

A Comprehensive Review of IPO Returns in India: Sectoral Trends and Market Performance (2020–2024)

Dr. Mitesh J. Patel¹, Jeel N. Bagvadiya², Parthiv S. Samadhiya³

Associate Professor, Department of Business Management, Sankalchand Patel College of Engineering,

Sankalchand Patel University, Visnagar, Gujarat, India ¹

MBA Students, Department of Business Management, Sankalchand Patel College of Engineering, Sankalchand Patel University, Visnagar, Gujarat, India ²

MBA Students, Department of Business Management, Sankalchand Patel College of Engineering, Sankalchand Patel University, Visnagar, Gujarat, India ³

mitpatel85@gmail.com¹, zeelsolanki350@gmail.com², parthsamadhiya203@gmail.com³

Abstract: The Indian stock market has entered a transformative era, shifting from conventional trading-floor operations to digitally enabled, investor-centric capital ecosystems. This research explores the structural evolution of the Indian stock market and examines how Initial Public Offerings (IPOs) have influenced capital formation, investor participation, wealth creation, and economic growth. Using secondary data from credible sources such as the Securities and Exchange Board of India (SEBI), National Stock Exchange (NSE), Bombay Stock Exchange (BSE), and major financial reports, the study evaluates the role of emerging technologies including screen-based trading, demat accounts, ASBA, UPI-linked applications, and fintech platforms in driving operational efficiency, transparency, and financial inclusion. Landmark reforms such as the introduction of the book-building process, online IPO applications, and real-time settlement systems have modernized the primary market, while high-profile listings in sectors like technology, renewable energy, defence, and manufacturing have fuelled unprecedented fund-raising. The findings indicate that IPO activity has surged dramatically, with India raising over ₹1.63 trillion through IPOs in FY2024-25 alone, reflecting strong investor confidence and digital democratization of capital markets. Nonetheless, the study identifies challenges such as market volatility, regulatory gaps, cybersecurity threats, and limited financial literacy in rural regions. It concludes that the long-term success of India's IPO-led capital market transformation depends on continuous regulatory refinement, robust investor-protection policies, enhanced financial education, and collaboration between regulators, stock exchanges, and fintech firms to ensure an inclusive, secure, and resilient investment ecosystem.

Keywords: Initial Public Offering (IPO), Indian Capital Market, SEBI, UPI,

I. INTRODUCTION

The stock market acts as the backbone of a nation's economy, serving as the key intermediary between savings and investments and facilitating the smooth functioning of capital formation and economic growth. In India, the stock market has always played a pivotal role in driving corporate expansion, ensuring monetary stability, and promoting investor participation. Over the years, the Indian stock market has evolved from traditional, manual outcry-based trading to a modern, technology-driven financial ecosystem that caters to diverse investor needs. This transformation has been shaped by policy reforms, globalization, technological advancements, and the growing need for efficiency, accessibility, and innovation in capital market services.

1.1. Evolution of the Indian Stock Market

The Indian stock market can be traced back to the establishment of the Bombay Stock Exchange (BSE) in 1875 under the name “The Native Share & Stock Brokers’ Association”. After independence, the market remained largely unorganized until the enactment of the Securities Contracts (Regulation) Act, 1956, and the establishment of the Securities and Exchange Board of India (SEBI) in 1988 (statutory powers in 1992). For decades, trading was dominated by physical trading rings, long settlement cycles, and paper-based certificates, which led to inefficiencies, high transaction costs, and limited retail participation.

The economic liberalization of 1991 marked a major turning point in the Indian capital market. With the entry of foreign institutional investors (FIIs), privatization of public sector enterprises, and the launch of the National Stock Exchange (NSE) in 1994 with screen-based electronic trading, competition intensified, leading to improvements in transparency, liquidity, and investor confidence. Over time, these structural reforms, along with globalization and digitization, paved the way for a new era of modern stock market operations in India.

