

In a first, DII buying set to top ₹5 lakh crore, led by MFs

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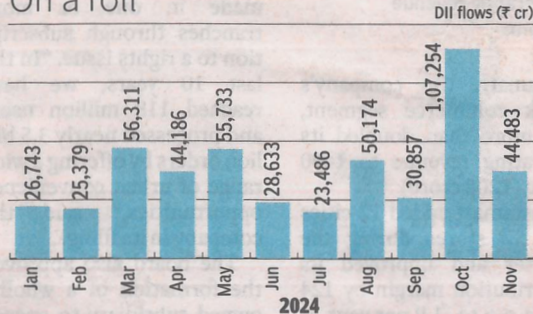
Mumbai

Buying by domestic institutional investors (DIIs) — mutual funds, banks, insurers and financial institutions — in the cash market is set to surpass ₹5 lakh crore this year, a record.

As of Tuesday, DIIs had pumped in ₹4.96 lakh crore, over 80 per cent of it by mutual funds. This is about 1.8x the previous high in 2022.

While October saw DII purchases topping ₹1 lakh crore in March, May and August, their buying was over ₹50,000 crore. The lowest buying this year was in February at ₹25,379 crore.

On a roll



Source: Exchange

A key driver of the record buying is the increasing retail participation through mutual funds. Monthly flows through systematic investment plans totalled ₹25,323 crore in October, an all-time

high, a 54.7 per cent jump year-on-year.

Equity schemes have seen 44 straight months of inflows. Financialisation of savings, increasing acceptance of equity as an asset

class and favourable tax structure compared to other asset classes have supported MF flows.

The sustained flows may be a short-term problem for a few schemes that manage sizeable AUM. The recent correction and some good quality IPOs have helped deploy money meaningfully, said DP Singh, Joint CEO at SBI Mutual Fund.

COUNTERING FPIs

Sustained DII buying helped offset FPI selling, which stood at ₹2.83 lakh crore, year-to-date. Significant FPI outflows have historically led to sharp market correction. In most instances when the Nifty50 has declined

more than 5 per cent in a month, FPI flows have been negative. Despite the highest-ever monthly FPI outflows in October totalling over ₹1.1 lakh crore, Indian equities were fairly resilient, falling just 6 per cent, as DIIs pumped in ₹1.07 lakh crore.

The share of DIIs in NSE companies rose to an all-time high 16.46 per cent for the September quarter with net inflows of ₹1.03 lakh crore, according to *primeinfobase.com*. The share of mutual funds at Q2 end rose to a new high of 9.45 per cent, powered by flows of ₹89,038 crore. The FPI-to-DII ownership ratio decreased to an all-time low of 1.07 in Q2 from 1.99 as on March 31, 2015.