



August Market Pulse: Monthly Investment Insights

August Snapshot: FPIs Extend Equity Selloff, DIIs and MFs Lead with Strongest Monthly Inflows of 2025

- ❖ **FPI Flows: Persistent Equity Selloff, Debt Inflows Continue**
 - **FPIs Extend Equity Selloff in August:** Foreign Portfolio Investors (FPIs) extended their **bearish stance** on Indian equities for the **fifth month in 2025**, with **August** marking the **second straight month of outflows** after July. They sold **₹20,975 Cr** in the first half and **₹14,018 Cr** in the second, totaling **₹34,993 Cr**. Most of the pressure came from **secondary market selling** of **₹39,063 Cr**, partly offset by **IPO investments** of **₹4,070 Cr**.
 - **FPIs Turn to Debt for Stability:** For the **second consecutive month**, FPIs infused **₹12,662 Cr** into **debt**—with **₹7,828 Cr** in the first half and **₹4,834 Cr** in the second—reflecting a clear **shift toward fixed income** in search of **stability and yields**.
 - **FPIs YTD Trend:** FPIs have pulled out **₹1,30,635 Cr** from **Indian equities** YTD (Jan–Aug 2025), extending their **selling streak**, while channeling **₹38,595 Cr** into **debt**, reflecting a clear **tilt toward fixed income** amid equity market pressures.
- ❖ **DIIs Anchor Markets with Record Inflows**
 - **DIIs Deliver Record Equity Support:** Domestic Institutional Investors (DIIs) emerged as the strongest buyers in **August 2025**, investing a massive **₹94,829 Cr** into equities — the **highest monthly infusion of 2025** and the **largest since October 2024**. The flows were front-loaded, with **₹55,795 Cr** deployed in the first half and **₹39,033 Cr** in the second half.
 - **YTD Snapshot:** Domestic Institutional Investors (DIIs) have infused a massive **₹5,13,343 Cr** into Indian equities during **Jan–Aug 2025**, the strongest support base for the markets amid persistent FPI selloffs.
- ❖ **Mutual Funds Lead with Record Equity Inflows**
 - **Mutual Funds Register Strongest Flows Since Oct 2024:** Mutual Funds delivered a standout performance in **August 2025**, with **equity inflows of ₹64,889 Cr** — the **highest monthly investment of 2025** and the **largest since October 2024**. The bulk of the flows came in the **first half at ₹45,049 Cr**, followed by **₹19,840 Cr** in the latter half, signaling sustained retail and SIP-led participation.
 - **YTD Snapshot:** Mutual Funds have infused a strong **₹3,50,804 Cr** into **equities** during **Jan–Aug 2025**, underlining continued retail and SIP-driven strength.

Monthly Investment Insights

Tracking Flows by Market Participants								
Market Participants	For the month of August						Jan, 2025 - Aug, 2025	
	Equity (Cr₹)			Debt (Cr₹)			Equity (Cr₹)	Debt (Cr₹)
	1st - 15th	16th - 31st	Total	1st - 15th	16th - 31st	Total		
FPI	(20,975)	(14,018)	(34,993)	7,828	4,834	12,662	(130,635)	38,595
DII	55,795	39,033	94,829	-	-	-	513,343	-
Mutual Funds	45,049	19,840	64,889	(42,106)	(20,621)	(62,726)	350,804	(422,428)

*DII investments include MFs Investments. Source: NSDL, SEBI, NSE

Mapping FPI Investments: Sector-wise Insights in Indian Equities

❖ August's Sectoral Moves: FPIs Cut Financials & Information Technology

- **Financials & IT Lead the Sell-Off:** FPIs pared down positions heavily in **Financial Services** (₹23,288 Cr) and **Information Technology** (₹11,285 Cr), the hardest-hit sectors in **August**. **Financials** saw outflows of ₹13,471 Cr in the first half and ₹9,817 Cr in the second, while **IT** recorded ₹6,380 Cr selling early in the month and ₹4,905 Cr in the latter half.
- **Oil, Power & Consumer Plays Under Fire:** Selling pressure also extended to **Oil & Gas** (₹6,108 Cr) and **Power** (₹4,066 Cr), while **Consumer Durables** (₹1,969 Cr), **Healthcare** (₹1,417 Cr), **Realty** (₹1,245 Cr) and **FMCG** (₹1,097 Cr) witnessed moderate but steady exits.

