

ETPrime

Explained: Why global brokerages are hitting panic button on India. FII exodus, oil shock ringing alarm?

By Meghna Chadha, ETMarkets.com • Last Updated: Apr 01, 2026, 12:43:00 PM IST

Preferred on G

FOLLOW US

SHARE

FONT SIZE SAVE

Synopsis

Equity market has shifted sharply from optimism to crisis mode, marked by a record \$13 billion FII outflow in March—the worst ever. The sell-off has been driven by a surge in oil prices following Gulf tensions, with Brent crude jumping over 50%, worsening inflation, trade deficits, and corporate margins. Existing weaknesses like a weak rupee, sluggish earnings, high valuations, and global trade pressures have compounded the impact, turning investor sentiment from an “India premium” to an “India exit.”



Equity market has shifted sharply from optimism to crisis mode, marked by a record \$13 billion FII outflow in March—the worst ever. The sell-off has been driven by a surge in oil prices following Gulf tensions, with Brent crude jumping over 50%.

The ‘Goldilocks’ era of Indian equities was already showing signs of weakness, but any hopes of a quick reversal have now come to a grinding halt. India’s markets are witnessing a historic shift in sentiment, with a record \$13 billion in [FII outflows](#) in a month.

This is not just a correction; this is a rout. Over Rs 1.24 lakh crore was withdrawn in just March alone, the worst outflow in the history of Indian markets.