

Bank, Fin Services Have Drawn 40% of FPI Money Since March

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FPI & Sectoral Investments

Sector	June 2023	March-June 2023	% of total Investment	Year 2022
MAJOR INFLOWS				
Financial Services	18,704	43,509	39.36	-61,177
Auto Components	6,129	19,513	17.65	-483
Capital Goods	5,826	12,451	11.26	5,317
FMCG	2,216	8,366	7.57	14,284
Services	-1,353	6,375	5.77	832
Construction	2,988	6,216	5.62	347
Power	2,655	5,652	5.11	730
Metals & Mining	1,753	5,492	4.97	3,024
Consumer Services	2,289	5,364	4.85	2,988
Consumer Durables	4,089	5,237	4.74	-12,841
OUTFLOWS				
Information Tech	-3,577	-16,286	-14.73	-71,357
Oil & Gas	-173	-3,896	-3.52	-22,247
Media & Entertainment	-299	-1,555	-1.41	-2,920
Textiles	-141	-608	-0.55	-145

(Fig in ₹Cr)

Source: primeinfobase.com

Mumbai: Foreign portfolio investors (FPIs) have pumped in nearly 40% of the ₹1.16 lakh crore invested in India since March this year in banking and financial services stocks. Improved asset quality, growth in margin expansion, and better-than-expected earnings in the March quarter promoted FPIs to change their views on the sector.

The other two sectors where FPIs bought maximum shares include auto and auto ancillaries and capital goods, where FPIs invested ₹19,500 crore and ₹12,400 crore, respectively, since March 1.

FPIs pulled out nearly ₹1.1 lakh crore worth of BFSI shares between April 2021 and February 2023 amid rising interest rates, according to data compiled by primeinfobase.com.

Nifty Banks and Nifty Financial Services indices have rallied 11% since March 1, 2023, while some banks such as ICICI Bank, Axis Bank, and State Bank of India rallied nearly 12%.

In the past six months, the global

and Indian financial systems have charted somewhat different trajectories, said analysts.

"The global financial system has been impacted by significant stra-

ins since early Mar 2023 from the banking turmoil in the US and Europe. In contrast, the financial sector in India has been stable and resilient, as reflected in sustained

growth in bank credit, low levels of non-performing assets, and adequate capital and liquidity buffers," said Jai Prakash Mundhra, analyst, ICICI Securities. "The Indian banking system profitability improved with return on assets (ROA) increasing to 1.1% in 2023 from a low of -0.2% in 2018."

FPIs bought auto and auto ancillaries shares worth ₹6,129 crore in June 2023. According to analysts, after facing headwinds for the last three to four years, the auto sector is seeing some major headwinds turn into tailwinds and sales growth seen in the last few quarters to sustain.

"The demand recovery is expected to sustain for two-wheelers, medium and heavy commercial vehicles, and three-wheelers. Exports seem to have largely bottomed out, but a recovery may take a couple of quarters," said a note by Motilal Oswal Financial Services.

Overseas investors continued to cut exposure to information technologies, oil & gas, media & entertainment, and textiles stocks. FPIs sold IT shares worth ₹3,577 crore in June and nearly ₹18,000 crore in 2023. Their sales in 2022 were about ₹71,357 crore.