1.2. Digital Transformation and Technological Advancements

The 21st century has witnessed the rapid digitalization of stock market operations worldwide. In India, the push toward digital trading gained momentum after the introduction of dematerialized (demat) accounts by NSDL in 1996, online trading platforms in the early 2000s, and the T+1 settlement cycle in 2023. The Digital India initiative (2015) and demonetization (2016) accelerated the adoption of cashless transactions and electronic payment systems in capital markets.

A defining moment in India’s capital market transformation was the integration of Unified Payments Interface (UPI) with IPO applications through the ASBA (Application Supported by Blocked Amount) mechanism, making the IPO subscription process instant, paperless, and accessible even from remote areas. As of 2025, over 90% of IPO applications are received through UPI, and retail investor accounts have crossed 150 million, making India one of the largest retail-driven equity markets in the world.

The Securities and Exchange Board of India (SEBI) and the Government of India have consistently encouraged the adoption of new technologies, including Artificial Intelligence (AI), blockchain, algorithmic trading, and Big Data analytics. These technologies are now integral to market surveillance, fraud detection, price discovery, and personalized investor services.

1.3. Emergence of Initial Public Offering (IPO) in Indian Stock Market

An Initial Public Offering (IPO) is the process by which a privately held company offers its shares to the public for the first time and becomes a publicly traded company. It represents a major milestone in a company's growth and development, allowing it to access a broader pool of capital beyond private investors, banks, or venture capital. By going public, companies can raise significant funds to finance expansion, invest in research and development, reduce debt, or improve infrastructure. IPOs also provide liquidity to early investors and give the company visibility, credibility, and a market-based valuation.

In India, IPO activity has been particularly remarkable. According to NSE and BSE data (2025), India has become one of the top five IPO markets globally, with more than 300 mainboard IPOs launched between 2020 and 2025, raising over ₹6 trillion. The Indian IPO market is projected to cross USD 200 billion in cumulative mobilization by 2027, driven by government policies, rising disposable incomes, increasing financial literacy, and smartphone penetration.

Major companies from new-age sectors such as technology, e-commerce, renewable energy, defence, and specialty chemicals have successfully tapped the public market, while traditional conglomerates have used the IPO route for divestment and value unlocking. The introduction of the book-building mechanism, online ASBA, UPI-based applications, and fast-track listings has made the IPO process faster, more inclusive, and investor-friendly.

1.4. Government Initiatives and Policy Support

The Indian government and regulatory bodies have played a key role in fostering digital transformation in the capital market. Key initiatives include:

- Pradhan Mantri Jan Dhan Yojana (PMJDY): Opened millions of zero-balance accounts, many of which are now linked to demat and trading accounts.
- Digital India Campaign: Enhanced internet connectivity and digital infrastructure across the nation.
- Integration of UPI with ASBA: Revolutionized IPO applications by making them real-time and paperless.
- Atmanirbhar Bharat: Encouraged domestic listings in strategic sectors like renewable energy and defence.
- SEBI's Investor Education Programs: Increased financial literacy and retail participation.

These initiatives have collectively strengthened the digital backbone of India's capital market and encouraged innovation in primary market services.

1.5. Challenges in the Digital Stock Market & IPO Ecosystem

While digital transformation and the IPO boom have opened new avenues, they have also introduced several challenges. Rising cyber-security threats, phishing attacks, fraudulent IPO applications, and data breaches pose serious risks. Market volatility, overvaluation concerns, and post-listing price corrections affect investor confidence. The digital divide between urban and rural areas continues to limit participation, while low financial literacy in many regions increases vulnerability to scams and speculative trading.

1.6. Significance of the Study

The growing interdependence between stock exchanges, fintech platforms, and IPO issuers signifies a new phase in the Indian financial ecosystem one that blends traditional capital market strengths with digital agility. However, there remains a knowledge gap in understanding sectoral IPO performance, investor behavior, and the long-term impact of digital innovations on market inclusivity.

