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India's IPO market transformation: An empirical analysis of issue activity, investor participation and capital mobilization

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Abstract
India's initial public offering (IPO) market has moved from a relatively episodic fundraising mechanism to a major component of capital-market development. This study examines that transformation through three interconnected dimensions: issue activity, investor participation and capital mobilization. Drawing on a structured review of 22 unique studies published or supplied for the period 2020–2026, the study identifies a gap in the existing Indian literature, which has concentrated heavily on underpricing and listing performance or has examined issue activity and investor behaviour separately. The empirical component uses secondary data from PRIME Database and corroborating institutional and exchange-linked sources. A detailed Mainboard series is analysed for FY2019-20 to FY2025-26, while a longer FY2016-17 to FY2025-26 total-fundraising series provides a ten-year market context. The analysis applies trend analysis, year-on-year growth, compound annual growth rate (CAGR), descriptive statistics, Pearson correlation and simple time-trend regression where defensible. Mainboard IPO count increased from 13 in FY2019-20 to 112 in FY2025-26, while capital mobilization increased from ₹20,350 crore to ₹1,78,963 crore. The ten-year total IPO fundraising series rose from ₹29,050 crore in FY2016-17 to ₹1,89,907 crore in FY2025-26. At the same time, retail participation shows pronounced cyclical behaviour: average retail applications per Mainboard IPO rose from 12.73 lakh in FY2020-21 to 21.31 lakh in FY2024-25 before falling to 12.87 lakh in FY2025-26. The evidence therefore points to a transformation characterized not simply by higher issuance, but by greater scale, broader retail engagement and stronger capital mobilization, alongside increasing sensitivity to market conditions and listing outcomes. The study concludes that the Indian IPO market has deepened materially, but its recent expansion should not be interpreted as a uniformly rising demand cycle; instead, the evidence suggests a more mature and selective market with record capital-raising capacity but fluctuating investor enthusiasm.

Keywords: Initial Public Offering (IPO), Indian Capital Market, investor participation, capital mobilization, retail investors, Mainboard IPO, SME IPO

Introduction

The initial public offering (IPO) market is one of the principal channels through which private firms access public equity capital and investors gain exposure to newly listed securities. In an emerging market such as India, IPO activity has implications beyond individual firm financing because it interacts with market liquidity, investor participation, price discovery, financial intermediation and the broader process of capital-market deepening. Over the last decade, India's primary equity market has experienced substantial variation in issue activity and fundraising, culminating in record-scale mobilisation in FY2024-25 and another record Mainboard fundraising year in FY2025-26. PRIME Database reported that 78 Mainboard IPOs raised ₹1,62,387 crore in FY2024-25, while 112 Mainboard IPOs raised ₹1,78,963 crore in FY2025-26. These developments indicate a market that has expanded not only in the number of issuers but also in the size of capital raised per year. [23, 25]

The transformation is also visible from the investor side. PRIME Database data reported in contemporary financial coverage show that average retail applications per Mainboard IPO increased to 21.31 lakh in FY2024-25 from 13.15 lakh in FY2023-24, before declining to 12.87 lakh in FY2025-26. The simultaneous fall in average listing gains from 30% in FY2024-25 to 8% in FY2025-26 suggests that participation is not a simple function of the number of issues or funds raised; it is sensitive to investor expectations and realised listing outcomes. [23, 27, 28]

The academic literature collected for this study reinforces the importance of examining the IPO market from multiple angles. The 2023 systematic review by Chatterjee, Bhattacharjee and Chakraborty shows that Indian IPO research has historically been dominated by questions of performance, especially underpricing and related post-issue outcomes. More recent studies continue to examine pricing, grey-market signals, subscription behaviour and retail decision-making, while separate streams of research analyse issue trends and capital-market development. The resulting literature is rich but fragmented. [5, 6, 12, 19,]

This study therefore shifts the focus from IPO performance alone to the transformation of the IPO market itself. It asks how issue activity has changed, whether investor participation has broadened or become more cyclical, how much capital has been mobilized, and whether the relative importance of Mainboard and SME segments has changed. The study is descriptive-cum-analytical and relies entirely on secondary data, consistent with the professor-provided research assignment model.

Background of the Study

An IPO represents the first public offering of a company's equity shares to investors. In India, the IPO process operates

within a regulatory framework overseen by the Securities and Exchange Board of India (SEBI), with listing and trading supported by stock exchanges such as NSE and BSE. The primary market connects issuing companies with investors, allowing firms to raise equity capital while enabling investors to participate in new listings. The significance of the IPO market therefore lies simultaneously in corporate finance and capital-market development. [25, 26, 30]

The Indian IPO ecosystem has also evolved structurally. Mainboard IPOs generally involve larger companies and larger issue sizes, while SME platforms provide an avenue for smaller enterprises to access public capital. The distinction is analytically important because the two segments may differ in issue size, investor composition, liquidity, risk, valuation and post-listing behaviour. SEBI's public documents also distinguish the SME platform within equity-issue reporting, demonstrating that the institutional architecture treats SME issuance as a distinct segment. [25].

The period covered by this study captures several overlapping structural forces: the expansion of digital application and dematerialization infrastructure, increasing retail investor access, post-COVID changes in market participation, strong domestic liquidity, and successive regulatory interventions affecting listing and disclosure. The literature supplied for the study frequently links these developments to increased participation and market modernization. However, the empirical challenge is to distinguish persistent market transformation from temporary boom-and-bust effects. [10, 16, 18, 22]

For this reason, the study uses two complementary time horizons. The detailed market comparison begins in FY2019-20 because consistent Mainboard data are available across the selected period. A ten-year aggregate fundraising series from FY2016-17 to FY2025-26 is also used to place recent developments in a longer historical context. The approach follows the professor's requirement that the study should use a multi-year secondary-data design and apply trend, CAGR, descriptive and appropriate inferential analysis. [5, 20]

Review of Literature

a. Indian IPO Market Growth, Issue Activity and Capital Mobilization

[20] provide a long historical benchmark for the Indian IPO market by showing that the amount raised and average issue size can increase even when the number of issues declines. Their analysis is important because it separates the dimensions of market scale and market breadth rather than treating issue count as the sole indicator of development. The study predates the most recent retail- and technology-driven IPO cycle, which creates scope for an updated longitudinal analysis.

