

March Market Pulse: Investment Insights

March 2026: FPIs Witness Record Equity Selling, While DIIs & Mutual Funds Surpass Their Previous Buying Record of October 2024

❖ FPIs Exit Indian Equities Aggressively in March; Debt Flows Also Stay Negative

- FPIs turned aggressive sellers in equities in March, recording net outflows of ₹1,17,775 Cr. This marked the **highest-ever monthly selling** in the history of the Indian equity market, surpassing the previous record outflow of ₹94,017 Cr seen in October 2024. Selling was more intense in the latter half of the month, with ₹65,071 Cr sold during 16th–31st March versus ₹52,704 Cr in 1st–15th March, indicating that **foreign selling pressure accelerated** as the month progressed.
- In the debt segment as well, FPIs remained net sellers, with outflows of ₹8,469 Cr during the month, including ₹6,372 Cr in the first half and ₹2,097 Cr in the second. This suggests that even as foreign investors stayed risk-off on Indian equities, their debt positioning also remained cautious in March.
- **CY2026 so far, FPIs have sold ₹1,31,122 Cr in equities while investing ₹16,335 Cr in debt**, reinforcing a continued equity-to-debt tilt despite the sharp sell-off in March.

❖ DII Flows: Domestic Institutions Post Strongest Buying in March

- **Strong Equity Buying Continues in March:** DIIs remained firm buyers in March, with net equity inflows of ₹1,42,960 Cr, marking their **highest-ever monthly buying**, surpassing the previous record of ₹1,07,255 Cr seen in October 2024. Buying stayed strong across both halves of the month, with ₹70,527 Cr invested during 1st–15th March and ₹72,434 Cr in 16th–31st March, highlighting sustained domestic support even as foreign selling pressure intensified.
- **CY2026 Reflects Their Continued Anchor Role:** For CY2026 so far, DIIs have infused a record ₹2,50,604 Cr into equities, making it the **highest-ever quarterly buying** and reinforcing their position as the market's key stabiliser—absorbing supply, supporting liquidity, and cushioning volatility during phases of sharp foreign outflows.

❖ Mutual Funds Flows: Equity Buying Hits Record High in March

- **Strong Equity Buying in March:** Mutual Funds remained strong net buyers in equities in March, investing ₹98,746 Cr, marking their **highest-ever monthly buying in history**. Buying was relatively stronger in the first half of the month at ₹51,172 Cr, followed by ₹47,574 Cr in the 16th–31st March period, indicating that domestic fund managers maintained robust equity deployment throughout the month despite persistent foreign selling pressure.
- **CY2026 Equity Buying Remains Strong:** For CY2026 so far, Mutual Funds have infused ₹1,52,523 Cr into equities, reflecting continued and strong domestic support for the market.

Monthly Investment Insights

Tracking Flows by Market Participants								
Market Participants	For the month of March						CY2026 YTD	
	Equity (Cr)			Debt (Cr)			Equity (Cr)	Debt (Cr)
	1st - 15th	16th - 31st	Total	1st - 15th	16th - 31st	Total		
FPI	(52,704)	(65,071)	(117,775)	(6,372)	(2,097)	(8,469)	(131,122)	16,335
DII	70,527	72,434	142,960	-	-	-	250,604	-
*Mutual Funds	51,172	47,574	98,746	(69,066)	(60,794)	(129,861)	152,523	(317,125)

