

Overseas funds pull out of IT, financials

Information technology (IT) and financial services stocks faced strong selling pressure from foreign portfolio investments (FPIs) in the second half of July. FPIs withdrew ₹14,422 crore from IT shares amid earnings disappointment and ₹6,720 crore from financials. Other sectors witnessing heavy selling included oil and gas (₹4,177 crore), real estate (₹3,684 crore), and automobiles (₹2,425 crore). In total, FPIs were net sellers over the last two weeks.

“The results from both the finance and IT sectors failed to impress, with companies posting only single-digit growth. The outlook remains cautious, especially as banks grapple with non-performing assets and mounting pressure on net interest margins,” said Chokkalingam G, co-founder of Alphaniti Fintech.

Conversely, FPIs were net buyers of fast-moving consumer goods (FMCG) stocks (₹2,986 crore) and consumer services (₹2,064 crore). Metals and mining (₹1,641 crore) and telecommunications (₹1,190 crore) also saw notable FPI buying.

“Some FMCG companies reported sequential improvement in profits, hinting at a possible revival,” Chokkalingam added. Despite the recent selling, financial services remained the largest FPI sectoral allocation at 31.64 per cent as of July 31, 2025, up from 31.58 per cent in the previous fortnight. IT, the second-largest, saw its allocation decline from 7.85 per cent to 7.38 per cent. Oil and gas also fell, from 7.34 per cent to 7.02 per cent.

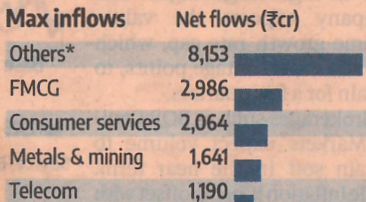
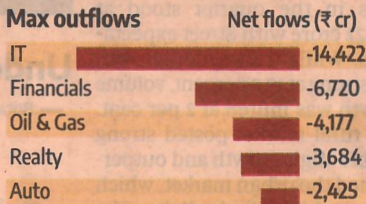
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ILLUSTRATION: BINAY SINHA

Ebb and flow

IT stocks accounted for the bulk of selling



Note: Data for the period July 16-31, 2025;

*Not mapped to a standard industry sector

Source: primeinfobase.com, NSDL