

Mutual fund equity buys scale new high this year

Domestic funds have bought ₹4.6 trn worth of equities so far, surpassing 2024 highs

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Mutual funds' (MFs') net equity investments have touched ₹4.6 trillion so far in 2025, the highest ever for any year, surpassing the previous record set in 2024.

This is the fifth consecutive year of positive flows into the equity market from MFs.

The growing pace of MF investments, which has come on the back of strong flows from investors into MF schemes, has sustained despite a subdued market backdrop and persistent selling by foreign portfolio investors (FPIs). FPIs have withdrawn ₹1.4 trillion from domestic equities.

"MFs and domestic investors alike have been a major force in the market in recent years with the pace of financialisation of savings picking up in the post-Covid period," said Sriram BKR, senior investment strategist, Geojit Financial Services.

The strong MF flows have been key to the equity market performance so far, especially given the FPI selling.

Domestic institutional investors (DIIs), which include domestic MFs, insurance companies and pension funds, among others, have put in over ₹7 trillion into the equity market so far.

"DIIs, especially MFs, have absorbed much of the FPI selling thereby lowering market volatility. This has led to choppy but range-bound trading, where the indices



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have avoided severe declines. This is despite global and domestic uncertainties like trade war and geopolitical conflicts," said Sunil Subramaniam, founder and chief executive officer (CEO) of Sense and Simplicity.

Benchmark indices Nifty 50 and Sensex are up about 10 per cent so far in 2025.

According to Aashish Somaiyaa, CEO of WhiteOak Capital Asset Management Company (AMC), the surging flows into MFs are underpinned by a confluence of factors. These are young demography with better education, growing risk appetite, lower interest rates and digitisation.

"In every market cycle, there will be some who will have a mismatch of risk appetite and bad experiences but most of the above trends appear durable. To that extent, one can be con-

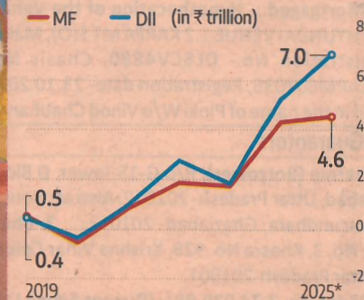
structive about domestic flows not just via MFs but also through alternative investment funds (AIFs), portfolio management services (PMS), insurance and pension funds," he said.

The continued MF buying has pushed the equity holding of MFs to over ₹50 trillion for the first time. At the end of October, equity assets stood at ₹50.6 trillion, doubling in a little over two years, shows data from Prime Database.

"The robust flows induced buying by MFs. It has lifted their ownership in listed companies to a multi-year high. This, in turn, led to DII ownership in listed companies overtaking the FPI ownership levels a couple of quarters ago," said Sriram.

The milestone underscores MFs' standing as the most preferred route for equity market participation. The

At a new high



DII: Domestic institutional investors

*MF data is upto Nov 26, DII upto Nov 27, '25

Sources: NSDL, Sebi, exchanges

surge in MF ownership has come on the back of a growing investor base and the reliability of systematic investment plans (SIPs).

In 2025 (up to October), active equity schemes have drawn net inflows of ₹2.9 trillion. In 2024, investors poured in ₹3.9 trillion — more than twice the amount seen in 2022.

SIP inflows, which witnessed a rare decline in early 2025 during the market correction, are again scaling new highs each month. In October, SIPs brought in ₹29,529 crore.

MFs now hold nearly 11 per cent of India's total market capitalisation.

The rising clout of domestic funds has strengthened the market's resilience, say analysts.

The growing firepower of MFs and other domestic institutions has made Indian equities less dependent on foreign flows.