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

Mapping FPI Investments: Sector-wise Insights in Indian Equities

- ❖ **March 2026 Sectoral Rotation: Financials and Autos See Heavy Selling Pressure; FPIs Stay Selective in Capital Goods**
 - **Financial Services Leads the Selloff; Autos, Construction and Defensives Also Under Pressure:** On the selling side, **Financial Services** remained the biggest drag by a wide margin, witnessing massive outflows of ₹60,655 Cr, with selling persisting across both halves of the month at ₹31,831 Cr and ₹28,824 Cr, respectively. **Automobile** saw the second-highest outflows at ₹12,498 Cr, with selling intensifying sharply in the second half to ₹7,691 Cr from ₹4,807 Cr in the first.
 - **Construction** too remained under pressure, with net outflows of ₹9,154 Cr, including a sharper ₹6,179 Cr selloff in the latter half. Among other sectors, **Telecommunication** (₹5,603 Cr), **FMCG** (₹5,419 Cr), **Realty** (₹4,693 Cr), **Healthcare** (₹4,638 Cr) and **Oil & Gas** (₹4,129 Cr) also saw persistent selling, reflecting a broad-based foreign retreat across both cyclical and defensive segments in **March**.
- ❖ **Capital Goods Emerges as the Only Meaningful Buying Pocket**
 - **FPI buying in March 2026** was extremely selective, with **Capital Goods** emerging as the only sector to witness net inflows of note at ₹3,148 Cr. Buying, however, was largely front-loaded, with strong inflows of ₹3,897 Cr in the **1st-15th March**, followed by net selling of ₹749 Cr in the **16th-31st March**, indicating that even in their preferred capex-linked segment, foreign investors turned more cautious toward the latter half of the month. The overall pattern suggests that while **FPIs** retained some preference for the domestic **capex** theme, broader risk appetite remained weak in **March**.

Sector-Wise FPI Equity Purchases: Mar, 2026 (Amount in Crs)				Sector-Wise FPI Equity Sales: Mar, 2026 (Amount in Crs)			
Sector	1st - 15th	16th - 31st	Total	Sector	1st - 15th	16th - 31st	Total
Capital Goods	3,897	(749)	3,148	Financial Services	(31,831)	(28,824)	(60,655)
				Automobile	(4,807)	(7,691)	(12,498)
				Construction	(2,975)	(6,179)	(9,154)
				Telecommunication	(3,856)	(1,747)	(5,603)
				FMCG	(2,403)	(3,016)	(5,419)
				Realty	(2,133)	(2,560)	(4,693)
				Healthcare	(2,436)	(2,202)	(4,638)
				Oil & Gas	(2,932)	(1,197)	(4,129)

Sector-Wise FPI Equity Purchases in Jan-Mar, 2026		Sector-Wise FPI Equity Sales in Jan-Mar, 2026	
Sector	Amount (Crs)	Sector	Amount (Crs)
Capital Goods	18,044	Financial Services	(60,829)
Metals & Mining	13,999	Information Technology	(20,658)
Power	2,409	FMCG	(14,867)
Oil & Gas	312	Automobile	(12,506)
Chemicals	156	Telecommunication	(12,261)
Forest Materials	23	Consumer Services	(11,826)
		Healthcare	(11,129)
		Realty	(6,614)

Jan-Mar 2026 Snapshot: Where FPIs Placed Their Biggest Bets

FPI Sectoral Positioning (Jan-Mar 2026): Capital Goods and Metals Lead Buying; Financial Services Sees the Sharpest Sell-Off

