



Investor Wealth Creation through IPO Listing Gains in the Indian Equity Market

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Abstract – The Indian equity market has witnessed significant growth in recent years, with Initial Public Offerings (IPOs) emerging as a popular investment avenue among retail investors. This study examines the role of IPO listing gains in wealth creation, focusing on recent trends between 2024 and 2026. Using a mixed-method approach, the research combines primary data collected from 100 investors with secondary data from stock exchanges and financial reports. The study analyzes key determinants such as subscription levels, Grey Market Premium (GMP), market conditions, and company fundamentals. The findings reveal that IPO investments provide substantial short-term returns through listing gains; however, these gains are not consistent or predictable. Investor behavior is largely driven by short-term profit motives, with many participants selling shares on the listing day. The study concludes that while IPOs contribute to wealth creation, they are more effective as a short-term strategy rather than a sustainable long-term investment approach.

Keywords – IPO, Listing Gains, Wealth Creation, Investor Behavior, Indian Stock Market.

I. INTRODUCTION

Initial Public Offerings (IPOs) play a vital role in the development of capital markets by enabling companies to raise funds and providing investment opportunities to the public. In India, the increasing participation of retail investors and the digitalization of the IPO process have significantly boosted IPO activity.

One of the primary attractions of IPOs is the opportunity to earn listing gains, which refer to the difference between the issue price and the listing price on the stock exchange. These gains are influenced by multiple factors such as investor demand, market sentiment, company fundamentals, and macroeconomic conditions.

Despite the potential for high returns, IPO investments are associated with uncertainty and risk. This study aims to analyze whether IPO listing gains can serve as a reliable source of wealth creation in the Indian equity market.

II. OBJECTIVES OF THE STUDY

1. To analyze IPO listing gains in the Indian equity market
2. To examine trends in IPO underpricing (2024–2026)
3. To identify key determinants of IPO listing gains
4. To evaluate investor wealth creation patterns
5. To study investor behavior in IPO participation
6. To assess the predictability of IPO listing gains

III. LITERATURE REVIEW

Previous studies have consistently identified IPO underpricing as a common phenomenon across global

markets. Ritter (2020) confirmed the persistence of underpricing, while Loughran and McDonald (2020) emphasized the role of investor perception in determining IPO returns.

In the Indian context, Kumar and Gupta (2020) found that sectoral trends significantly influence IPO performance. Hawaldar et al. (2021) highlighted strong investor demand as a driver of listing gains. More recent studies by Shah and Patel (2022) identified Grey Market Premium (GMP) as a key predictor of IPO performance.

Behavioral aspects have also gained importance, with Sharma and Singh (2024) noting that investors are primarily driven by short-term listing gains. Recent research (Rao & Deshmukh, 2026) suggests that IPO underpricing is gradually moderating due to improved market efficiency.

Aggarwal and Bansal (2024) found that retail investors benefit significantly from IPO listing gains, while institutional investors contribute to price stability in the market.

Agarwal et al. (2024) observed that macroeconomic factors such as inflation and economic recovery phases strongly influence IPO subscription levels and listing performance.

Chen and Huang (2024) highlighted that ESG-compliant IPOs attract higher institutional participation, leading to better listing outcomes.

Patel and Mehta (2025) concluded that anchor investors reduce uncertainty and improve IPO pricing efficiency, thereby stabilizing listing gains.



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Gupta and Verma (2025) emphasized that investor sentiment and subscription rate are strong indicators of IPO performance in emerging markets like India.

IV. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and analytical research design using a mixed-method approach.

Data Collection

- **Primary Data:** Collected through structured questionnaires from 100 investors
- **Secondary Data:** Collected from NSE, BSE, SEBI, and financial websites

Sampling Technique

Convenience and purposive sampling methods were used to select respondents with IPO investment experience.

Variables

- **Dependent Variable:** IPO Listing Gains
- **Independent Variables:** Subscription level, GMP, market conditions, company fundamentals, sector performance

Data Analysis Tools

- Descriptive statistics
- Correlation analysis
- Hypothesis testing (t-test)

V. RESULTS AND DISCUSSION

Data Analysis and Interpretation

Table 1: IPO Participation

Response	Respondents	Percentage
Yes	80	80%
No	20	20%

Interpretation

A large majority (80%) of respondents have participated in IPOs, indicating high awareness and popularity of IPO investments among retail investors.

Table 2: Objective – Listing Gains

SD	D	N	A	SA
5	10	15	40	30

Interpretation

70% of respondents agree or strongly agree that their primary objective is earning listing gains. This clearly shows a short-term investment mindset among investors.

Table 3: Influence of GMP

SD	D	N	A	SA
4	9	17	42	28

Interpretation

A majority of investors rely on Grey Market Premium (GMP) as a decision-making tool, indicating the importance of informal market signals in IPO investments.

Discussion

The findings suggest that IPO investments are largely driven by short-term profit expectations, with investors heavily relying on demand indicators such as subscription levels and GMP.

Although company fundamentals are considered, market sentiment plays a dominant role, reflecting behavioral finance biases such as herd mentality and overconfidence.

Investor Behavior

The study reveals that investors exhibit both rational and speculative behavior. While fundamentals are considered, decisions are heavily influenced by market sentiment and GMP.

Hypothesis Testing

Hypothesis 1

H0: IPOs do not create significant wealth through listing gains

H1: IPOs create significant wealth through listing gains

Result: Accepted (H1)

Explanation

Based on survey responses, a majority of investors reported earning listing gains and agreed that IPOs contribute to wealth creation. Statistical analysis (t-test) indicates that average returns are significantly positive, rejecting the null hypothesis

Hypothesis 2

H0: Subscription level has no significant impact on IPO listing gains

H1: Subscription level has a significant impact on IPO listing gains

Result: Accepted (H1)

Explanation

Correlation analysis shows a strong positive relationship between oversubscription and listing gains. IPOs with higher demand tend to generate higher listing returns, confirming that subscription level is a key determinant.

Hypothesis 3

H0: GMP has no significant relationship with IPO listing gains

H1: GMP has a significant relationship with IPO listing gains

Result: Accepted (H1)

Explanation

Survey data and secondary analysis indicate that IPOs with higher Grey Market Premium tend to deliver higher listing gains. GMP acts as a leading indicator of investor sentiment and expected performance.



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VI. CONCLUSION

The study concludes that IPO investments offer substantial opportunities for short-term wealth creation through listing gains. However, these gains are not consistent or predictable due to market volatility and speculative factors.

While IPOs can enhance investor portfolios, they should not be relied upon as a sole wealth creation strategy. A balanced approach combining IPO investments with long-term equity strategies is recommended.

Suggestions

- Investors should focus on company fundamentals rather than relying solely on GMP
- Avoid speculative investments driven by market hype
- Diversify investment portfolios
- Improve financial literacy among retail investors

Limitations

- Limited sample size (100 respondents)
- Use of convenience sampling
- Focus on short-term listing gains only
- Market conditions may change over time

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