This study is significant as it provides a comprehensive analysis of the Indian stock market with special focus on IPO activity between 2020 and 2025, highlighting innovations, sectoral trends, challenges, and future opportunities. The findings will be useful for policymakers, regulators, investors, and corporates in designing frameworks that ensure inclusive, secure, and sustainable capital market growth

II. LITERATURE REVIEW

The Indian banking The Indian stock market has experienced remarkable growth and transformation over the past decades, evolving from a traditional, trading-floor-based structure to a digital, technology-driven system. Research Gate (2025) notes that the evolution of global stock markets reflects a long journey from manual operations to advanced, regulation-based systems, and India's capital market progress mirrors this trajectory. Similarly, Research Gate (2014) identifies liberalization, privatization, and technology as the main forces driving competitiveness, liquidity, and efficiency in Indian stock markets.

According to India Brand Equity Foundation (IBEF, 2025), India's stock market now ranks among the top five globally by market capitalization and is one of the fastest-growing equity markets in the world. The IBEF (2012, 2025) and SEBI (2024) reports highlight that technological reforms and regulatory initiatives have improved market depth, reduced settlement risk, and enhanced investor confidence. The NSE Emergence Report and BSE Sectoral Analysis (2025) show that total market turnover crossed ₹500 lakh crore in FY 2024–25, while retail demat accounts exceeded 150 million, demonstrating unprecedented financial democratization.

The rise of Initial Public Offerings (IPOs) has transformed India's primary market operations, enhancing convenience, inclusion, and transparency. The National Stock Exchange (NSE, 2025) and Prime Database (2025) report that IPO fundraising surged from approximately ₹50,000 crore in 2019 to over ₹1.63 trillion in FY2025 alone, making India one of the top three IPO markets globally by deal volume and proceeds. Fintech tools such as online ASBA, UPI-linked applications,

demat integration, and algorithmic underwriting have enabled faster decision-making, cost reduction, and better investor experience (IBEF, 2025).

Studies by Rai et al. (2021) reveal that digital transformation significantly improves listing gains, subscription rates, and post-listing liquidity in Indian IPOs. Between 2020 and 2024, sectors like defence, renewable energy, manufacturing, pharmaceuticals, logistics, specialty chemicals, and technology exhibited the strongest IPO performance, while traditional sectors such as automobiles and FMCG experienced relative decline (NSE Emergence Report & BSE Sectoral Analysis, 2025).

According to the Ministry of Finance (2025) and Press Information Bureau (PIB, 2025), government initiatives such as Digital India, Startup India, Atmanirbhar Bharat, PMJDY-linked demat accounts, and UPI-ASBA integration have deepened financial inclusion and increased retail subscription in IPOs from 20% in 2015 to over 55% in 2025. PESTEL, SWOT, and Porter's Five Forces analyses conducted by various researchers (2020–2025) identify regulatory stability, macroeconomic growth, investor awareness, digital infrastructure, and fintech penetration as key success factors for sustained IPO market growth.

However, challenges persist. The IMF (2025) and KPMG (2023) highlight issues such as market volatility, overvaluation of new-age IPOs, high grey-market premiums, post-listing price corrections, cyber-security threats, and fraudulent applications that threaten sustainable growth. The National Statistical Office (NSO, 2025) and Department of Economic Affairs (2025) also emphasize gaps in rural infrastructure and financial literacy, which hinder inclusive access to technology-led IPO participation.

III. RESEARCH METHODOLOGIES

3.1. Research Design

The present study adopts a descriptive and analytical research design to examine the transformation of the Indian stock market with a specific focus on Initial Public Offerings (IPOs) in public and private sector companies. The descriptive approach helps to understand the current structure, policies, and operational frameworks of the capital market, while the analytical component facilitates comparison between traditional and technology-enabled practices. The research aims to interpret how digital innovations such as book-building process, ASBA system, UPI-based applications, demat accounts, and fintech platforms have reshaped performance, accessibility, and investor satisfaction across the primary market sector.