- ❖ **Cyclicals & Capex Lead FPI Buying in Jan-Mar 2026**
 - **Cyclicals and Capex Themes Continue to Lead FPI Buying in Jan-Mar 2026:** FPIs remained selectively positive on capex-led and commodity-linked sectors during Jan-Mar 2026. Capital Goods emerged as the top bought sector with net inflows of ₹18,044 Cr, followed by Metals & Mining at ₹13,999 Cr, highlighting continued foreign investor preference for industrial, infrastructure and cyclical themes. Power also attracted inflows of ₹2,409 Cr, while Oil & Gas saw modest buying of ₹312 Cr. Flows into Chemicals at ₹156 Cr and Forest Materials at ₹23 Cr remained relatively negligible.
- ❖ **Financials See Sharpest FPI Outflows in CY2026**
 - **Financial Services Faces the Sharpest Selling in CY2026 So Far:** On the selling side, Financial Services remained the biggest drag on FPI allocations, witnessing the steepest outflows of ₹60,829 Cr in Jan-Mar 2026. This was followed by heavy selling in Information Technology at ₹20,658 Cr, indicating sustained caution toward both domestic financials and global-demand-sensitive sectors. FMCG saw outflows of ₹14,867 Cr, while Automobile and Telecommunication recorded net selling of ₹12,506 Cr and ₹12,261 Cr, respectively. Consumer Services at ₹11,826 Cr, Healthcare at ₹11,129 Cr, and Realty at ₹6,614 Cr also remained under pressure.
- ❖ **Capex Preferred, Financials & Consumers Trimmed:** FPIs in CY2026 remained selective, favouring capex, metals, and infrastructure-linked sectors while trimming exposure to Financials, IT, and consumer-facing pockets.

Indian Benchmark Indices: Tracking Performance

Absolute Returns: A Snapshot of Indices Performance(%)		
Benchmark	March	CY2026 YTD
Sensex	(11.49)	(15.57)
Nifty 50	(11.31)	(14.54)
Nifty Midcap 150	(11.06)	(12.78)
Nifty Smallcap 250	(10.03)	(14.36)

- ❖ **March 2026: Benchmark Selloff Deepens; Broader Markets Show Relative Resilience**
 - Indian equities remained under pressure in March 2026, with all key indices ending sharply in the red. The Sensex declined 11.49%, emerging as the worst performer among the tracked indices, followed by the Nifty 50 at 11.31%, Nifty Midcap 150 at 11.06%, and Nifty Smallcap 250 at 10.03%. The trend suggests that while selling pressure remained broad-based, the broader markets showed relatively better resilience than the benchmark indices during the month.
 - On a CY2026 YTD basis as well, market performance remained weak across segments. The Sensex was down 15.57%, followed by the Nifty 50 at 14.54%, Nifty Smallcap 250 at 14.36%, and Nifty Midcap 150 at 12.78%. This indicates that large-cap benchmarks remained under sharper pressure, while midcaps held up relatively better on a year-to-date basis despite the continued correction in overall market sentiment.