More recent Indian studies document renewed expansion in IPO activity. [10] compare pre-COVID and post-COVID IPO behaviour and report stronger retail participation and speculative activity in the post-COVID period. [12] uses secondary data for 2015–2025 to examine issue counts, funds raised, sectoral composition, pricing methods and first-day gains, reporting substantial changes in activity and sectoral patterns. [14] review IPO returns and sectoral trends for 2020–2024, linking the recent IPO cycle with capital formation and investor participation. [15] further examines market activity, funds raised, listing performance and return variability, emphasizing expansion, contraction and recovery cycles in the Indian IPO market.

[17] provides a two-decade review of Indian corporate listings and capital-market dynamics. The study describes IPO activity as cyclical and shaped by economic conditions, market sentiment, sectoral trends and regulatory changes. [1] places public issue activity and resource mobilization within the broader growth of the Indian capital market. [7] provide sector-specific evidence from banking and non-banking financial institutions, emphasizing that IPOs mobilize capital but do not produce uniform post-listing outcomes. [8] focus on the startup IPO surge and interpret the recent boom as a structural development supported by domestic investor participation, greater financial discipline and regulatory reform. Collectively, these studies establish IPOs as an important channel of capital mobilization while also demonstrating that market activity is cyclical rather than uniformly increasing.

b. Investor Participation and IPO Subscription Dynamics

Investor participation forms a distinct but fragmented stream of Indian IPO research. [19] examine IPO subscription dynamics and investor-category demand in the Indian stock market, demonstrating that demand conditions are central to subscription outcomes. [6] provide recent survey evidence from [1, 14] retail investors and identify the importance of online brokerage applications, real-time information, valuation considerations and social or peer recommendations in participation decisions. [3] extends this behavioural perspective using a primary sample of 485 retail investors in South Gujarat and reports that risk perception constrains participation while financial literacy and information credibility support participation.

These participation studies are valuable because they explain the behavioural mechanisms behind investor decisions, but their designs are primarily survey- or issue-specific. The present study takes a complementary market-level approach by using observable aggregate participation measures, particularly average retail applications per Mainboard IPO. This avoids claiming that secondary market data can directly measure psychological constructs while still allowing the evolution of retail participation to be documented across different market regimes.

c. IPO Pricing, Underpricing, Listing Performance and Market Reactions

[5] provide the key systematic map of Indian IPO research. Their review covers [1, 11] studies published between 2002 and 2021 and concludes that IPO performance, especially underpricing, represents the dominant research theme. The performance literature in the present sample continues this emphasis. [21] finds a positive average listing-day return for Indian mainboard IPOs in 2022. [13] study the effectiveness of IPO pricing and post-listing performance, while [9] examine IPO pricing and market reactions through a company-level case study. These studies provide useful evidence on pricing and short-run performance but are not designed to measure long-run market-wide changes in issue activity and capital mobilization.

[22] extend the pricing literature by analysing 1,155 Indian IPOs from 2016–2025 and examining the relationship between grey-market activity, digital adoption and listing-day prices. [2] focuses on SME IPOs and investigates the

effects of investor sentiment on subscription intensity, listing-day returns, aftermarket volatility and longer-run performance. [11] provide international evidence from China's STAR Market, where investor sentiment and venture-capital involvement are positively related to IPO underpricing while R&D investment has a negative relationship. [4] study IPO premium maintenance in China and show that R&D efficiency influences the persistence of IPO premiums. These studies demonstrate the importance of sentiment, information, firm characteristics and market signals, but they primarily explain pricing or performance outcomes rather than the transformation of IPO issue activity and capital mobilization itself.

d. SME IPOs and the Segmentation of the Primary Market

SME IPOs have emerged as an increasingly important component of India's primary-market ecosystem. [2] shows that the SME segment has distinctive investor-sentiment and return dynamics. [17] places SME activity within the broader evolution of India's corporate listings, while [12] documents pronounced changes in IPO numbers and funds raised across the 2015–2025 period. The combined evidence suggests that Mainboard and SME issues should not automatically be pooled into a single homogeneous series. Separating the two segments allows the study to examine whether the observed transformation is concentrated in large Mainboard issues, broad-based across the primary market, or increasingly supported by SME issuance.

e. Regulatory, Digital and Broader Capital-Market Transformation

[18] examine the development of India's capital market in the era of second-generation financial-market reforms and emphasize the contribution of regulatory modernization, dematerialization and investor participation to market efficiency and confidence. [16] similarly reviews the evolution of India's capital markets from 2010 to 2025, highlighting regulatory and technological development alongside growing investor access. [22] connect digital adoption and new demat-account growth with IPO price discovery, while [8] link the recent startup IPO surge to regulatory reform and changes in the investor base. These studies support the interpretation of IPO growth as part of broader financial-market deepening, but they also reinforce the need to keep the empirical study focused on IPO-specific outcomes.

f. COVID-19, Recent Market Regimes and the Need for a Longitudinal View

The COVID-19 period provides an important regime boundary for interpreting recent IPO activity. [10] find stronger retail participation and speculative activity in the post-COVID period, while [14] and [17] document rapid recent expansion alongside sectoral and market-cycle differences. [15] likewise describes cycles of expansion, contraction and recovery. These findings imply that the recent IPO boom should not be treated as a simple monotonic trend. A longitudinal design is therefore useful for distinguishing persistent market transformation from temporary surges associated with specific market conditions.

g. Overall Synthesis of the 22 Studies

Across the 22 unique studies reviewed for this research, four broad patterns emerge. First, Indian IPO research has traditionally concentrated on pricing, underpricing and post-listing performance, as established by the systematic review of [5]. Second, recent literature has expanded toward subscription behaviour and retail participation, with [6, 19] and [3] providing complementary market-level and behavioural perspectives. Third, issue-trend and capital-market studies, including [10, 12, 14, 15, 20] Potharla (2025a, 2025b) [1, 7, 8], demonstrate that the scale and structure of the Indian primary market have changed substantially. Fourth, SME, digital, regulatory and sentiment-oriented studies—including [2, 4, 9, 11, 13, 18, 22] —show that investor behaviour, information systems, regulation and market structure matter for IPO outcomes.

