

Domestic investors own more of Indian firms than FPIs

Share of FPIs down to a 10-year low

OUR BUREAU

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Domestic investors held an all-time high share in Indian companies outstripping foreign portfolio investors (FPIs), says data from primeinfobase.com.

In a report, it said that the share of domestic institutional investors (DIIs), which includes domestic mutual funds, insurance companies, banks, financial institutions, pension funds, etc. along with retail and high net-worth individuals (HNI) reached an all-time high of 23.53 per cent as on June 30, 2022, from 23.34 per cent as on March 31, on the back of ₹1.28-lakh crore net inflows from DIIs during the quarter.

Meanwhile, net outflows from FPIs of over ₹1.07-lakh

crore during the quarter resulted in their share declining further to a 10-year low of 19.20 per cent as on June 30, down 96 basis points (bps) from 20.16 per cent as on March 31.

A counter-balancing role

According to Pranav Haldea, Managing Director, Prime Database Group, this showcases the rise of domestic investors and the counter-balancing role they have played to foreign investors.

To put this in perspective, as on March 31, 2015, the FPI share was 23.30 per cent, while the combined share of DII, retail and HNI was just 18.47 per cent.

However, the gap between FPI and DII holding decreased to its lowest level in this quarter, with DII holding now being just 26.77 per cent lower than FPI holding (on March 31, DII holding was



31.99 per cent lower than FPI holding). The widest gap was in the quarter ending March 31, 2015, when DII holding was 55.45 per cent lower than FPI holding.

The FPI to DII ownership ratio also declined to an all-time low of 1.37 as on June 30, 2022 down from 1.47 as on March 31.

Over 13 years (since June 2009), the FPI share has increased from 16.02 per cent to 19.20 per cent, while the DII share has increased from 11.38 per cent to 14.06 per cent.

The total institutional investor share declined to a seven-year low of 33.25 per cent in the quarter ending June 30, 2022, down from 33.87 per cent in the quarter ending March 31.

Domestic mutual funds

Share of domestic mutual funds in companies listed on the NSE rose for the fourth quarter running and reached a two-year high of 7.95 per cent as on June 30, 2022, up from 7.75 per cent as on March 31.

This was after five quarters of consecutive decline from March 31, 2020, to June 30, 2021 (from 7.96 per cent to 7.25 per cent). The share has increased on the back of net inflows by domestic mutual funds of ₹73,857 crore during the quarter.

In rupee value terms, the holding of domestic mutual funds went down 5.52 per

cent to ₹18.88-lakh crore as on June 30, 2022, from ₹19.99-lakh crore on March 31. The Sensex and Nifty declined 9.48 and 9.65 per cent, respectively, during this period.

LIC's share of investment

The share of insurance companies as a whole rose to 5.15 per cent as on June 30, 2022, up from 5 per cent as on March 31.

In rupee value terms, it again went down 5.01 per cent from the previous quarter to ₹2.24-lakh crore as on June 30, 2022.

LIC continues to command a lion's share of investments in equities by insurance companies (at least 76 per cent share or ₹9.30-lakh crore). LIC's share (across 286 companies where its holding is more than 1 per cent) rose to 3.92 per cent as on June 30, 2022, from 3.83 per cent as on March 31.