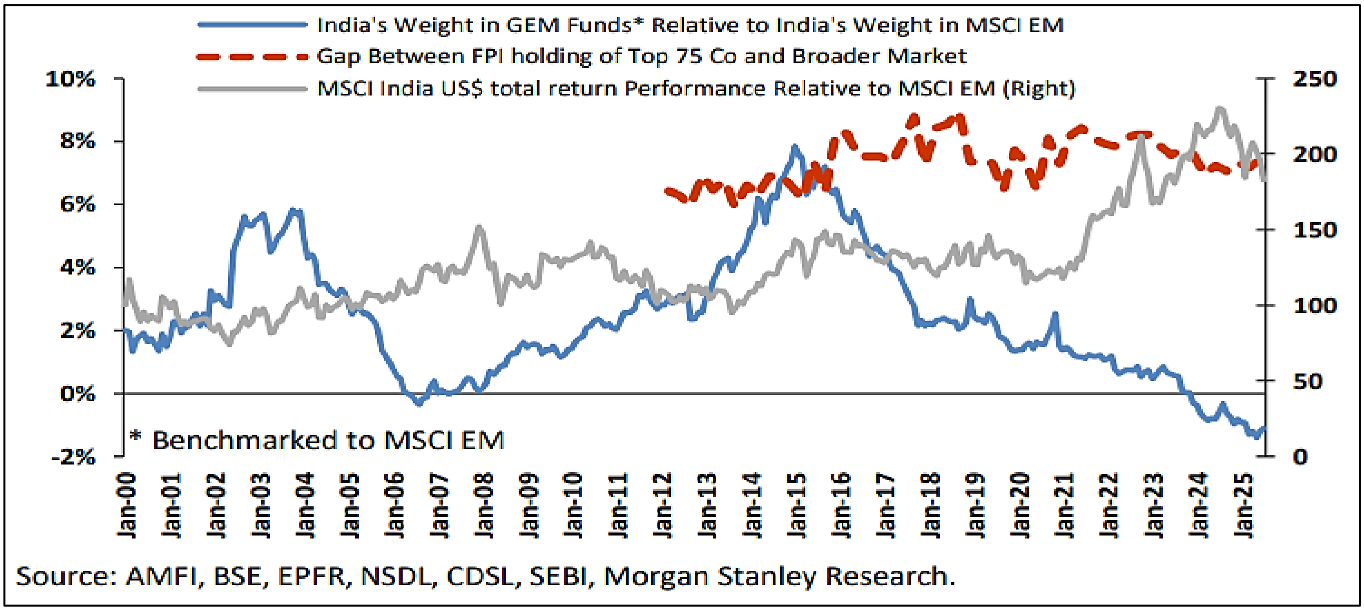
25th August 2025

# Foreign Institutional Investors (FIIs): From Under-Ownership to Opportunity in Indian Equities

## India's Position in Emerging Markets Portfolios




Source: Morgan Stanley Report as published on 4th August 2025.

- While India's share in global EM funds has slipped, this stems from portfolio rotation rather than any weakening in domestic fundamentals.
- Indian equities continue to outperform the MSCI EM (Morgan Stanley Capital International Emerging Markets) index, with foreign holdings still concentrated in large caps while mid and small caps remain under owned, creating significant catch-up potential once participation broadens.
- Adding to this, S&P has upgraded India's sovereign rating to BBB, the first upgrade since 2007, citing fiscal consolidation, strong growth prospects, and structural reforms.
- This could strengthen India's relative positioning within EMs, potentially lower risk premiums, and may open the door for renewed global flows.

Source : AMFI, BSE, EPFR, NSDL, CDSL, SEBI, Morgan Stanley, S&P.