Despite this breadth, the reviewed literature remains comparatively fragmented across outcomes. Issue activity, investor participation and capital mobilization are commonly treated as separate questions, and recent studies often use short windows or focus on performance rather than market development. The present study addresses this intersection by examining the transformation of India's IPO market through issue activity, observable investor participation and capital mobilization, with a Mainboard–SME distinction wherever the underlying data are sufficiently comparable.

Source: Author's synthesis of the 22 unique studies reviewed for this research.

Research Gap

The literature review reveals a specific rather than generic research gap. First, existing Indian research is fragmented across pricing/performance, subscription behaviour, retail decision-making and aggregate issue-trend analysis. The systematic review by [5] confirms the dominance of performance-related research, while the newer studies extend the literature into retail participation and SME behaviour. Yet these streams are rarely integrated in a single market-level framework. [2, 3, 5, 6, 19]

Second, historical market-activity studies often predate the current retail and digital-investor expansion, while recent papers frequently focus on a short window around the post-COVID boom. A longer annual series is therefore useful to distinguish a structural transformation from a temporary spike. Third, SME issues have become increasingly visible, but many broad analyses either merge them with Mainboard issues or discuss them only as a secondary segment. A structured Mainboard–SME comparison can therefore provide additional insight. [10, 12, 17, 20]

Fourth, investor participation is often studied either behaviourally through surveys or indirectly through subscription statistics, while capital mobilization is treated as a separate market outcome. There is limited evidence in the supplied literature that brings these dimensions into the same empirical narrative. The present study addresses this gap by analysing issue activity, observable investor participation and capital mobilization together, while explicitly separating Mainboard and SME segments where data are comparable. [6, 3, 19]

Finally, several recent studies provide descriptive accounts of the IPO boom but do not consistently combine trend measures with CAGR, descriptive statistics and transparent inferential tests. The present paper adds this reproducible quantitative layer while avoiding over-ambitious causal econometrics on a small annual sample. This balance between breadth and statistical restraint is a core contribution of the study. [5, 12, 20]

Research Objectives

- To examine the trends and transformation in IPO issue activity in India over the selected study period.
- To analyse the evolution of observable investor participation in Indian IPOs, with emphasis on retail applications and available investor-demand indicators.
- To examine the evolution of capital mobilization through Indian IPOs and compare Mainboard and SME contributions where comparable data are available.
- To assess the association between investor-participation indicators, IPO market activity and capital mobilization using statistically appropriate secondary-data techniques.

Research Questions and Hypotheses

- **RQ1:** How has IPO issue activity in India changed over the selected study period?
- **RQ2:** How has investor participation evolved, particularly through retail application activity?
- **RQ3:** How has capital mobilization through IPOs changed, and how do Mainboard and SME issues compare?
- **RQ4:** What associations exist between investor participation, IPO activity and capital mobilization?

The statistical design intentionally limits formal hypotheses to relationships that can be defended with the available data. The study therefore uses time-trend hypotheses for market-level activity and treats investor-participation relationships as associative unless a sufficiently long or detailed dataset becomes available.

- **H01:** There is no significant linear trend in Mainboard IPO count over FY2019-20 to FY2025-26. H11: There is a significant positive linear trend.
- **H02:** There is no significant linear trend in total IPO capital mobilization over FY2016-17 to FY2025-26. H12: There is a significant positive linear trend.
- **H03:** There is no statistically meaningful association between average retail applications per IPO and average listing gain over FY2020-21 to FY2025-26. H13: A statistically meaningful association exists.

Research Methodology

a. Research Design

The study follows a descriptive-cum-analytical research design based on secondary data. The design was selected because the research objective is to document market transformation over time, compare market segments and evaluate statistical associations using publicly reported market information. This matches the professor-provided assignment model, which specifies secondary-data empirical research with trend analysis, CAGR, descriptive statistics and correlation/regression/comparative analysis where appropriate.

b. Study Period

The core detailed analysis covers FY2019-20 to FY2025-26 for Mainboard IPO count and capital mobilization. A longer FY2016-17 to FY2025-26 series is used for aggregate IPO fundraising, providing ten years of descriptive context. SME count and capital are compared from FY2022-23 onward, where the supplied evidence supports a reasonably consistent series. FY2025-26 is included because it is the latest completed financial year and reflects the most recent stage of the transformation. [23, 25]

c. Data Sources

The principal sources are PRIME Database releases and related institutional/market reports, corroborated where possible by SEBI documents, exchange-linked disclosures and corporate annual reports. SEBI publishes annual reports and primary-market data, while official and institutional reports can be used to cross-check IPO counts and capital raised. For example, SEBI's Annual Report 2024-25 is publicly available, and PRIME Database data for FY2024-25 are independently reproduced in financial-sector annual reports. [25, 23, 29]

d. Variables

Table 1: Operational definition of study variables

Dimension	Variable	Operational definition
Issue activity	Mainboard IPO count	Annual count of Mainboard IPOs
Issue activity	SME IPO count	Annual count of SME IPOs where consistently available
Capital mobilization	Mainboard IPO capital	₹ crore raised through Mainboard IPOs
Capital mobilization	SME IPO capital	₹ crore raised through SME IPOs
Capital mobilization	Total IPO capital	Combined IPO fundraising including SME issues
Issue structure	Average issue size	Capital raised divided by number of Mainboard IPOs
Investor participation	Average retail applications	Average retail applications per Mainboard IPO (lakh)
Market outcome	Average listing gain	Average listing-day gain (%) as reported by PRIME Database
Market context	Nifty/Sensex return	Contextual variable; not used as a core causal predictor

e. Analytical Techniques

- Trend analysis using annual counts, capital raised and retail applications.
- Year-on-year growth rates to identify acceleration and contraction points.
- CAGR to summarize long-run proportional growth.
- Descriptive statistics: mean, standard deviation, minimum and maximum.
- Pearson correlation for selected pairs of annual variables where interpretation is explicitly limited by small n.
- Simple OLS time-trend regression for broad market trend hypotheses, with cautious interpretation because annual observations are limited.
- Comparative analysis of Mainboard and SME segments using levels, shares and CAGR rather than unsupported significance tests when the SME time series is short.