❖ Selectively Buy Domestic Plays: Telecom & Autos Attract Inflows

- **Telecom & Autos Emerge as FPI Favorites:** FPIs placed big bets on **Telecommunication**, emerging as the top buy with ₹5,766 Cr of net inflows. Interestingly, flows were sharply front-loaded, with a massive ₹7,446 Cr infusion in the first half, partly offset by profit booking of ₹1,680 Cr in the second. The **Automobile** sector also saw renewed interest, ending August with ₹1,803 Cr of net buying—despite a weak start marked by ₹814 Cr of outflows in the first half, FPIs turned strong buyers with ₹2,617 Cr in the latter half, underscoring confidence in India's domestic demand story.
- **Broader Domestic Bets Gain Traction:** FPIs also bought into **Construction Materials** (₹2,475 Cr), **Services** (₹2,351 Cr) and **Capital Goods** (₹1,896 Cr), showing **selective optimism**, while **Chemicals** (₹1,571 Cr), **Construction** (₹1,356 Cr) and **Media & Entertainment** (₹165 Cr) added to **diversified** domestic bets.

Sector-Wise FPI Equity Purchases: Aug, 2025 (Amount in Crs)				Sector-Wise FPI Equity Sales: Aug, 2025 (Amount in Crs)			
Sector	1st - 15th	16th - 31st	Total	Sector	1st - 15th	16th - 31st	Total
Telecommunication	7,446	(1,680)	5,766	Financial Services	(13,471)	(9,817)	(23,288)
Construction Materials	1,690	785	2,475	Information Technology	(6,380)	(4,905)	(11,285)
Services	384	1,967	2,351	Oil & Gas	(4,091)	(2,017)	(6,108)
Capital Goods	1,132	764	1,896	Power	(2,358)	(1,708)	(4,066)
Automobile	(814)	2,617	1,803	Consumer Durables	(1,133)	(836)	(1,969)
Chemicals	410	1,161	1,571	Healthcare	(2,095)	678	(1,417)
Construction	1,378	(22)	1,356	Realty	(1,211)	(34)	(1,245)
Media & Entertainment	(14)	179	165	FMCG	(1,150)	53	(1,097)

Sector-Wise FPI Equity Purchases from Jan-Aug, 25		Sector-Wise FPI Equity Sales from Jan-Aug, 25	
Sector	Amount (Crs)	Sector	Amount (Crs)
Telecommunication	33,924	Information Technology	(61,786)
Services	13,102	Power	(19,426)
Chemicals	8,550	FMCG	(17,717)
Media & Entertainment	899	Consumer Durables	(16,479)
Textiles	156	Financial Services	(15,471)
		Automobile	(12,819)
		Healthcare	(10,964)
		Oil & Gas	(9,449)

*All data is updated as of 31st August.

YTD Snapshot: Where FPIs Placed Their Biggest Bets in 2025

FPI Sectoral Allocation: Telecom Shines, Tech Under Pressure

- ❖ **Telecom & Services Lead Buys in 2025**
 - **Telecom Towers Above All:** **Telecommunication** emerged as the clear winner, with FPIs pouring in **₹33,924 Cr** during Jan–Aug 2025, underscoring strong conviction in India’s **digital infrastructure** and long-term connectivity story.
 - **Services, Chemicals Shine:** **Services (₹13,102 Cr)** and **Chemicals (₹8,550 Cr)** followed as key beneficiaries of steady domestic demand and manufacturing tailwinds. Meanwhile, allocations in **Media & Entertainment (₹899 Cr)** and **Textiles (₹156 Cr)** remained modest but positive, reflecting selective bets in niche areas.
- ❖ **FPI Sectoral Sell-Off: Tech, Power, FMCG & Cyclical Lead the Sell-Off**
 - **IT Bear the Brunt:** FPIs sharply reduced exposure to **Information Technology**, offloading a massive **₹61,786 Cr**, making it the hardest-hit sector YTD — driven by **global tech headwinds**, valuation concerns and currency pressures.
 - **Cyclicals & Interest-Rate Sensitive Sectors Offloaded:** Selling pressure was equally visible in **Power (₹19,426 Cr)**, **FMCG (₹17,717 Cr)** and **Consumer Durables (₹16,479 Cr)**, highlighting risk aversion in both cyclical and defensive spaces. **Financial Services (₹15,471 Cr)**, **Automobiles (₹12,819 Cr)**, **Healthcare (₹10,964 Cr)** and **Oil & Gas (₹9,449 Cr)** also saw steady exits, reflecting a decisive rotation away from high-beta and rate-sensitive sectors.

