

FPI inflows surge



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Foreign portfolio investor (FPI) investments are on the rise, driven by stronger economic growth projections for India, a buoyant initial public offering (IPO) market, and the country's inclusion in global indices.

Net investments by FPIs reached a five-quarter high, with a net inflow of over \$11 billion as on September 26 in the July-September quarter (Q3) of calendar year (CY) 2024.

Both debt and equity inflows have been increasing. FPIs invested \$18.9 billion on a rolling four-quarter basis in Indian equities and \$19.8 billion in debt during this period (Chart 1).

As of March 2024, nearly 40 per cent of FPI inflows into India came from the US, followed by Singapore (9.8 per cent), Luxembourg (7.1 per cent), Mauritius (6 per cent), Ireland (5.5 per cent), and the UK (4.8 per cent).

These inflows were primarily directed towards the primary market, which includes IPOs, follow-on public offers, qualified institutional placements, and rights issues. The primary market saw a net inflow of \$10.5 billion by September 24 in Q3 CY 2024 — the highest on a rolling four-quarter basis since CY 2022 — compared to \$8.3 billion in the stock exchange (Chart 2).

India's booming IPO market has led to greater FPI allocations. In Q3 of the current calendar year, FPIs were allotted ₹17,477 crore, accounting for 27 per cent of the total, up from ₹11,305 crore and a 23 per cent share in CY 2023 (Chart 3). As of March 2024, FPIs owned around one-fifth of Indian stocks, a share mirroring the same period last year. Promoters hold about half of the stocks, followed by institutions (Chart 4).

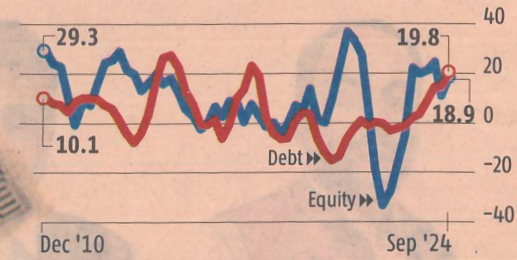
India attracted larger FPI flows compared to other emerging economies like Indonesia (\$4.1 billion), Brazil (\$2.3 billion), and Thailand (\$0.8 billion) as of September 25 in Q3 CY 2024, according to Bloomberg data (Chart 5).

While foreign investments have surged, net domestic portfolio investments also hit a record high of ₹3.8 trillion on a rolling four-quarter basis as of September 25 in Q3 CY 2024 — the highest since CY 2010 (Chart 6).

Mutual fund investments have played a key role, with net equity investments reaching ₹3.28 trillion on a rolling four-quarter basis.

1 FOREIGN BETS ON EQUITY RISE

Net foreign portfolio flows (rolling four-quarter sum, in \$ billion)



Note: Data until September 26, 2024. Compiled by BS Research Bureau Source: NSDL, Business Standard calculations

2 BIG BUYERS IN PRIMARY MARKET

Net FPI flows into domestic equities (rolling four-quarter sum, in \$ billion)

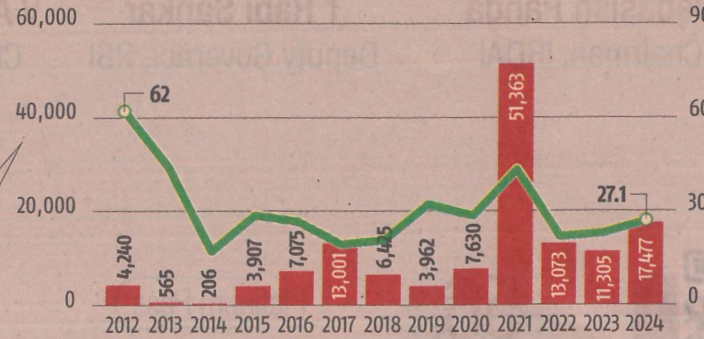


Note: Data as on September 26, 2024. Compiled by BS Research Bureau Source: NSDL, Business Standard calculations

3 UPTICK IN IPO ALLOTMENT

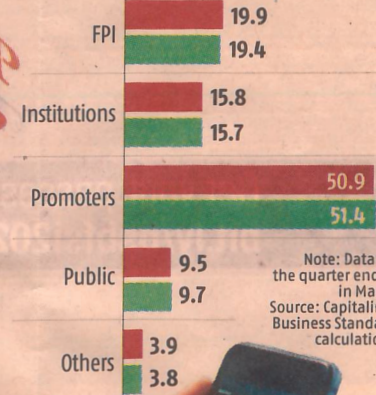
Allotment to FPIs (in ₹ crore) (LHS)
Share in total (in %) (RHS)

Note: Data for 2024 as on September 26. FPI allotment data of some IPOs of September 2024 not available Source: primedatabasegroup.com, Business Standard calculations



4 FPIs HOLD A FIFTH OF INDIAN STOCKS

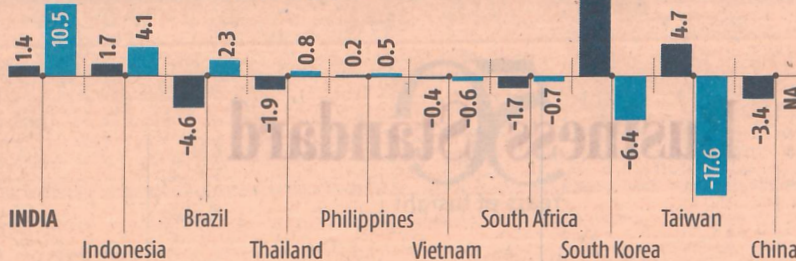
Ownership in Indian stocks (in %)
2023 2024



Note: Data for the quarter ended in March Source: Capitaline Business Standard calculations

5 INDIA AMONG PREFERRED MARKETS

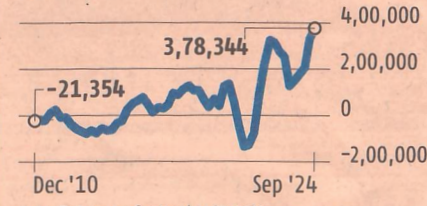
Net FPI investments in equity (in \$ bn) ■ March ■ September



Note: Data for quarter ended (figures for September quarter updated until September 25, 2024). Figures for China for the September quarter not available. Compiled by BS Research Bureau; Source: Bloomberg

6 UPSWING IN DII BETS ON EQUITY

Net domestic institutional investment (rolling four-quarter sum, in ₹ crore)



Note: Data as on September 25, 2024. Compiled by BS Research Bureau Source: NSDL, SEBI, Business Standard calculations