f. Data Quality and Limitations of the Dataset

The study adopts PRIME Database's settled Mainboard figures for FY2019-20 to FY2025-26 and uses the latest consistent SME figures identified in the supplied empirical package. Historical source discrepancies are treated as

definitional or timing issues rather than averaged away. In particular, the FY2022-23 Mainboard figure of ₹52,116 crore is kept separate from the combined IPO figure of about ₹54,350 crore, while the FY2023-24 SME figure of ₹5,971 crore is used as the later settled figure. The data package also notes that issue-level Retail/NII/QIB information was not reconstructed across the full period; therefore, the paper does not pretend to offer a complete annual time series for all investor categories. [23, 24]

Data Analysis and Interpretation

a. Mainboard IPO Issue Activity

Table 2: Mainboard IPO activity, FY2019-20 to FY2025-26

Financial year	Mainboard IPOs	Capital raised (₹ crore)	Average issue size (₹ crore)
2019-20	13	20,350	1,565.4
2020-21	30	31,268	1,042.3
2021-22	53	111,547	2,104.7
2022-23	37	52,116	1,408.5
2023-24	76	61,915	814.7
2024-25	78	162,387	2,081.9
2025-26	112	178,963	1,597.9

Source: PRIME Database Group releases and corroborating institutional reporting; FY2024-25 and FY2025-26 figures are independently reflected in contemporary financial-sector reporting. [23, 25, 28]