Indian Benchmark Indices: Tracking Performance

Absolute Returns: A Snapshot of Indices Performance(%)		
Benchmark	August	YTD
Sensex	(1.69)	2.14
Nifty 50	(1.38)	3.31
Nifty Midcap 150	(2.86)	(1.85)
Nifty Smallcap 250	(3.72)	(7.02)

- ❖ **August Selloff Hits Broader Indices, Large Caps Stay Afloat**
 - Equities ended **August 2025** lower across the board. The **Sensex** fell **1.69%** and the **Nifty 50** slipped **1.38%**, while broader markets faced sharper losses with the **Nifty Midcap 150** down **2.86%** and the **Nifty Smallcap 250** tumbling **3.72%**, reflecting profit booking and FPI-led pressure.
 - On a **YTD basis**, large caps continue to hold firm — the **Nifty 50** is up **3.31%** and the **Sensex** by **2.14%**. In contrast, broader indices remain weak, with the **Nifty Midcap 150** down **1.85%** and the **Nifty Smallcap 250** losing **7.02%**, underlining persistent underperformance of smaller stocks.

*All data is updated as of 31st August.

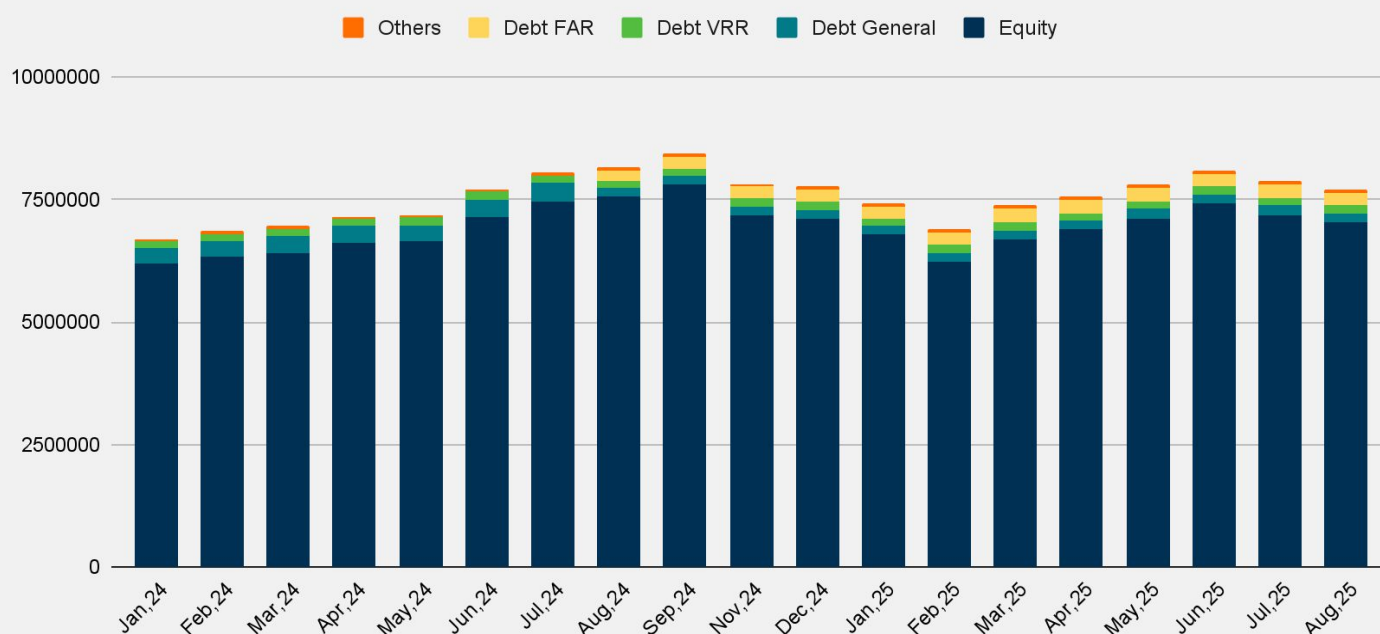
Tracking FPI's AUC in Indian Markets

FPIs Trim Holdings Further in August After July Decline