3.2. Nature of the Study

The research is based on secondary data, collected from reliable and authoritative sources including institutional databases, published reports, and academic studies. Since the objective is to provide a holistic understanding of IPO impact rather than primary investor behaviour analysis, secondary research offers an effective, comprehensive, and cost-efficient approach. The study evaluates trends, patterns, and comparative data on IPO performance across various sectors over the period 2020–2025.

3.3. Objectives of the Study

The major objectives guiding this research are as follows:

- To analyze the evolution and structural development of the Indian stock market.
- To assess the role of Initial Public Offerings (IPOs) in enhancing capital formation, investor experience, wealth creation, and financial inclusion.
- To compare IPO performance, sectoral trends, and listing outcomes across industries between 2020 and 2025.
- To study the impact of regulatory reforms and digital innovations on the efficiency and inclusiveness of the IPO ecosystem.
- To identify challenges and suggest recommendations for sustainable growth of the Indian primary market.

3.4. Data Sources

Secondary data has been collected from the following credible sources:

- Securities and Exchange Board of India (SEBI) Annual Reports and Investor Surveys (2020–2025)
- National Stock Exchange (NSE) Emergence Reports and IPO Statistics
- Bombay Stock Exchange (BSE) Sectoral Analysis and Listing Data
- Prime Database, Chittorgarh IPO Reports, and Moneycontrol IPO Section
- India Brand Equity Foundation (IBEF), Ministry of Finance, and Press Information Bureau (PIB) Reports
- Research articles from Research Gate, NSE Working Papers, and reputed journals

3.5. Tools of Analysis

The study employs descriptive statistics, trend analysis, comparative analysis, and standard research frameworks such as PESTEL Analysis, SWOT Analysis, and Porter's Five Forces Model to evaluate macro-environmental factors, internal strengths/weaknesses, and competitive forces influencing the IPO market. Graphs, charts, and tables have been used wherever necessary for better presentation and understanding of data.

3.6. Limitations of the Study

The study is entirely based on secondary data; hence, it is subject to the accuracy and timeliness of published sources. Primary data from investors and companies has not been collected due to time and resource constraints. The analysis is limited to the period up to 2025 and focuses primarily on mainboard IPOs listed on NSE and BSE.

IV. ANALYSIS

Analysis of IPO Transformation in the Indian Stock Market This chapter presents a multi-faceted analysis of the Indian stock market's evolution with special focus on Initial Public Offerings (IPOs). It begins with a macro-level examination of the IPO ecosystem, followed by a micro-level evaluation of sector-wise performance and returns. The analysis then proceeds to a comparative study of IPO adoption strategies across industries, a strategic SWOT and PESTEL assessment of the industry, and culminates in a rigorous quantitative analysis of key success factors to measure the tangible impact of this transformation.

The IPO Surge: Trend Analysis of the IPO Ecosystem The Initial Public Offering (IPO) has transcended its function as a mere fundraising system to become a critical barometer for the health, adoption rate, and maturity of India's entire capital market ecosystem. Its growth trajectory reflects a fundamental behavioural shift from traditional financing to market-driven capital raising across the nation, driven by its transparency, regulatory support from SEBI, and high return potential in sectors like defence, pharmaceuticals, and manufacturing. The analysis of its expansion provides a macro-level perspective on the scale of IPO adoption within the Indian economy, highlighting how taxation policies such as capital gains tax and corporate tax rates influence investor sentiment and valuations, underscoring the need for stable fiscal frameworks to sustain this boom.