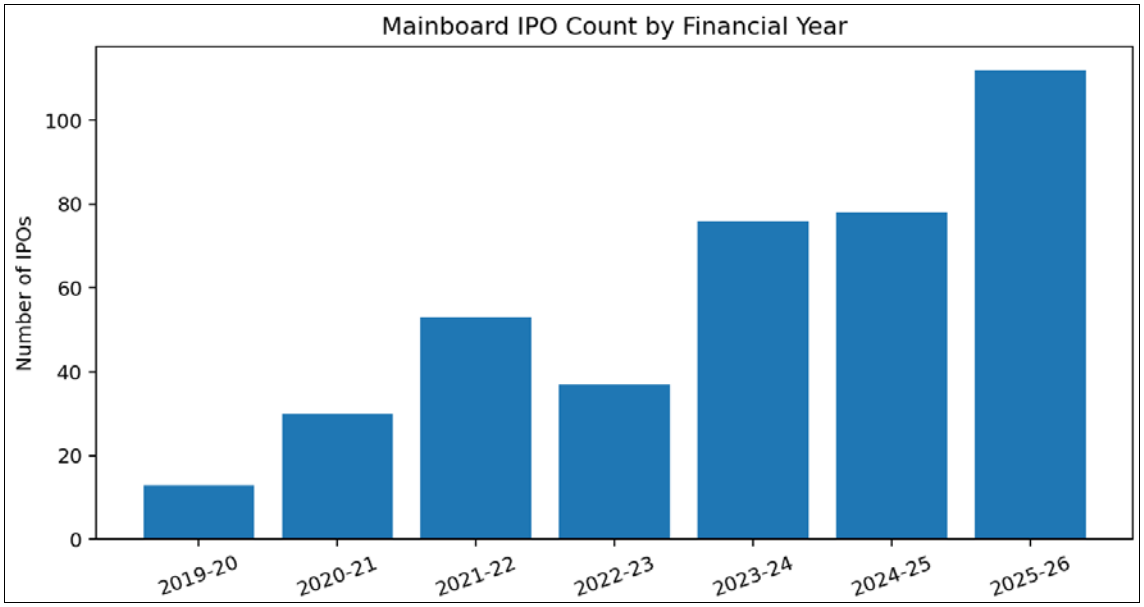


Fig 1: Mainboard IPO count by financial year

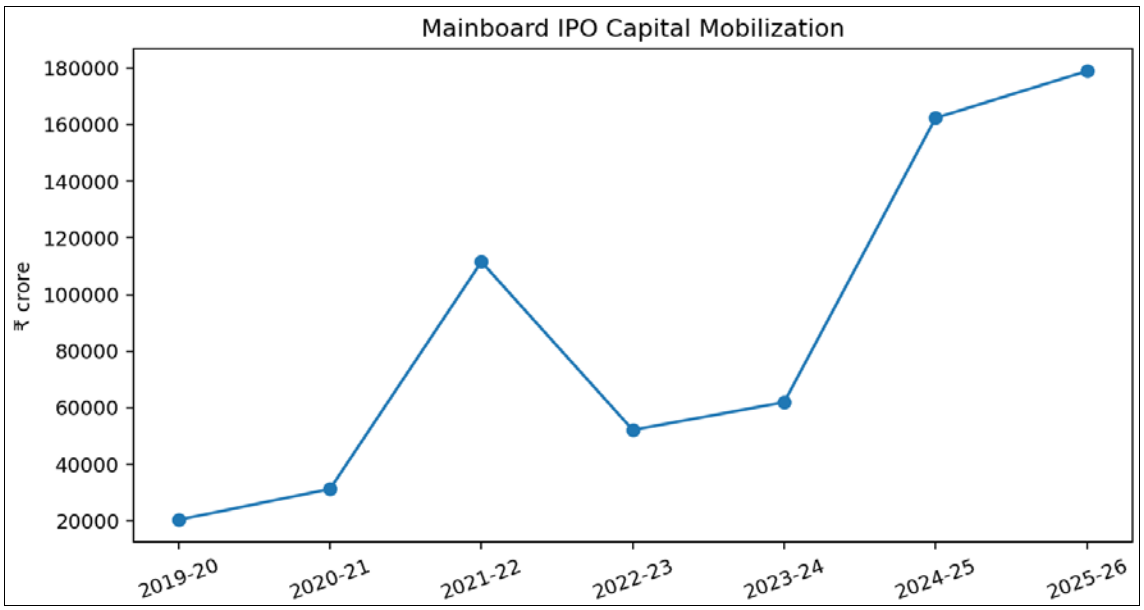


Fig 2: Mainboard IPO capital mobilization by financial year

Mainboard IPO activity shows a pronounced upward long-run trend despite a temporary contraction in FY2022-23. The number of issues increased from 13 in FY2019-20 to 112 in FY2025-26, implying a CAGR of approximately 43.2% over the six-year interval. Capital mobilization increased from ₹20,350 crore to ₹1,78,963 crore over the same period, corresponding to a CAGR of approximately 43.7%. The average issue size rose sharply in FY2021-22 and again in FY2024-25, but it declined in FY2025-26 as the number of issues expanded faster than the capital raised. [23, 28]

b. Long-run IPO Capital Mobilization

Table 3: Ten-year aggregate IPO fundraising context

Financial year	Total IPO fundraising including SME (₹ crore)
2016-17	29,050
2017-18	83,767
2018-19	16,340
2019-20	20,786
2020-21	31,512
2021-22	112,512
2022-23	54,350
2023-24	67,894
2024-25	171,507
2025-26	189,907

Source: PRIME Database official table reproduced in the supplied empirical data package. [23]

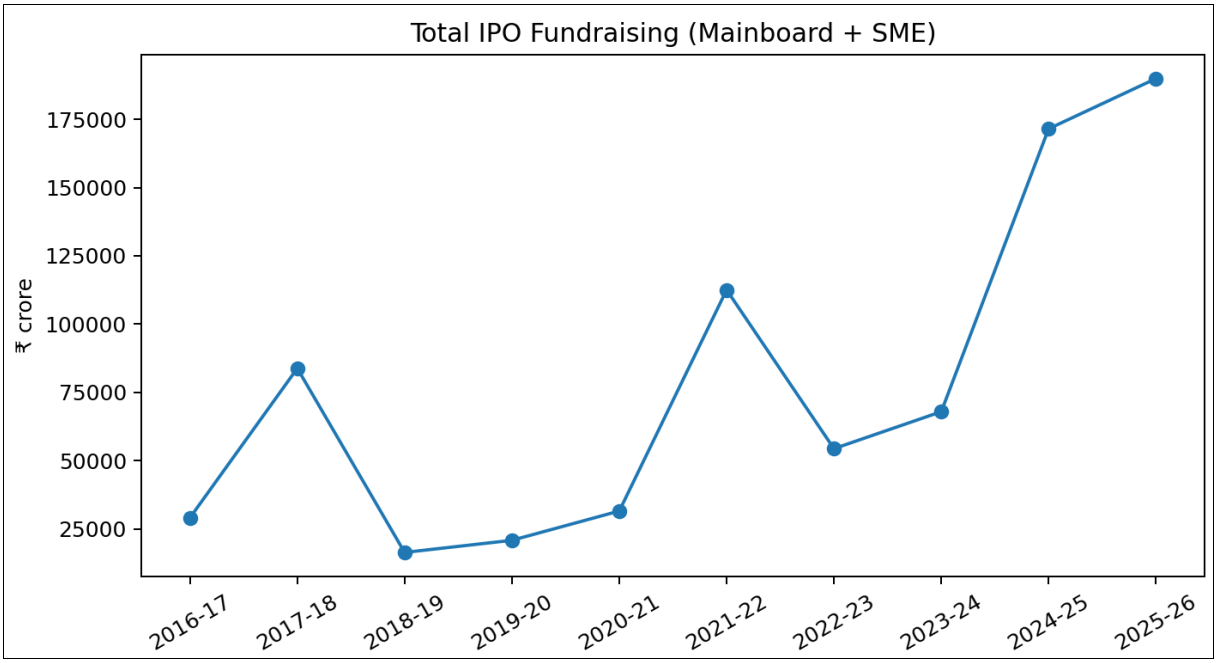


Fig 3: Total IPO fundraising, FY2016-17 to FY2025-26

The ten-year series demonstrates strong but cyclical expansion. Total IPO fundraising increased from ₹29,050 crore in FY2016-17 to ₹1,89,907 crore in FY2025-26, a CAGR of approximately 23.2%. The path was not linear: FY2018-19 and FY2019-20 recorded much lower mobilisation than FY2017-18, while FY2021-22 and FY2024-25 onward represent major fundraising peaks. This volatility is important because it indicates that transformation should be understood as an increase in the market's capacity to mobilize capital, not as an uninterrupted annual rise. [23]

c. Mainboard versus SME IPO Activity

Table 4: Mainboard and SME IPO comparison for years with comparable verified SME data

FY	Mainboard count	Mainboard ₹ crore	SME count	SME ₹ crore	SME share of MB capital
2022-23	37	52,116	125	2,234	4.3%
2023-24	76	61,915	204	5,971	9.6%
2024-25	78	162,387	234	9,120	5.6%
2025-26	112	178,963	254	10,944	6.1%

