

Retail holdings in shares drop to ₹17 trillion in Q1

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The holding value of shares held by retail investors fell ₹1.67 trillion during the three-month period ended June to ₹17.58 trillion, according to a report by PRIME Database.

Retail shareholders — individuals who own shares of less than ₹2 lakh in a company — increased their shareholding in 975 companies and reduced it in 730 companies. Their average holding declined marginally to 7.4 per cent as on June 30, from 7.42 as on March 31.

Meanwhile, the shareholding of high net-worth individuals (HNIs) — those holding shares worth more than ₹2 lakh in a company — also declined to 2.08 per cent as on June 30, from 2.21 per cent on March 31.

The erosion of individual investor wealth comes on the back of a 10 per cent drop in the benchmark Nifty during the quarter ended June — its worst quarterly performance since March 2020.

The fall in individual investor holding also impacted their activity, with trading volumes in the equity cash segment dropping to their lowest levels since March 2020. Also, there was moderation in new demat accounts opened during the quarter.

Individual investor flows into equity markets via direct investing may have gone down, but their investments through mutual funds (MFs) continue to be strong.

The share of domestic MFs rose for the fourth straight quarter to reach a two-year high of 7.95 per cent as on June 30, up from 7.75 per cent as on March 31.

The companies where retail investors increased their stake fell an average 10.4 per cent during the quarter, while those that saw an increase in retail holding fell just about a per cent.

Stocks where HNIs pared their stake fell nearly 7 per cent during the quarter, while companies that saw a decrease in holding fell an average 6.2 per cent.