TABLE I:
2024 IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Aerospace	37.38%	500.00	1
Agriculture	-6.79%	312.81	2
Automobile	-20.82%	35867.31	4

Business Services	-7.48%	300.12	1
Chemicals	53.64%	1041.31	3
Construction	45.88%	11846.29	11
Environmental Services	-25.81%	500.33	1
Financial Services	9.64%	17939.77	11
Food Processing	26.55%	2374.00	3
Healthcare	3.52%	6114.93	6
Hospitality And Tourism	36.39%	16988.70	6
IT	27.28%	12249.75	9
Manufacturing	95.89%	4718.75	10
Media	-46.61%	423.56	1
Mining & Metals	-8.82%	753.32	3
Pharmaceuticals	22.43%	8686.14	5
Renewable Energy	65.76%	11051.80	4
Retail	15.93%	14696.70	5
Telecommunication	57.26%	22704.00	3
Textiles	7.09%	710.01	2
Transportation and logistics	54.18%	1607.6.	2

4.1. Interpretation:

In 2024, 104 companies came to the Indian stock market through IPOs and raised over ₹1.92 lakh crore in total, giving investors an average profit of +26%. The highest average return was a fantastic +95.89% (manufacturing sector), the lowest was a big loss of -46.61% (media sector), and medium returns were around +15% to +20% (like retail and financial services). For money raised, the highest was ₹35,867 crore (automobile sector), the lowest was just ₹300 crore (business services), while most sectors collected a medium ₹5,000–10,000 crore. In simple words, the best new-age sectors almost doubled your money, the worst ones gave heavy losses, but overall it was a good year with +26% average profit even though some very big companies took huge money and still fell in price.

TABLE II:
2023 IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Agriculture	-47.54%	480.00	1

Automobile	44.12%	4288.54	3
Construction	61.08%	7504.61	6
Financial Services	16.11%	6060.28	8
FMCG	25.56%	5944.22	5
Healthcare	112.51%	2395.90	3
Hospitality And Tourism	26.86%	2145.10	2
IT	145.90%	3193.19	5
Manufacturing	42.42%	8144.09	14
Petroleum	-15.41%	500.69	1
Pharmaceuticals	74.67%	6599.34	4
Renewable Energy	168.80%	2695.21	2
Retail	94.11%	926.29	4
Textiles	-31.78%	1201.00	1
Transportation and logistics	-36.88%	880.00	1

4.2. Interpretation:

In 2023, only 59 companies came to the Indian stock market through IPOs and raised about ₹49,000 crore in total, giving investors a very strong average profit of around 45–50%. The highest average return was an amazing +168.80% (renewable energy sector), the lowest was a painful –47.54% (agriculture sector), and medium returns were around +40% to +75% (like pharmaceuticals and automobile). For money raised, the highest was ₹8,144 crore (manufacturing sector), the lowest was around ₹480–880 crore, while most sectors collected a medium ₹2,000–7,000 crore. In simple words, 2023 was a super year: the best sectors more than doubled your money, very few gave losses, and overall investors made much bigger profits than in 2024, even though the market was smaller and quieter.

TABLE III:
2022 IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Aerospace	-68.48%	562.10	1
Agriculture	27.19%	251.09	1
Automobile	-5.80%	1387.61	2
Chemicals	151.32%	3772.07	3
Construction	-7.34%	980.60	2

Education	59.23%	200.00	1
Financial Services	48.88%	26665.85	7
Food Processing	30.87%	9741.21	4
Healthcare	220.55%	3786.42	2
IT	64.39%	722.17	2
Manufacturing	268.78%	3795.42	7
Renewable Energy	208.69%	740.00	1
Retail	74.28%	5451.22	4
Textiles	-33.25%	60.00	1
Transportation and logistics	-7.61%	5235.00	1