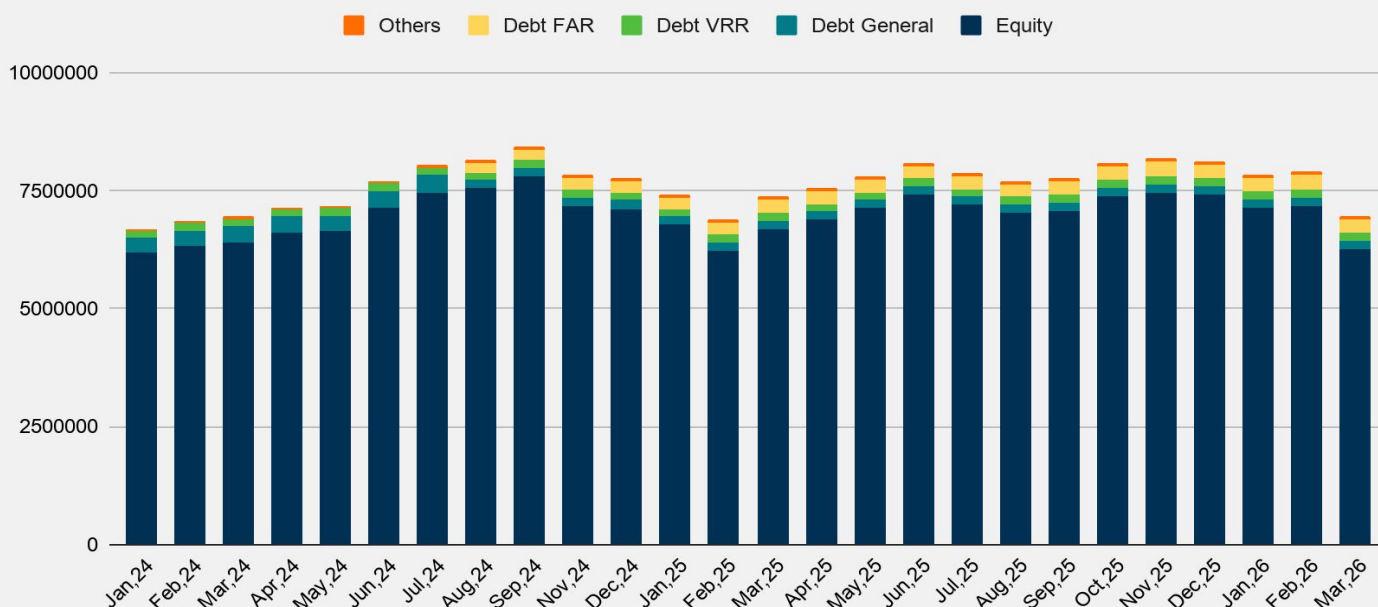
Tracking FPI's AUC in Indian Markets

FPIs' AUC Drops Sharply in Mar'26 as Equity Correction Erases Most Gains Built Since Early 2024

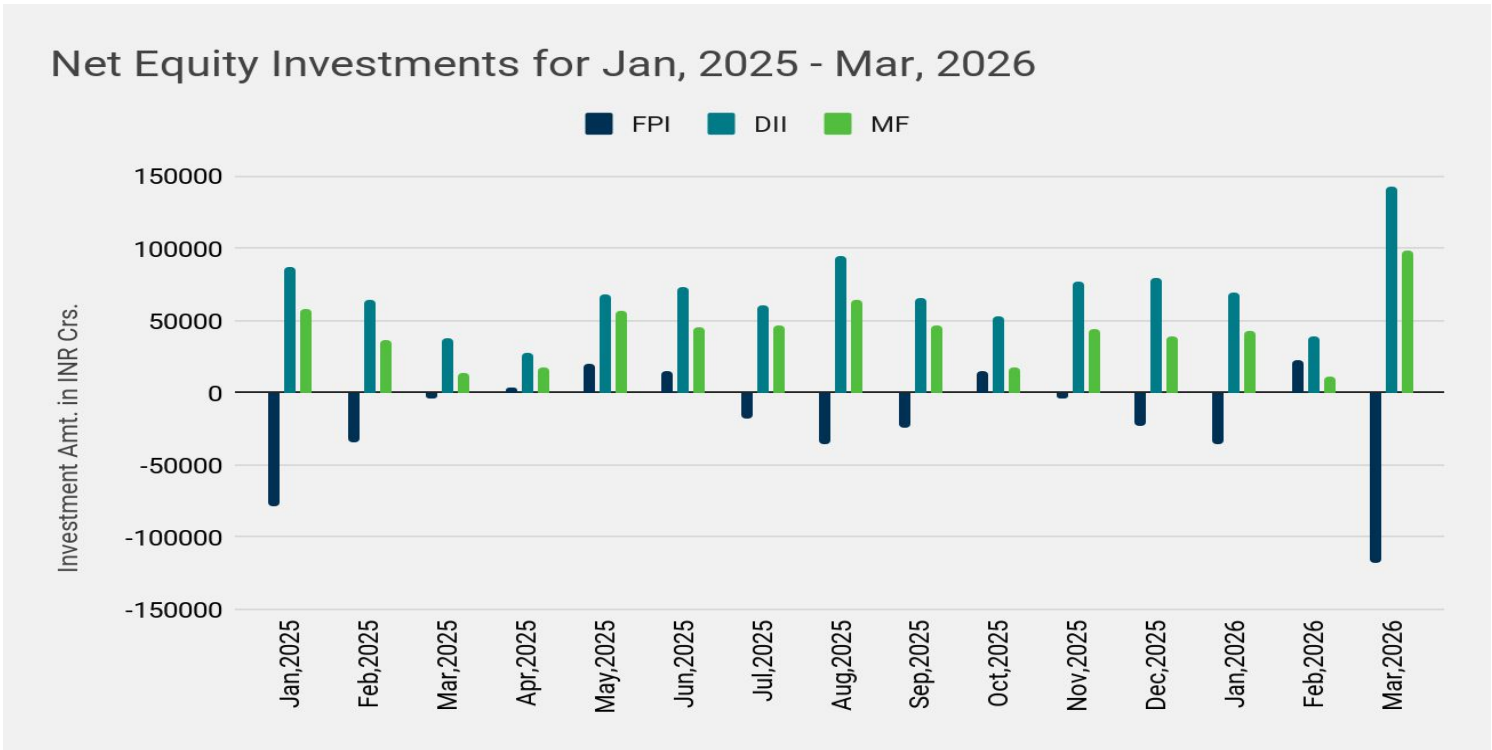
- **Total AUC falls sharply in March:** FPIs' Assets Under Custody (AUC) declined to ₹69.57 Lakh Cr in March 2026 from ₹79.02 Lakh Cr in February 2026, a drop of ~₹9.45 Lakh Cr (-12.0% MoM). The sharp fall reflects the steep correction in Indian equities during the month and pulled total AUC back close to levels seen at the start of 2024, effectively erasing most of the gains built over the past two years.
- **Equity AUC drives the decline:** Equity holdings fell to ₹62.47 Lakh Cr in Mar'26 from ₹71.78 Lakh Cr in Feb'26, down by ~₹9.31 Lakh Cr (-13.0% MoM). This sharp erosion in equity AUC was the key reason behind the drop in overall FPI AUC, reflecting not only the broad-based correction in the equity market but also the impact of heavy FPI selling during the month. Even versus Jan'24, equity AUC is now higher by only about ₹0.47 Lakh Cr, underscoring how most of the gains accumulated over this period have been almost entirely wiped out.
- **Debt AUC remains mixed; FAR eases:** Within debt, Debt General rose to ₹1.90 Lakh Cr from ₹1.85 Lakh Cr, up ~₹0.05 Lakh Cr (+2.5% MoM). However, Debt VRR eased to ₹1.68 Lakh Cr from ₹1.72 Lakh Cr, while Debt FAR declined to ₹2.85 Lakh Cr from ₹2.95 Lakh Cr, indicating moderation in debt custody even as the general debt route stayed relatively supportive.

