

Share of domestic investors in NSE firms zooms past 25% in Jan-Mar

ASHLEY COUTINHO
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DOMESTIC INVESTORS NOW hold more than 25% share in companies listed on the National Stock Exchange of India (NSE), solidifying their presence in Indian equities.

The share of domestic institutional investors (DIIs), along with retail and high net worth individual (HNI) investors, in companies listed on the NSE reached an all-time high of 25.72% as on March 31, 2023, the sixth consecutive quarter where their combined share has increased, data from primeinfobase.com show. This share stood at 24.44% at the end of the previous quarter.

Share of retail investors rose to an all-time high of 7.48% as on March 31, 2023, from 7.23% in the previous quarter. Share of domestic mutual funds (MFs) rose for the seventh straight quarter to another all-time high of 8.74%, up from 8.09% in Q3FY23. Share of insurance companies rose to a six-year high of 5.87%. LIC continues to command a lion's share of investments in equities with a 68% share or Rs 10.05 trillion. LIC's share across 273 companies where its holding is more than 1% marginally increased to 3.99% in the March quarter.

Net inflows from DIIs stood at ₹83,200 crore during the quarter. Domestic MFs put in Rs 54,942 crore. MFs increased their exposure to the financial services and industrials sectors while trimming exposure to FMCG. Insurance companies increased their exposure to energy and FMCG sectors while trimming holdings in consumer discretionary.

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Share by value (%)

■ HNIs ■ Retail ■ DIIs



Source: primeinfobase.com

A structural shift in relation to foreign and domestic investors has taken place in the Indian market over the last eight years, when the FPI share had stood at 23.30%, compared with the combined share of 18.47% for DIIs, retail and HNIs. The gap between FPI and DII holding has decreased to its lowest level ever during the quarter under review to 20.46%, from 55.45% eight years ago. The FPI-to-DII ownership ratio declined to an all-time low of 1.26 as on March 31, 2023.

Despite net outflows, FPI share marginally increased to 20.56% in the March quarter, up by 32 bps from the previous quarter. FPIs were bearish on oil, gas and consumable fuels and financial services, and put money into the services and capital goods sectors.