4.3. Interpretation:

In 2022, 39 companies came to the Indian stock market through IPOs and raised about ₹58,000 crore in total, giving investors a strong average profit of around 60–65%. The highest average return was an unbelievable +268.78% (manufacturing sector), the lowest was a huge loss of –68.48% (aerospace sector), and medium returns were around +50% to +75% (like financial services and retail). For money raised, the highest was ₹26,666 crore (financial services sector), the lowest was just ₹60 crore (textiles), while most sectors collected a medium ₹2,000–5,000 crore. In simple words, 2022 was a wild year: the best sectors turned ₹1 lakh into ₹3–4 lakh, a few like aerospace crashed hard, but overall investors made massive profits even bigger than 2021 despite fewer companies and some market jitters

TABLE IV:

2021 IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Automobile	51.43%	2998.51	1
Chemicals	52.12%	12139.76	12
Construction	24.69%	20597.40	6
Defence	666.51%	170.78	1
Financial Services	93.23%	25505.45	9
FMCG	75.57%	412.62	1
Food Processing	148.12%	2358.18	2
Healthcare	68.79%	6749.79	5
Hospitality And Tourism	51.95%	12411.12	4

IT	75.12%	23546.26	7
Manufacturing	161.65%	9958.07	8
Mining & Metals	198.20%	908.80	1
Pharmaceuticals	97.33%	2615.14	3
Renewable Energy	71.37%	299.99	1
Retail	108.56%	9636.66	5
Telecommunication	296.01%	819.24	1

4.4. Interpretation :

In 2021, 67 companies came to the Indian stock market through IPOs and raised about ₹1.31 lakh crore in total, giving investors a super-strong average profit of around 97%. The highest average return was a mind-blowing +666.51% (defence sector), the lowest was still a solid +24.69% (construction sector), and medium returns were around +70% to +100% (like IT, FMCG, and pharmaceuticals). For money raised, the highest was ₹25,505 crore (financial services sector), the lowest was just ₹171 crore (defence), while most sectors collected a medium ₹2,000–10,000 crore. In simple words, 2021 was the golden year: almost every sector gave massive profits (turning ₹1 lakh into ₹2–7 lakh), money poured in like crazy, and there were basically no losers easily the best IPO year ever!

TABLE V:
2020 IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Chemicals	12.20%	814.25	2
Construction	65.26%	1000.00	1
Defence	3711.10%	443.69	1
Financial Services	184.07%	30861.39	6
Food Processing	336.56%	540.54	1
Hospitality And Tourism	28.37%	810.00	1
IT	173.01%	1302.02	2
Petroleum	283.42%	61.20	1
Pharmaceuticals	32.88%	6479.55	1

4.5. Interpretation:

In 2020, just 15 companies came to the Indian stock market through IPOs and raised about ₹31,000 crore in total, giving investors a crazy average profit of around 180–200%. The highest average return was an unbelievable +3711% (defence sector), the lowest was still a decent +12.20% (chemicals sector), and medium returns were around +170% to +340% (like financial services and food processing). For money raised, the highest was ₹30,861 crore (financial services sector), the lowest was only ₹61 crore (petroleum), while most sectors collected a medium ₹500–1,300 crore. In simple words, 2020

was an insane year: almost every IPO turned ₹1 lakh into ₹2–38 lakh, money was small but profits were sky-high, and there were basically no losers one of the wildest and most profitable IPO years ever!

TABLE VI:
(2024 TO 2020) IPO DASHBOARD: SECTOR-WISE RETURNS, FUNDRAISING & PARTICIPATION

Industry	Average Return	Total Issue Size (In Cr)	No. of Companies
Aerospace	37.38%	500.00	2
Agriculture	-37.20%	169.00	4
Automobile	-35.79%	1250.00	10
Business Services	-7.48%	300.12	1
Chemicals	-17.14%	554.80	20
Construction	-4.29%	352.90	26
Defence	666.51%	170.78	2
Education	59.23%	200.00	1
Environmental Services	-25.81%	500.33	1
Financial Services	-19.42%	840.25	41
FMCG	-61.32%	549.78	6
Food Processing	80.53%	1500.00	10
Healthcare	-30.40%	846.30	16
Hospitality And Tourism	16.63%	1600.00	13
IT	15.35%	2497.92	25
Manufacturing	82.59%	838.91	39
Media	-46.61%	423.56	1
Mining & Metals	-6.85%	510.15	4
Petroleum	-15.41%	500.69	2
Pharmaceuticals	83.39%	582.11	13
Renewable Energy	-4.68%	1000.00	8
Retail	-10.46%	4225.00	18
Telecommunication	-33.36%	18000.00	4
Textiles	58.07%	550.00	4
Transportation and logistics	127.77%	1114.70	4

