₹11.4 trn and counting, DII buying streak continues for 25th month

₹94,829 crore August domestic investor inflows second-highest, most since October 2024

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Domestic institutional investors (DIIs) poured in ₹94,829 crore of fresh money into Indian equities in August, the second-highest monthly inflow after record ₹1.07 trillion influx in October 2024. The month also extended the buying streak of DIIs to 25 consecutive months, eclipsing the previous 22-month run from April 2017 to January 2019.

Over the last 25 months, DIIs have put an unprecedented ₹11.4 trillion into domestic stocks, of which ₹8.8 trillion — about 75 per cent — came from domestic mutual funds. In the same period, foreign portfolio investors (FPIs) have pulled out roughly ₹82,348 crore.

The surge is powered by individual investors, who are steadily shifting from traditional savings instruments to equity mutual funds, largely through systematic investment plans (SIPs). July marked another all-time high at ₹28,464 crore of monthly SIP flows.

"What we label DII money is ultimately retail money trickling in through SIPs," said D P Singh, deputy managing director and joint CEO, SBI Mutual Fund, the country's largest fund house. "The individual ticket sizes are small, but the sheer volume of participants makes the aggregate formidable."

Singh believes investors have internalised the logic of staying invested. "When markets correct, the same rupee buys more units. When they rebound, those extra units translate into outsized gains."

The relentless buying by domestic institutions — which, besides MFs, includes insurance companies and pension funds — has altered the ownership map. DII holdings touched a new high of 17.82 per cent in June 2025, overtaking FPIs for the first time in the March quarter. The Reserve Bank of India's latest bulletin underlines the trend, noting that the ratio of mutual-fund assets under management (AUM) to total bank deposits has more than doubled — from around 10 per cent in March 2014 to 23.8 per cent in March 2024 — signalling that equity funds are emerging as a serious alternative to deposits for the aspirational middle class. Domestic money has thus become the shock absorber against FPI selling. Yet, many traders still view FPI flows as the primary determinant of price.

In July and August, amid rising trade tension with the US, FPIs sold ₹54,463 crore while DIIs bought ₹1.5 trillion, with mutual funds alone contributing ₹1.02 trillion. The differing investment trajectories kept indices under pressure-the Nifty slipped 1.4 per cent, the Midcap 100 fell 2.9 per cent and the Smallcap 100 dropped 4.1 per cent in August. Total market capitalisation on the BSE shrank by ₹6 trillion. The damage would have been deeper without the DII cushion.

"Post-Covid, SIP registrations exploded. Once the money is in, fund managers have to deploy it," said independent equity analyst Ambareesh Baliga. He expects the flow momentum to persist as long as equities continue to deliver positive returns over a three-to five-year horizon.

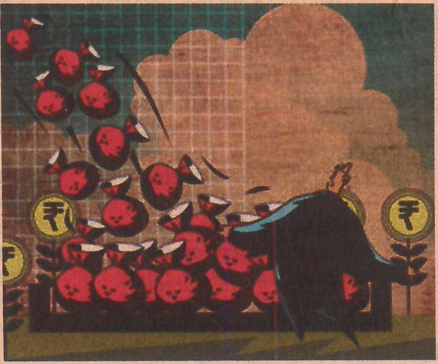


ILLUSTRATION: BINAY SINHA

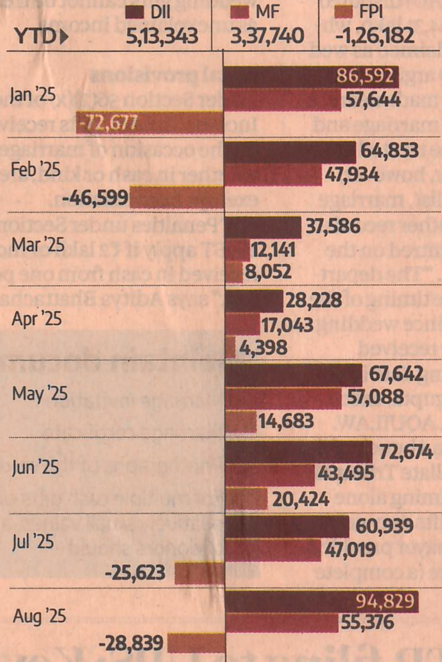
On a roll

Last time, DIIs pulled out money from domestic stocks was over two years ago

Starting	Ending	No. of months
Aug 2023	Aug 2025*	25
Apr 2017	Jan 2019	22
Mar 2021	Jul 2022	17
Nov 2007	Mar 2009	17

Market shield

So far this year, DIIs have pumped in over ₹5 trillion in domestic stocks (₹ crore)



*Still unbroken; MF data as on Aug 22, FPI as on Aug 28, DII as on Aug 29
Compiled by BS Research Bureau Sources: Sebi, NSDL