

FPI stake in India tops \$1 trn

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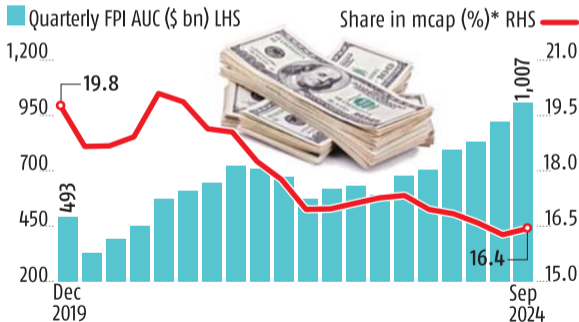
Foreign portfolio investors (FPIs) have, for the first time, amassed holdings in Indian securities exceeding the \$1 trillion mark, a milestone underscoring the country's growing allure among global investors.

As of the end of September 2024, FPIs' assets under custody in India reached \$1.1 trillion (₹84.4 trillion), with \$930 billion (₹78 trillion) invested in equities and the remainder allocated to debt and hybrid instruments, according to data from National Securities Depository Limited. This figure represents a threefold surge from a Covid-19 low of \$329 billion (for the quarter ended March 2020). During the same period, India's market capitalisation has skyrocketed fourfold, reaching ₹474 trillion (\$5.6 trillion).

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FPIs, who started investing in India in 1992, hold local securities worth over \$1 trillion



Note: AUC is assets under custody across equity, debt, and hybrid instruments; *FPI equity AUC as % of mcap of all BSE-listed firms
Sources: NSDL, exchange, and Bloomberg

FPI equity holdings make for 16.4% of India's mcap

The Indian markets have delivered high long-term returns, second only to the US. The 10-year annualised returns for the Sensex in US dollar terms are 8.5 per cent compared to 9.7 per cent for the Dow Jones index of the US.

Liberalised investment rules and a supportive regulatory framework have been instrumental in achieving this

\$1 trillion landmark.

Currently, FPI equity holdings account for 16.4 per cent of India's total market capitalisation — a decline from 20.1 per cent in December 2020, driven by robust inflows from domestic mutual funds and retail investors.

India first opened its doors to FPIs in 1992 (then known as foreign institutional investors, or FIIs), in the wake

of the 1991 balance of payments crisis. At the start of NSDL's data records in 2012, total FPI assets under custody stood at \$243 billion (₹13.4 trillion). This figure surpassed \$350 billion in 2014 and broke the \$500 billion barrier in 2017.

The primary sources of FPI flows into India include the US, Singapore, and Luxembourg.

