MARKETS

India's Stock Market Attracts Record $12 Billion in Foreign Buying Amid Global AI Market Uncertainty

India attracted a record $12 billion in foreign equity investments in November 2026, reflecting renewed global investor confidence in its stock market. Improving corporate earnings, relatively attractive valuations and diversification away from AI-driven markets have strengthened India's investment appeal. However, sustaining this momentum will depend on continued earnings growth, currency stability and favourable economic conditions.

By Riddhi Suthar · 20 November 2026 · 6 min read



India's equity markets attract record foreign investment as global investors increasingly look towards Indian stocks amid shifting international market dynamics.

Introduction

India's equity markets are witnessing a significant revival in foreign investor interest, as global capital increasingly looks beyond technology-driven markets amid growing uncertainty surrounding artificial intelligence (AI) investments. Foreign portfolio investors (FPIs) have poured

approximately $12 billion into Indian equities during November 2026, marking the largest monthly inflow on record, according to a Reuters report published on November 20.

The renewed interest comes after more than $60 billion in foreign equity outflows between September 2024 and October 2026. India's relatively limited exposure to major AI-linked investments, improving corporate earnings, stabilising currency and more attractive valuations have contributed to the shift in investor sentiment. However, the sustainability of this investment momentum will largely depend on whether India's corporate earnings can maintain their recent growth trajectory.

India's Position as an Alternative Investment Destination

The global investment landscape is undergoing a shift as investors reassess their exposure to technology-heavy markets, particularly those closely associated with the artificial intelligence industry. South Korea and Taiwan, which have significant exposure to the global semiconductor and AI supply chains, have experienced considerable market volatility amid concerns about the returns on large-scale AI investments.

According to Reuters, India's benchmark Nifty 50 index has gained more than 11% during November, while major market indices in South Korea and Taiwan have declined by over 15% each. The Nasdaq Composite in the United States has also fallen by approximately 6% over the same period.

India's relatively limited presence in the AI investment cycle, previously viewed as a disadvantage compared with technology-driven economies, is now providing international investors with an opportunity to diversify their portfolios. Rather than concentrating their investments in markets dependent on AI infrastructure and technology spending, investors are increasingly considering India for exposure to other sectors of the emerging-market economy.

Record Foreign Inflows Signal Changing Investor Sentiment

The latest inflows represent a substantial reversal from the prolonged period of foreign selling in Indian equity markets. Between September 2024 and October 2026, overseas investors withdrew more than $60 billion from Indian equities, reflecting concerns about market valuations, slower corporate earnings growth and currency depreciation.

However, November has brought a notable turnaround. Separate reporting by Mint and Business Standard, citing depository data, also confirms that foreign portfolio investments in Indian equities crossed the ₹1 trillion mark during the month.

The shift is also reflected in the investment strategies of several international asset managers. Aberdeen, Ashmore and Artemis have increased their exposure to selected Indian equities, while global investment firms such as Goldman Sachs, Citi and HSBC have adopted a more positive outlook on the Indian market.

According to Reuters, JPMorgan has estimated that bringing global equity fund allocations in line with benchmark weightings could potentially generate approximately $115 billion in additional inflows into Indian equities. However, this remains a conditional estimate rather than a confirmed investment commitment.

Corporate Earnings Strengthen India's Investment Appeal

Beyond global market volatility, improving corporate profitability is another important factor supporting India's renewed investment appeal.

According to Reuters, India's 50 largest listed companies recorded their strongest quarterly profit growth in more than four years during the September 2026 quarter. The improved performance has encouraged analysts to revise their earnings expectations and reassess the outlook for Indian equities.

A separate Reuters report published on November 17, based on estimates from six brokerages, indicated that net profits of Nifty 50 companies grew between 19% and 27% during the quarter, with results broadly exceeding market expectations.

The improvement was supported by sectors such as banking, financial services, metals, oil and gas, and industrials. Stronger credit growth, improved business volumes and resilient corporate performance have contributed to the recovery.

Financial services have also emerged as a major destination for foreign investments. According to NSDL data reported by The Economic Times, FPIs invested ₹43,102 crore in financial services stocks during the first half of November, accounting for more than half of the sector-wise inflows during that period.

These developments indicate that foreign investors are not merely responding to volatility in international technology markets but are also identifying opportunities in India's domestic growth sectors.

Economic Stability and Currency Movements Support Investor Confidence

Macroeconomic conditions have further contributed to India's improving investment outlook. A relatively stable rupee and easing crude oil prices have reduced some of the external pressures affecting the Indian economy.

Foreign investment inflows increase the supply of foreign currency in the domestic market, potentially supporting the rupee. Similarly, lower crude oil prices can reduce India's import expenditure and ease pressure on its external balances.

A Reuters report published on November 19 highlighted that returning foreign investment and lower oil prices had eased pressure on the rupee, allowing the Reserve Bank of India to reduce its foreign exchange market intervention.

For international investors, currency stability is particularly important because depreciation in the rupee can reduce returns when investments are converted back into US dollars.

Nevertheless, these favourable conditions remain vulnerable to global developments. A sustained increase in crude oil prices, renewed geopolitical tensions or further weakness in the rupee could affect investor confidence and slow foreign capital inflows.

Risks and Challenges to Sustaining the Investment Momentum

Despite the recent recovery, the sustainability of foreign investment in Indian equities remains uncertain. Market analysts caution that a single month of record inflows does not necessarily indicate a permanent change in global investment preferences.

One of the major concerns is the sustainability of corporate earnings growth. If companies fail to

maintain profitability or analysts begin revising earnings forecasts downward, foreign investors may reconsider their exposure to Indian equities.

Another emerging concern is the potential impact of artificial intelligence on India's labour-intensive services industry. India's information technology and business process management sectors have traditionally benefited from global outsourcing demand. However, advances in AI-driven automation could reshape these industries, affecting employment, income growth and domestic consumption.

Additionally, higher international oil prices, currency fluctuations and changing global interest rate expectations could create further challenges for India's financial markets.

Therefore, India's ability to maintain its investment appeal will depend not only on global capital movements but also on consistent economic performance, sustainable corporate profitability and improved market fundamentals.

Conclusion

India's record foreign investment inflows in November 2026 reflect a changing global investment environment in which diversification and economic fundamentals are becoming increasingly important. The country's relatively limited exposure to major AI-linked market investments, combined with improving corporate earnings, stabilising currency conditions and opportunities across domestic sectors, has strengthened its position as an alternative destination for international capital.

However, the current investment surge should not be interpreted as evidence of a permanent shift in global investor preferences. Sustained earnings growth, reasonable valuations and macroeconomic stability will remain essential to maintaining foreign investor confidence.

Ultimately, India's ability to convert this short-term investment momentum into a durable recovery in foreign capital inflows will depend on the strength and consistency of its economic and corporate performance.