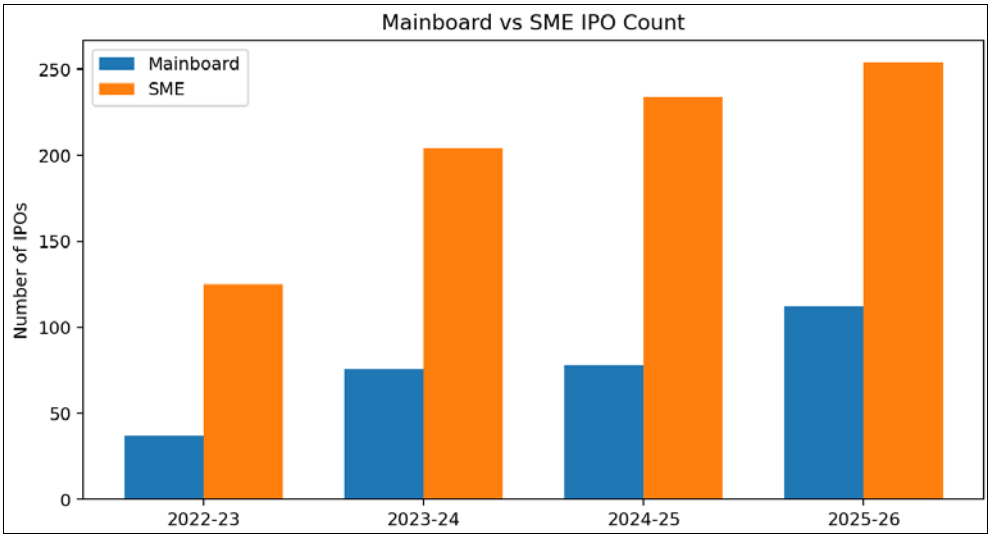


Fig 4: Mainboard versus SME IPO count, FY2022-23 to FY2025-26

The SME segment has become increasingly material in issue count and capital raised. From FY2022-23 to FY2025-26, SME IPO count increased from 125 to 254, while SME capital raised increased from roughly ₹2,234 crore to ₹10,944 crore. The proportional growth of SME capital over this shorter period is much faster than Mainboard growth, although the comparison must be interpreted cautiously because the SME series starts later and uses only four comparable years. The evidence nevertheless supports treating SMEs as a distinct growth engine rather than merely a small appendage of the Mainboard market. [23, 24]

d. Investor Participation

Table 5: Annual retail-participation and listing-outcome indicators

Financial year	Average retail applications per IPO (lakh)	Average listing gain (%)
2020-21	12.73	35.68
2021-22	13.32	32.59
2022-23	5.64	9.74
2023-24	13.17	29.00
2024-25	21.31	30.00
2025-26	12.87	8.00

Source: PRIME Database figures as reported in dated financial-market coverage; FY2024-25 and FY2025-26 are independently corroborated in recent coverage. [23, 28]

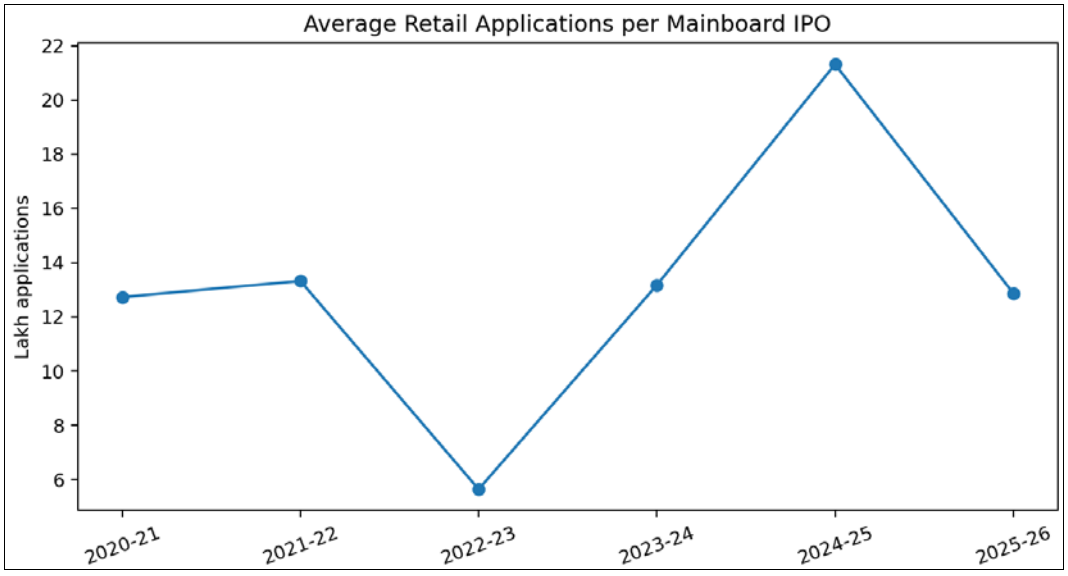


Fig 5: Average retail applications per Mainboard IPO

Retail participation displays a clear cyclical pattern rather than a monotonic increase. Average applications rose from 12.73 lakh in FY2020-21 to 13.32 lakh in FY2021-22, fell sharply to 5.64 lakh in FY2022-23, recovered to 13.17 lakh in FY2023-24 and reached a high of 21.31 lakh in FY2024-25 before dropping to 12.87 lakh in FY2025-26. This pattern is consistent with the broader literature suggesting that retail participation is sensitive to market conditions, valuation signals, information and realised returns rather than simply the supply of IPOs. [23, 28]

The Pearson correlation between average retail applications and average listing gain over the six annual observations is r = 0.524 (p = 0.286). The relationship is positive in sign but statistically non-significant at the 5% level. Because n = 6, this result should be treated as descriptive rather than as strong evidence of a stable relationship. It nevertheless supports the interpretation that retail enthusiasm and listing outcomes may move together without establishing a causal mechanism. [28]

