FPIs sell Rs 3 lakh crore in secondary market, but invest Rs 55,000 crore in primary market- Moneycontrol.com

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Rs 3 lakh crore sold in secondary markets, Rs 55,000 crore bought in primary by FPIs.



AI Powered Summary

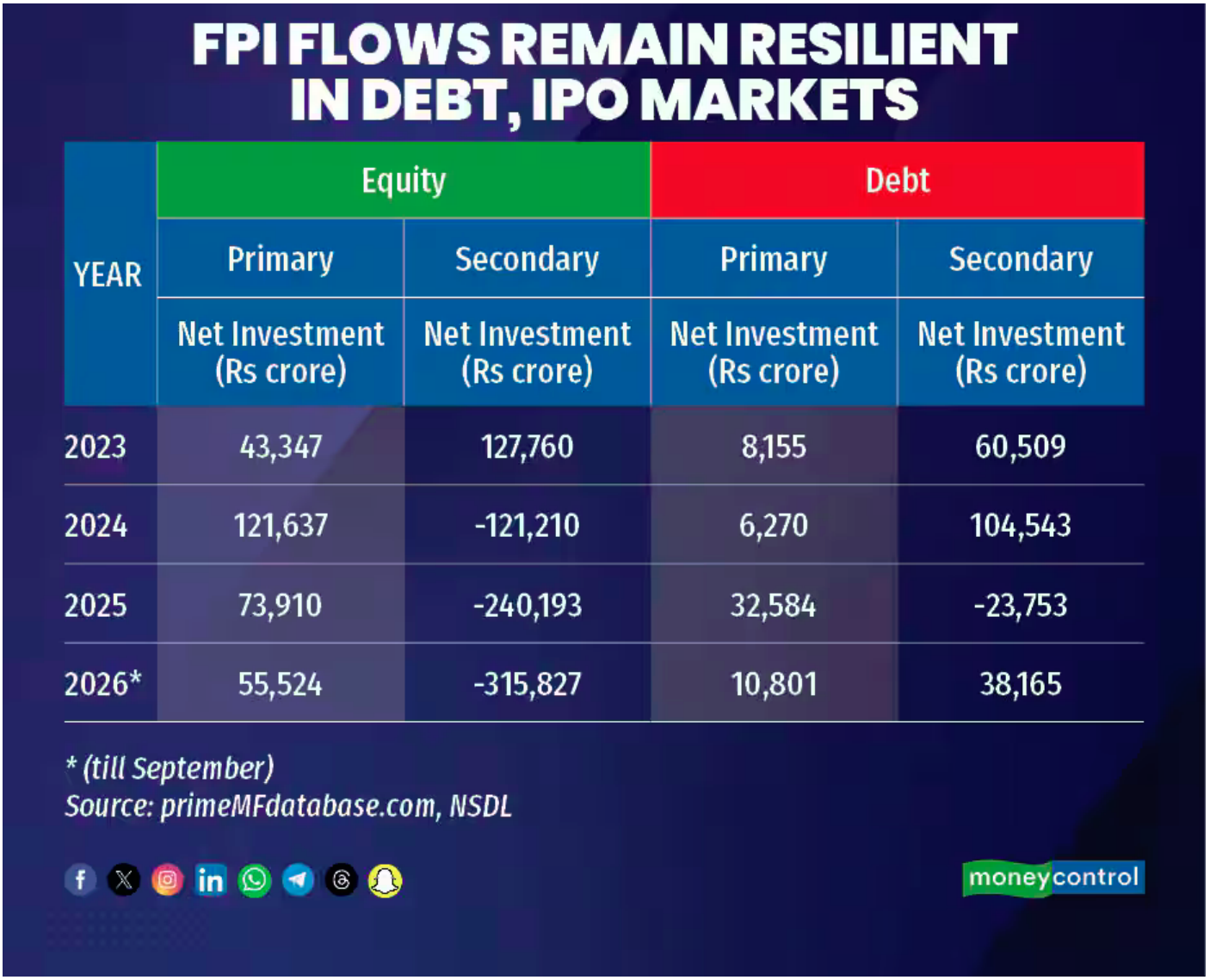
FPIs sold record Rs 3 lakh crore in secondary markets in 2026.
FPIs invested over Rs 55,000 crore in Indian IPOs in 2026.
FPIs prefer IPOs for better price discovery and valuation.

Foreign portfolio investors (FPIs) have remained relentless sellers in secondary markets, offloading a record Rs 3 lakh crore in 2026 so far.

However, during the same period, they bought into India's growing IPO story, pouring in over Rs 55,000 crore during the same time period.

This trend has remained unchanged for the third consecutive year, as foreign investors buy into India's primary markets, while selling in secondary.

In 2024, the net FPI flows into the primary markets was Rs 1.2 lakh crore, while the selling in secondary markets was also Rs 1.2 lakh core. For 2025, the pace of buying into the primary segment reduced to Rs 73,910 crore, but selling in the secondary markets accelerated to Rs 2.4 lakh crore.



Further, FPIs also bought into India's debt markets, both primary and secondary. The only sale was seen in 2025, where foreign investors sold almost Rs 24,000 crore in secondary markets. However, they bought Rs 32,000 crore in the primary debt markets, ensuring that net flows into debt for the year remained positive.

Equity IPOs remain a favoured bet for foreign investors. "IPOs give FPIs access to sizeable allocations, better price discovery and, often, a valuation cushion," said Pranav Haldea, managing director of Prime Database Group.

He added that this preference has persisted because "India’s primary market has consistently offered a pipeline of quality companies even when secondary-market valuations have appeared demanding."

Tarun Singh, MD & Founder, Highbrow Securities said that the IPO shelf

offers FPIs access to sectors like electronics manufacturing, consumer technology, or renewables, which the benchmark barely holds.

However, SEBI's data on IPOs over the last three years or so shows foreign investors sold about 3 percent of their anchor stock at the first unlock and about 60 percent within a year, as compared to mutual funds that sold 38 percent. "For foreign money, the primary market is an entry mechanism, not a home," explained Singh.

"Foreign money is buying a price. It comes in when the price is negotiated and not stretched. It leaves when the stock lists at a premium it never agreed to. In smaller issues the bar is higher. With weak governance, cash stuck in working capital, or raw material prices that swing a lot, a foreign fund can't defend its holding after listing," noted Singh.

On the debt market front, Haldea explained that debt offers FPIs a more predictable risk-return profile. "With currency and equity-market volatility adding uncertainty, the combination of yield visibility and improving market access has made Indian debt relatively more attractive," he said.

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