

Domestic investors now own a quarter of markets

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The ownership by domestic investors, individual as well as institutional, in companies listed on the National Stock Exchange (NSE) has breached the 25 per cent mark for the first time.

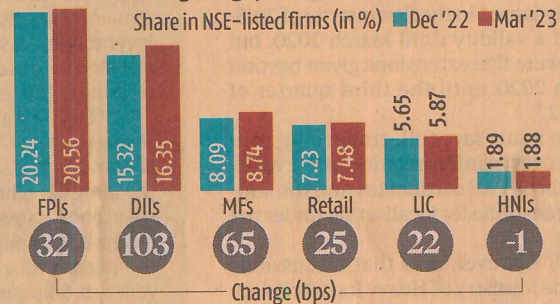
The share stood at 25.72 per cent at the end of the March 2023 quarter, up from 24.44 per cent in the previous quarter, according to data from Prime Database. The share of foreign portfolio investors (FPIs), meanwhile, rose slightly to 20.56 per cent from 20.24 per cent as on December 31, 2022.

Since 2015, the grip of domestic investors on the market has been tightening, while that of overseas funds, waning.

FPI shareholding in the NSE-listed companies was 23.3 per cent in March 2015, while the combined holding of domestic institutional investors (DIIs), retail and high net-worth individuals (HNIs) was just

GROWING DOMINANCE

FPIs are still the single-largest block of investors, but DIIs are closing the gap



FPIs: Foreign portfolio investors; DIIs: Domestic institutional investors; HNIs: High net-worth individuals

Source: primeinfobase.com

18.47 per cent.

The rising share of domestic investors makes the Indian market less susceptible to foreign influence, experts say. This was demonstrated last year when a record \$33-billion FPI outflow failed to make a big dent

in domestic equities, helping the market outperform most of its global peers in 2022.

"This was the sixth consecutive quarter where the combined share of domestic investors has increased. It showcases the steadfast march of

the Indian capital market towards Atmanirbharta (self-reliance)," said Pranav Haldea, managing director, Prime Database Group.

DIIs' shareholding at the end of the March 2023 quarter stood at 16.35 per cent, up from 15.32 per



ILLUSTRATION: BINAY SINHA

Indices defy Fed hike, hit five-month high

India's markets closed at their highest in nearly five months, even as the US Federal Reserve (Fed) raised interest rates by 25 basis points. The benchmark S&P BSE Sensex ended the session at 61,749, with a gain of 556 points, or 0.9 per cent. The Nifty50 index closed at 18,256, up 166 points, or 0.9 per cent.

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cent in the preceding quarter. The increase was on the back of net inflows from domestic mutual funds (MFs) to the tune of ₹54,942 crore during the quarter.

Retail holding rose to 7.48 per cent, up from 7.23 per cent, while HNI holding (those holding shares worth more than ₹2 lakh in a company) fell marginally to 1.88 per cent from 1.89 per cent.

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“The gap between FPI and DII holding has decreased to its lowest level ever. DII holding is now just 20.46 per cent lower than FPI holding. On December 31, 2022, DII holding was 24.3 per cent lower than that of FPIs. The widest gap between the two was at the end of March 31, 2015 at 55.45 per cent. The FPI to DII ownership ratio has also declined to an all-time low of 1.26,” said Prime Database in a release.

A closer look at DII ownership shows the dominance of MFs. The share of MFs rose for the seventh straight quarter to an all-time high of 8.74 per cent during the March quarter. Meanwhile, the share of Insurance companies increased to a six-year high of 5.87 per cent. State-owned Life Insurance Corporation (LIC) alone accounts for two-thirds of the investments of insurance companies in domestic equities.

Interestingly, the promoter shareholding in privately held companies decreased to a three-year low of 41.97 per cent as on March 31, 2023, from 43.25 per cent as on December 31, 2022. Prime Database said over the past 13 years, the share of promoters in private firms has been steadily increasing from 33.6 per cent on June 30, 2009.