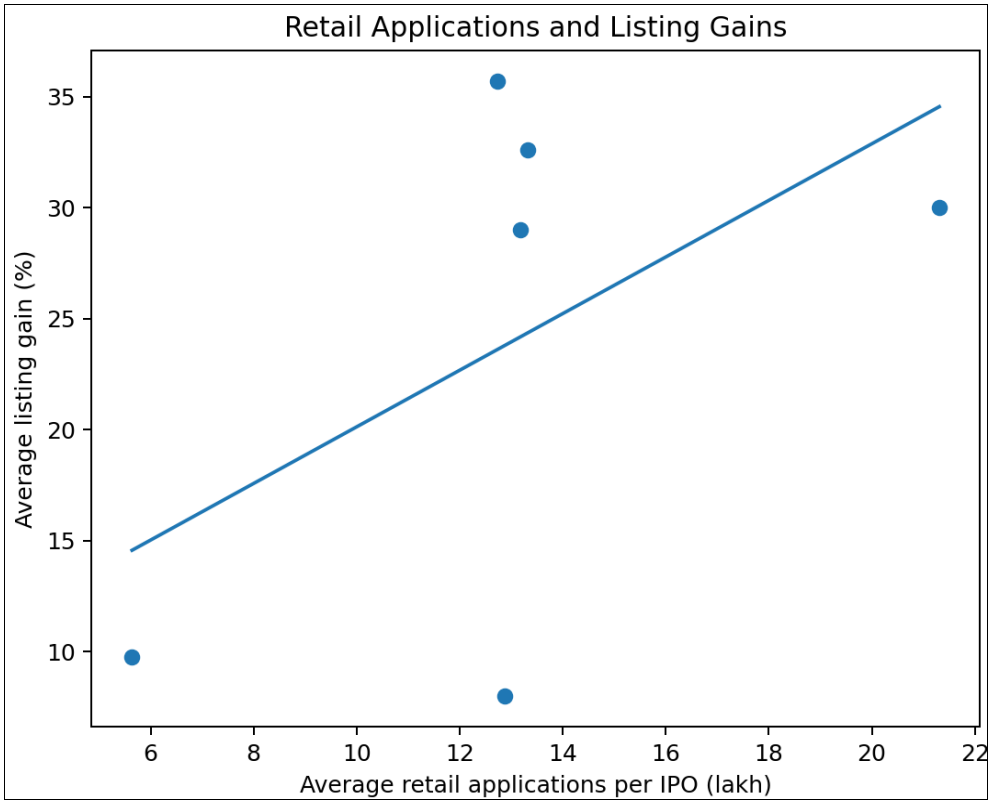


Fig 6: Scatter plot: average retail applications versus average listing gain

Table 6: Descriptive statistics

Variable	Mean	Std. dev.	Minimum	Maximum
IPO count	57.00	33.93	13.00	112.00
Capital mobilized (₹ crore)	88,363.71	63,409.20	20,350.00	178,963.00
Average issue size (₹ crore)	1,516.47	483.69	814.67	2,104.66
Retail applications/IPO (lakh)	13.17	4.97	5.64	21.31
Average listing gain (%)	24.17	12.09	8.00	35.68

Table 7: Simple time-trend regression results

Model	Slope	R^2	p-value	Interpretation
Mainboard IPO count ~ Time (FY2019-20–FY2025-26)	14.86	0.895	0.0013	Positive; statistically significant at 5%
Mainboard capital ~ Time (FY2019-20–FY2025-26)	24,587	0.702	0.0187	Positive; statistically significant at 5%
Total IPO capital ~ Time (FY2016-17–FY2025-26)	15,160	0.545	0.0148	Positive; statistically significant at 5%

The Mainboard count trend is statistically significant (slope = 14.86 IPOs per year; R^2 = 0.895; p = 0.0013). Mainboard capital also has a positive and statistically significant linear trend over the seven annual observations (slope ≈ ₹24,587 crore per year; R^2 = 0.702; p = 0.0187). The ten-year total-capital series produces a positive time trend as well (slope ≈ ₹15,160 crore per year; R^2 = 0.545; p = 0.0148). These results support the conclusion that the market has experienced a systematic upward trend, although the models should not be interpreted as causal and the small annual sample limits precision. [23]

The correlation between Mainboard IPO count and Mainboard capital over FY2019-20 to FY2025-26 is r = 0.868 (p = 0.011). This positive association indicates that years with more IPOs tend also to mobilize more capital, but the relationship is not perfectly proportional because average issue size varies substantially across years. This is precisely why the study reports both issue count and capital raised rather than relying on a single market-activity indicator. [23]

Findings

- Mainboard IPO activity expanded materially, increasing from 13 issues in FY2019-20 to 112 issues in FY2025-26.
- Mainboard capital mobilization increased from ₹20,350 crore to ₹1,78,963 crore over the same period, producing a CAGR of approximately 43.7%.

- The ten-year total IPO fundraising series rose from ₹29,050 crore in FY2016-17 to ₹1,89,907 crore in FY2025-26, equivalent to a CAGR of approximately 23.2%, despite substantial year-to-year volatility.
- FY2021-22 and FY2024-25 represent particularly strong fundraising years, while FY2022-23 records a pronounced contraction in Mainboard activity.
- SME IPOs expanded rapidly from 125 issues and roughly ₹2,234 crore in FY2022-23 to 254 issues and roughly ₹10,944 crore in FY2025-26, demonstrating that the transformation extends beyond the Mainboard segment.
- Average retail applications per Mainboard IPO rose to 21.31 lakh in FY2024-25 before falling to 12.87 lakh in FY2025-26, indicating cooling retail enthusiasm despite another record fundraising year.
- Average listing gain fell from 30% in FY2024-25 to 8% in FY2025-26, coinciding with the decline in retail applications.
- Time-trend regressions indicate statistically significant positive trends in Mainboard IPO count and capital mobilization and in the longer ten-year total-fundraising series, but these are trend findings rather than causal relationships.
- The positive association between retail applications and listing gains is suggestive but statistically non-significant in the six-year annual series, so it should not be interpreted as a robust predictive relationship.