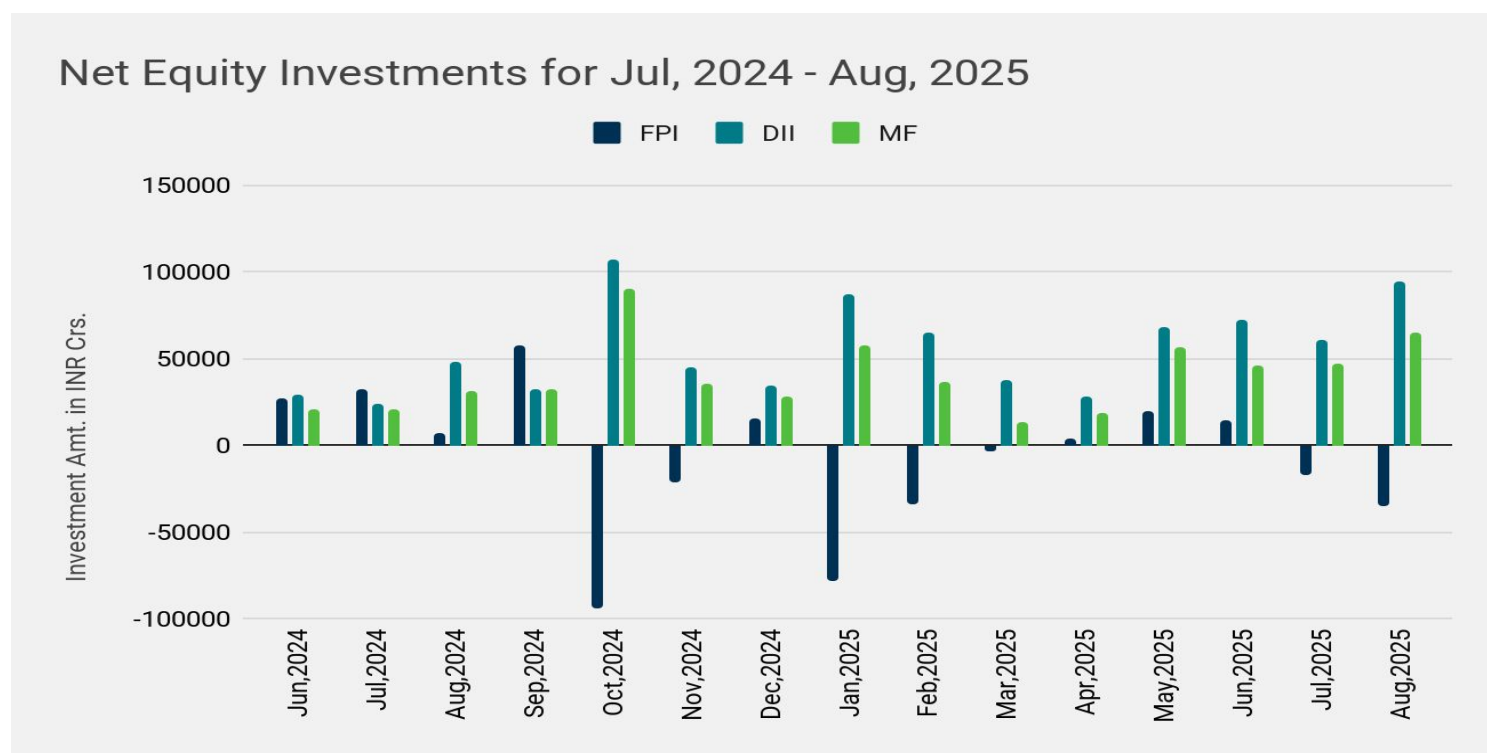
- **Total AUC Slips Again:** Foreign Portfolio Investors' (FPIs) Assets Under Custody (AUC) fell further in **August 2025**, dropping to **₹77.14 Lakh Cr** from **₹78.67 Lakh Cr** in **July 2025**, a decline of nearly **₹1.53 Lakh Cr**. This marks the second straight month of contraction after the June peak and reflects sustained equity outflows and correction in Indian markets.
- **Equity AUC Leads the Fall:** The sharpest decline came from **equity holdings**, which slid from **₹71.97 Lakh Cr** in **July** to **₹70.33 Lakh Cr** in **August**, a fall of **₹1.64 Lakh Cr**. This mirrors the aggressive FPI equity sell-off during August, where net outflows of **₹34,993 Cr** dragged down overall market capitalization and investor custody value.
- **Debt AUC Stays Resilient:** In contrast, debt exposure showed relative stability. **Debt General** rose modestly to **₹1.83 Lakh Cr** (vs. ₹1.76 Lakh Cr in July), while **Debt FAR** increased to **₹2.63 Lakh Cr** (vs. ₹2.58 Lakh Cr). However, **Debt VRR** softened marginally to **₹1.66 Lakh Cr** (vs. ₹1.68 Lakh Cr).