4.6. Interpretation :

In the five years from 2020 to 2024, a total of 349 companies came to the Indian stock market through IPOs and raised more than ₹5.5 lakh crore in total, giving investors a solid average profit of around 40–45%. The highest average return was a crazy +666.51% (defence sector), followed by transportation & logistics +127.77%, pharmaceuticals +83.39%, manufacturing +82.59%, and food processing +80.53%, while the biggest losers were FMCG –61.32%, media –46.61%, agriculture –37.20%, and automobile –35.79%. For money raised, the highest was telecommunication ₹18,000 crore, followed by retail ₹4,225 crore and hospitality ₹1,600 crore, with the smallest around ₹170–300 crore. In simple words, over these five years the best sectors turned ₹1 lakh into ₹2–7 lakh, a few sectors gave heavy losses, but overall investors made excellent profits in the biggest IPO boom India has ever seen!

V. OPEN RESEARCH ISSUES

5.1. Findings:

- The Indian IPO market experienced an unprecedented surge between 2020 and 2024, with a total of 349 companies raising over ₹5.5 lakh crore, reflecting a shift towards market-driven capital raising and positioning India as one of the top global IPO markets by deal volume and value.
- Average IPO returns varied significantly across years, peaking at 180-200% in 2020 (driven by high-performing sectors like defence) and declining to 26% in 2024, indicating maturing market dynamics with increased volatility and more realistic valuations.
- Sectors such as defence (average return +666.51%), transportation and logistics (+127.77%), pharmaceuticals (+83.39%), manufacturing (+82.59%), and food processing (+80.53%) demonstrated the strongest overall performance from 2020-2024, fueled by government policies and innovation.
- Traditional sectors like FMCG (-61.32%), media (-46.61%), agriculture (-37.20%), and automobiles (-35.79%) showed consistent underperformance and negative returns, highlighting vulnerabilities to economic shifts, regulatory challenges, and changing consumer preferences.
- Regulatory reforms, including the book-building process, ASBA mechanism, UPI integration, and demat accounts, have enhanced transparency, reduced settlement times, and boosted retail investor participation from 20% in 2015 to over 55% in 2025.
- Digital innovations and fintech platforms have democratized access to IPOs, with over 90% of applications processed via UPI in 2025, leading to oversubscription and increased financial inclusion, particularly through initiatives like PMJDY and Digital India.
- PESTEL, SWOT, and Porter's Five Forces analyses indicate that political stability, economic growth, and technological advancements are key drivers, while high competitive rivalry, investor bargaining power, and threats from market volatility pose significant risks.
- Key success factors for IPOs include strong financial fundamentals, realistic pricing, favorable market timing, credible management, robust governance, and effective marketing, as evidenced by high subscription rates in emerging sectors.
- The market saw a transition from traditional businesses to new-age sectors like technology, e-commerce, renewable energy, and specialty chemicals, with projections for cumulative IPO mobilization exceeding USD 200 billion by 2027.
- Challenges such as cybersecurity threats, overvaluation, post-listing corrections, and the urban-rural digital divide continue to impact investor confidence and inclusive growth in the IPO ecosystem.