Discussion

The empirical results are consistent with the broad direction of the literature but add an important shift in emphasis. Earlier Indian research, particularly [20], demonstrates that IPO market development can involve changes in issue count, amount raised and average issue size that do not always move together. The present results extend that insight into the recent market cycle: both the number of Mainboard issues and the amount raised have increased strongly over time, but average issue size remains cyclical. This supports the view that market transformation involves changes in both breadth and scale. [10, 12, 20]

The sharp increase in capital mobilization also complements the literature on broader capital-market transformation. [18] and [16] argue that regulatory modernization, dematerialization, technology and growing investor participation have deepened India's capital markets. The ten-year IPO fundraising series provides an IPO-specific manifestation of that broader process. At the same time, the large contraction in FY2022-23 shows that the transformation is not immune to macro-financial conditions. Market openness and deeper investor participation increase the capacity of the market, but they do not eliminate cyclicality. [18, 16, 25]

The retail-participation findings are particularly interesting when compared with [3, 6]. Those studies show that retail participation is shaped by information, digital channels, financial literacy, risk perception and other behavioural cues. The present secondary-data evidence cannot identify the psychological mechanisms directly, but the annual pattern confirms that participation is highly responsive to the attractiveness of the IPO environment. Retail applications more than tripled between the low point of FY2022-23 and the FY2024-25 peak, before falling materially in FY2025-26. [3, 6]

The divergence between record FY2025-26 fundraising and falling retail applications is an important indicator of market maturation. Contemporary FY2026 reporting shows that Mainboard fundraising reached ₹1,78,963 crore while average retail applications fell to 12.87 lakh from 21.31 lakh a year earlier, and average listing gains fell from 30% to 8%. This suggests that capital mobilization can remain high even while retail demand becomes more selective. The transformation therefore appears to involve not only quantity but also a changing mix of capital sources and investor behaviour. [23,28]

The SME findings provide an additional structural dimension. Recent data show strong growth in SME issue counts and capital raised, and the literature separately identifies SME IPOs as a distinctive risk-return and investor-sentiment segment. The evidence supports a dual transformation: Mainboard IPOs have reached record fundraising scale, while SME IPOs have expanded the breadth of primary-market participation. This broadening of the primary market may be one of the clearest indicators that India's IPO ecosystem is becoming more diversified rather than merely larger. [2, 17, 23]

Conclusion

This study examined India's IPO market transformation through issue activity, investor participation and capital mobilization. The evidence indicates that India's IPO market has undergone a substantial structural expansion. Mainboard IPO count rose from 13 in FY2019-20 to 112 in FY2025-26, while Mainboard capital mobilization rose from ₹20,350 crore to ₹1,78,963 crore. Over the longer FY2016-17 to FY2025-26 horizon, total IPO fundraising including SME issues increased from ₹29,050 crore to ₹1,89,907 crore. [23, 25]

The findings also demonstrate that transformation is not equivalent to uninterrupted growth. The market shows clear cycles, with strong fundraising peaks separated by contraction years. Investor participation is similarly cyclical: average retail applications reached a record level in FY2024-25 but declined sharply in FY2025-26, even as capital mobilization reached another record. This divergence indicates that institutional and other non-retail demand can support fundraising when retail enthusiasm moderates, and it suggests a more selective investor environment. [23, 28]

The study therefore concludes that the Indian IPO market has moved toward a larger, deeper and more diversified primary market, with greater capacity to mobilize capital and stronger retail visibility than in earlier periods. The transformation is broad-based enough to include both Mainboard and SME segments, but it remains sensitive to market conditions and investor sentiment. The principal contribution of the study is to bring issue activity, observable participation and capital mobilization into a single empirical narrative rather than treating IPO performance as the only outcome of interest. [2, 5, 20]

Suggestions / Implications

a. Implications for SEBI and Regulators

- Continue strengthening disclosure, investor-protection and risk-communication standards as IPO participation broadens to new retail segments. [25]
- Maintain transparent and comparable primary-market statistics so researchers and market participants can

distinguish IPOs from FPOs and consistently separate Mainboard and SME issues. [23, 25]
- Enhance investor-education initiatives that emphasize valuation, issue proceeds, promoter participation and post-listing risk rather than only listing-day gains. [6, 25]

b. Implications for Companies and Merchant Bankers
- Use realistic pricing and transparent disclosures because the FY2025-26 decline in retail applications and listing gains suggests investors are becoming more selective. [23, 28]
- Differentiate the communication strategy for Mainboard and SME issues because the two segments show different issue sizes, participation patterns and market dynamics. [2, 12]
- Provide clearer information on the use of proceeds and on the relative contribution of fresh issue versus shareholder selling wherever relevant. [25]

c. Implications for Investors
- Interpret high subscription and listing-gain expectations cautiously; strong past demand does not guarantee future performance. [21, 22]
- Consider fundamentals, valuation, business quality and use of proceeds rather than relying solely on subscription multiples, grey-market signals or social-media recommendations. [3, 6, 22]
- Recognize that SME IPOs involve a distinct risk and liquidity environment compared with Mainboard issues. [2]

Limitations of the Study
- The empirical analysis relies on secondary data and therefore depends on the consistency and definitions used by the source institutions. [23, 25]
- The detailed Mainboard/SME split is available on a fully comparable basis only for the later years; earlier SME counts are not used as estimated observations in the core statistical analysis.
- The investor-participation measure is primarily average retail applications per Mainboard IPO. A fully comparable annual Retail/NII/QIB series was not reconstructed for the whole period. [3, 6, 19]
- Annual time-series regressions involve a small number of observations and are therefore suitable for trend evidence but not for strong causal inference.
- SME growth comparisons are descriptive because the comparable series is shorter than the Mainboard series.
- Listing gains are used as contextual investor-climate indicators and not as a comprehensive measure of long-term IPO performance. [2, 21]
- The study does not estimate the causal effect of interest rates, GDP, market volatility or policy reforms on IPO activity because the available design and annual sample are not sufficient for that purpose. [5, 25]

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