Asset Under Custody(AUC) of FPIs (INR Cr)				Key Sectoral Breakdown of FPI Equity AUC (INR Cr)			
Segment	Aug,25	Jul,25	Change	Sector	Aug,25	Jul,25	Change
Equity	7,032,675	7,196,613	(163,938)	Financial Services	2,277,046	2,165,190	(111,856)
Debt General	182,697	176,491	6,206	Oil & Gas	505,294	483,436	(21,858)
Debt VRR	165,942	168,150	(2,208)	Healthcare	503,415	484,373	(19,042)
Corporate Bonds	128,238	126,270	1,968	IT	530,868	515,520	(15,348)
Debt FAR	263,455	258,065	5,390	Power	240,892	227,232	(13,660)
Others	69,193	67,609	1,584	Capital Goods	379,369	371,447	(7,922)
Total	7,713,962	7,866,928	(152,966)	Realty	138,735	131,705	(7,030)

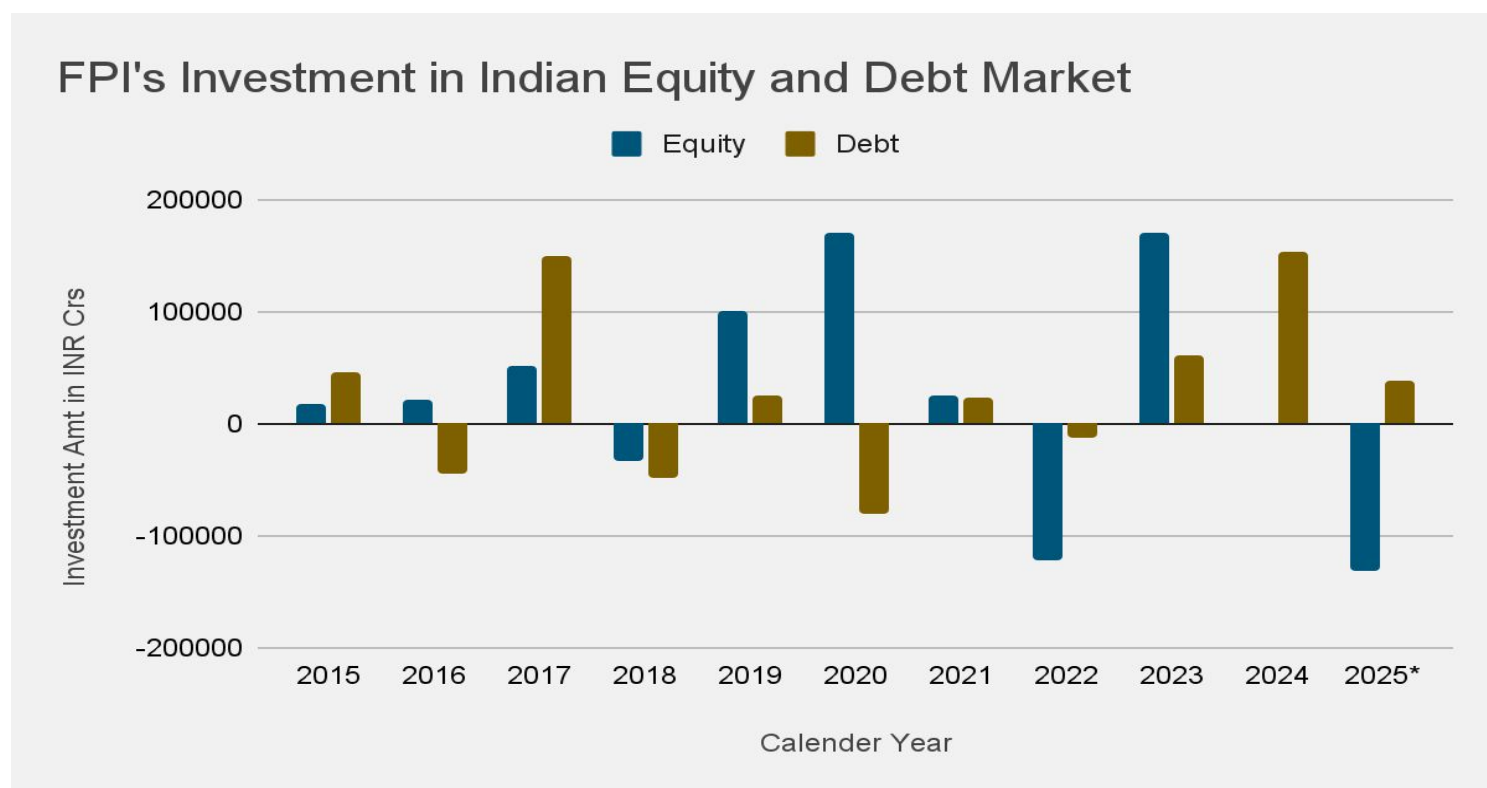
Asset Under Custody(AUC) of FPIs (INR Cr)



Equity Investment Breakdown by Participant



FPI's Strategic Investments in Equity and Debt Markets



*All data is updated as of 31st August. DII investments include MF investments.

Source: NSDL, SEBI