Foreign Portfolio Investors Sell 60% of IPO Holdings Within a Year: Report

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Mumbai skyline, economic flux representation. Credit: Vyacheslav Argenberg, Creative Commons Attribution 4.0 International, via Wikimedia Commons

New Delhi: Foreign Portfolio Investors (FPI) are being highly selective in the Indian markets. They have been finding positions in Initial Public Offerings (IPO), but at the same time reducing their exposure in listed equities. The buying decisions are driven by new issue pricing and access to companies and segments. The selling is evidently driven by price sensitivity, says a Money Control report based on data from varied sources including Prime Database and Sebi.

While FPIs offloaded Rs 3 lakh crore in 2026 so far, says the report, they purchased

Rs 55,000 crore into IPOs. The publication said the trend has persisted for three consecutive years.

Among large institutional investors who gain access to shares before a stock lists, which comes with a lock-in period, 3% sold their equity investments at the first opportunity available. They subsequently sold 60% of their stock holding within a year. Tarun Singh, MD and founder, Highbrow Securities, told Money Control the tendency is to leave when the stock exceeds the price they agreed to buy it at.

"With weak [company] governance, cash stuck in working capital, or raw material prices that swing a lot, a foreign fund can't defend its holding after listing," Singh said.

By comparison, 38% of FPI holdings in mutual funds were offloaded in the first year.

A somewhat similar pattern can be seen in FPI's debt purchases – they are purchasing in both primary and secondary debt markets, but in 2025 there was net selling in the secondary debt market. That is, FPIs purchased new debt and exited holding in older debt instruments.

While Rs 32,000 crore was bought in new debt, Rs 24,000 crore was sold in existing debt in 2025.

"With currency and equity-market volatility adding uncertainty, the combination of yield visibility and improving market access has made Indian debt relatively more attractive," Pranav Haldea, managing director of Prime Database Group told Money Control.