Asset Under Custody (AUC) of FPIs (INR Cr)				Key Sectoral Breakdown of FPI Equity AUC (INR Cr)			
Segment	Mar,26	Feb,26	Change	Sector	Mar,26	Feb,26	Change
Equity	6,246,544	7,177,819	(931,275)	Financial Services	1,904,718	2,326,577	(421,859)
Debt General	189,539	184,839	4,700	Oil & Gas	491,929	536,467	(44,538)
Debt VRR	167,833	172,031	(4,198)	Automobile	470,436	564,150	(93,714)
**Corporate Bonds	131,941	128,661	3,280	Healthcare	444,362	472,362	(28,000)
Debt FAR	284,562	294,702	(10,140)	Capital Goods	412,227	463,894	(51,667)
Others	68,628	72,854	(4,226)	IT	392,065	417,719	(25,654)
Total	6,957,106	7,902,245	(945,139)	Telecom	343,422	362,925	(19,503)

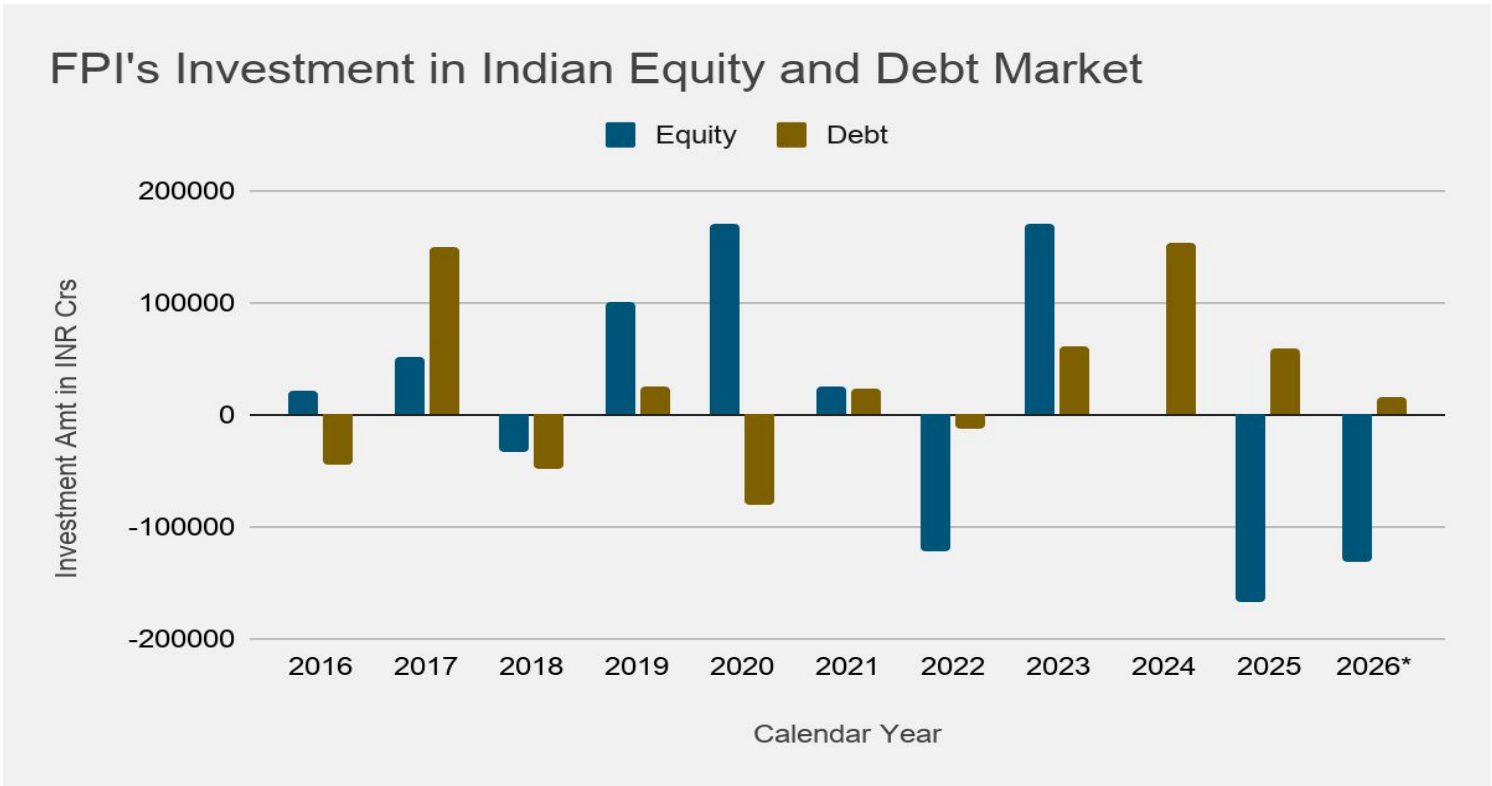
Asset Under Custody(AUC) of FPIs (INR Cr)



Equity Investment Breakdown by Participant



FPI's Strategic Investments in Equity and Debt Markets



*Data is updated as of 31st March. DII investments include MF investments.

Source: NSDL, SEBI