Rs 1,59,680 crore.

The pipeline includes some of India's largest proposed public offerings. Jio Platforms has a potential issue size of Rs 37,700 crore, followed by the National Stock Exchange at Rs 30,000 crore and PhonePe at Rs 12,000 crore. Together, the three account for nearly Rs 80,000 crore of the potential pipeline.

However, the entire Rs 4.66 lakh crore cannot be treated as committed fundraising. As many as 111 companies in the pipeline have not disclosed their issue size. Prime Database has estimated Rs 1,66,500 crore for these companies by assuming an average issue size of Rs 1,500 crore each.

The latest market correction has come just as the primary market has been showing strong activity. Six IPOs opened during September 9-11, seeking to raise more than Rs 4,500 crore, while the primary market has continued to see a steady flow of new issues.

The National Stock Exchange will provide the next major test of [investor appetite](#). NSE has fixed the price band for its IPO at Rs 1,700-1,785 a share, with the issue scheduled to open on September 17 and close on September 21. The offer size has been reduced to up to 12.64 crore shares, translating into an issue size of about Rs 22,562 crore at the upper end of the price band.

The revised NSE issue is smaller than the offering proposed in its draft papers. The reduction comes as the exchange moves towards one of India's largest IPOs at a time when the broader market has weakened. NSE's valuation at the upper end of the price band is about Rs 4.42 lakh crore.

The global bond market is adding another layer of uncertainty. The US 10-year Treasury yield rose close to the 5 per cent mark earlier this week, reaching 4.979 per cent before easing to around 4.93 per cent on Friday. The rise has come amid higher oil prices, persistent [inflation concerns](#) and expectations of a possible Federal Reserve rate hike.

Higher US yields can also affect emerging-market assets by making dollar-denominated fixed-income investments relatively more attractive and by increasing the discount rate used by investors to value equities. The impact is particularly relevant for companies seeking high valuations in the primary market.

The correction is also being accompanied by pressure on the Indian bond market. The RBI announced a Rs 1 lakh crore open-market sale of government securities starting September 16 to absorb excess liquidity, while rising oil prices have added to inflation concerns.

IPO demand strong

Despite the weaker secondary market, demand for selected IPOs remains strong. The current primary-market activity indicates that investors continue to commit capital to new offerings, but the performance of the broader market and the pricing of individual issues are becoming increasingly important for companies waiting to launch.

The sectoral composition of the pipeline is broad. Financial services alone account for about Rs 71,200 crore of disclosed proposed fundraising, while engineering, IT and software, housing, construction and real estate, electrical and electronics and other sectors also have a significant presence.

The contrast between the primary and secondary markets is therefore becoming more pronounced. Companies continue to line up IPOs even as the Nifty and Sensex have recorded five consecutive weekly declines. The ability of issuers to maintain valuations and issue sizes could increasingly depend on whether the correction in listed equities deepens or stabilises.

For now, the Rs 4.66 lakh crore pipeline remains largely a potential supply of equity rather than a confirmed fundraising target. The coming months will determine how much of it reaches the market and at what valuations, as companies weigh their IPO plans against a more volatile secondary-market environment.