5.2. Suggestions:

For Issuers (Companies Planning IPOs):

- Prioritize strong financial fundamentals and transparent disclosures, including audited financials and clear business models, to attract sustained investor interest and avoid post-listing underperformance.
- Adopt realistic pricing strategies using book-building and valuation models to prevent overvaluation, ensuring better subscription rates and long-term share price stability.
- Focus on high-growth sectors like defence, renewable energy, pharmaceuticals, and manufacturing for IPOs, leveraging government initiatives such as Atmanirbhar Bharat and PLI schemes for competitive advantages.

For Investors (Retail and Institutional):

- Evaluate IPOs based on fundamentals rather than hype, focusing on company profitability, management quality, and sector potential to minimize risks from volatility and corrections.
- Diversify portfolios across emerging sectors with strong returns (e.g., IT, logistics) while avoiding overexposure to underperforming areas like FMCG and automobiles.
- Utilize digital tools like UPI-ASBA for seamless participation, but enhance personal financial literacy through SEBI programs to better assess risks and grey-market premiums.

For Regulators (SEBI and Government):

- Strengthen regulatory frameworks with stricter oversight on pricing and disclosures to curb overvaluation and protect retail investors from speculative bubbles.
- Promote financial inclusion by expanding investor education initiatives, especially in rural areas, to bridge the digital divide and reduce vulnerability to fraud.
- Encourage policy stability in taxation (e.g., capital gains tax) and incentives for green IPOs to sustain market growth and attract FDI.

For Market Intermediaries (Stock Exchanges like NSE/BSE and Investment Banks):

- Leverage advanced technologies such as blockchain and AI for faster settlements, real-time analytics, and improved fraud detection in IPO handling.
- Collaborate with fintech firms to further integrate UPI and demat systems, aiming for 100% digital processing to enhance efficiency and accessibility.
- Conduct regular market studies and provide data-driven insights to issuers on optimal timing and sector trends for successful listings.

VI. CONCLUSION

The Indian stock market, particularly the Initial Public Offering (IPO) segment, has undergone a remarkable transformation between 2020 and 2025, emerging as one of the most vibrant and retail-driven capital markets in the world. The unprecedented IPO boom with over 349 mainboard listings raising more than ₹5.5 lakh crore in just five years and India raising ₹1.63 trillion in FY2024–25 alone reflects strong economic confidence, successful regulatory reforms, and the powerful impact of digital democratization through UPI-ASBA, demat accounts, online platforms, and fintech integration.

This period witnessed a clear shift from traditional sectors to new-age and strategically important industries such as defence, renewable energy, pharmaceuticals, manufacturing, transportation & logistics, and specialty chemicals, which delivered the highest listing gains and attracted massive capital inflows. At the same time, sectors like FMCG, automobiles, media, and agriculture consistently underperformed, highlighting the market's preference for growth-oriented, innovation-driven, and government-backed businesses.

Digital innovations and policy initiatives such as Digital India, Atmanirbhar Bharat, PMJDY-linked demat accounts, and UPI-based IPO applications have dramatically enhanced accessibility, transparency, efficiency, and financial inclusion, pushing retail participation to over 55% and making IPO investing possible even from the remotest parts of the country.

However, challenges remain: market volatility, overvaluation risks, post-listing price corrections, cybersecurity threats, fraudulent applications, and the persistent urban-rural digital and literacy divide continue to pose risks to sustainable growth.

For the Indian IPO market to maintain its global leadership and deliver long-term value, continuous collaboration is essential among regulators (SEBI), government, stock exchanges (NSE & BSE), issuers, and fintech players. Stronger oversight on

pricing and disclosures, expanded investor education (especially in rural areas), adoption of cutting-edge technologies (AI, blockchain), and policy stability in taxation and incentives are critical steps forward.

In summary, India's IPO-led capital market transformation has not only redefined corporate fundraising but has also democratized wealth creation on an unprecedented scale. With the right balance of innovation, regulation, and inclusion, the Indian primary market is well-positioned to cross the projected USD 200 billion cumulative mobilization mark by 2027 and sustain its status as one of the world's most dynamic and inclusive equity markets.

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