IT, FMCG bore the brunt of FPI outflows in tumultuous 2025

Foreign investors favoured telecom and oil stocks amid broad equity selloffs

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Mumbai, 13 January

Foreign portfolio investors (FPIs) pulled out the most from stocks in the information technology (IT), fast-moving consumer goods (FMCG), and power sectors in 2025, a year that saw record net outflows. FPIs were net sellers of IT stocks worth ₹74,698 crore, FMCG stocks worth ₹36,786 crore, and power stocks worth ₹26,522 crore. Overall, FPIs net sold equities worth ₹1.7 trillion in 2025 — the highest annual net sale on record.

Other sectors that saw significant sales included healthcare (₹24,967 crore), consumer durables (₹21,369 crore), and consumer services (₹16,524 crore).

"The revenue growth in dollar terms is in single digits in IT, and this has been the case for the past couple of years due to a high base. There are no new triggers for incremental demand for IT services. FMCG volume growth has also been tepid, as large retail chains sell many products under their own brands, and e-commerce platforms allow smaller players to compete with listed giants," said Chokkalingam G, founder and head of research at Equinomics Research.

ILLUSTRATION: BINAY SINHA

Wax and wane

As many as 17 of the 25 NSDL-classified sectors witnessed net outflows from overseas investors in 2025

(₹ crore)

Net outflows

IT	-74,698
FMCG	-36,786
Power	-26,522
Health care	-24,967
Consumer durables	-21,369

Net inflows

Telecom	48,222
Oil & gas	8,431
Services	7,071
Chemicals	6,017
Metals	4,661

Source:primeinfobase.com

Chokkalingam added that selling in power stocks was driven by elevated valuations, and he expects the sector to return to the FPI buying radar once valuations improve after the selloff. "Power stocks saw a valuation contraction due to overall market turbulence," he said.

Meanwhile, foreign investors were net buyers of telecommunications (telecom) stocks worth ₹48,222 crore and oil and gas stocks worth ₹8,431 crore. Other sectors that attracted significant buying included services (₹7,071 crore), chemicals (₹6,017 crore), and metals and mining (₹4,661 crore).

The increased holdings in telecom stocks are partly attributed to the higher supply of shares following promoter sales in Bharti Airtel and the positive impact of tariff hikes.

"Investors acknowledge the sector's potential to deliver healthy earnings before interest, tax, depreciation, and amortisation growth, along with moderation in capital expenditure intensity. Airtel and Reliance benefited from tariff hikes, which were reflected in their year-on-year growth," noted Kunal Vora, head of India equity research at BNP Paribas, in his India Strategy report.

By the end of 2025, FPIs had the highest sectoral allocation to financial services stocks at 31.8 per cent, followed by oil and gas at 7.7 per cent and automotive at 7.6 per cent.

FPIs were heavy sellers of Indian equities last year amid earnings disappointments and uncertainty over US trade policy. In August, the US imposed a punitive 50 per cent tariff on Indian goods, and subsequent trade negotiations have yet to yield a breakthrough.

Dollar returns for the Sensex and Nifty were 3.8 per cent and 5.2 per cent, respectively, in 2025.