

# Domestic investor holding in listed stocks hits new high

## Rise in holdings comes on back of net inflows from DIIs of ₹17,597 cr in Q2FY23

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Domestic investor holding in Indian equities has hit a fresh all-time high, even as foreign portfolio investor (FPI) holdings declined to a 10-year low.

Their holdings rose to 24.03 per cent as on September 30 this year, up from 23.54 per cent at the end of the preceding quarter, according to data collated by PRIME Infobase.

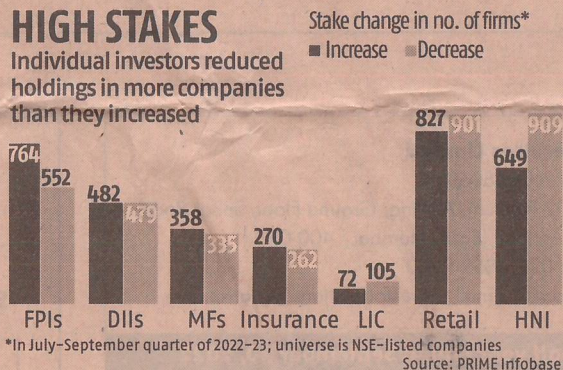
Domestic investors include institutional investors, mutual funds (MFs), insurance companies, banks, financial institutions, pension funds, retail, and high networth individuals (HNIs).

The rise in holdings comes on the back of net inflows from DIIs of ₹17,597 crore during the July-September quarter.

Meanwhile, FPI holdings declined to a decade low of 19.03 per cent - a decline of 17 basis points from 19.2 per cent as on June 30 this year. The marginal fall came despite net inflows of ₹48,570 crore during the quarter by overseas investors.

### HIGH STAKES

Individual investors reduced holdings in more companies than they increased



Pranav Haldea, managing director, PRIME Database Group, said the rise in domestic investor holdings is another example of a huge counterbalancing role they have played for foreign investors.

The influx of domestic household savings has given a fillip to the ownership pattern in recent years.

As on March 31, 2015, the FPI share was 23.3 per cent, while the combined share of DIIs, retail, and HNIs was just 18.47 per cent. A bulk of the decline occurred between October 2021 and June this year, when FPIs wrenched off

a record \$33 billion from the domestic market.

Independent equity analyst Ambareesh Baliga said strong domestic buying helps markets from declining sharply, notwithstanding heightened volatility.

FPI flows have ebbed and flowed since July, but net inflows have stayed an upbeat \$8.5 billion.

“The trend of domestic investors holding the market is likely to persist unless FPIs come back in a big way,” said Baliga.

The gap between FPI and DII holdings declined to its lowest levels in the July-

September quarter. DII holding is 22.3 per cent lower than FPI holdings. In the quarter that ended in June, DII holding was 26.74 per cent lower than FPI holdings.

The FPI-to-DII ownership ratio declined to an all-time low of 1.29 on September 30 this year, from 1.37 on June 30 this year.

Since June 2009, FPI share has increased from 16.02 per cent to 19.03 per cent, while DII share has increased from 11.38 per cent to 14.79 per cent, highlights the note by PRIME.

The increase in DII holdings has largely been underpinned by strong investments by MFs.

The holdings of domestic MFs in the National Stock Exchange-listed companies rose for the fifth quarter to reach an all-time high of 7.97 per cent as of September this year, riding on net inflows by domestic MFs to the tune of ₹22,193 crore during the quarter.

The rise in holdings comes after five quarters of consecutive decline from March 2020 (7.96 per cent) to June 2021 (7.25 per cent).