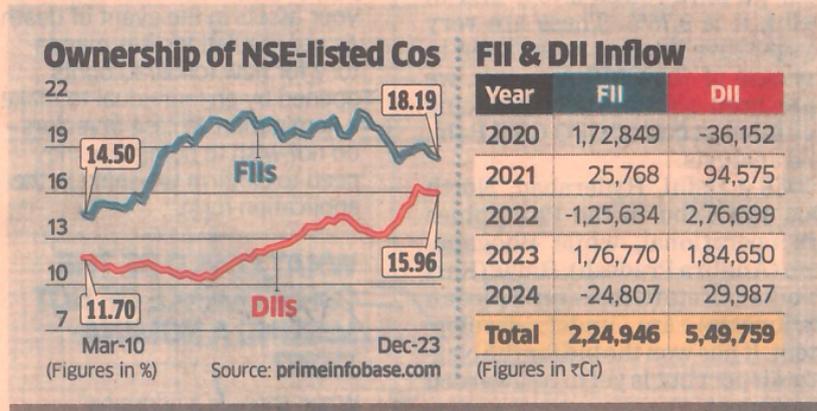


DIIs' Ownership of Indian Cos may Soon Overtake FII Holdings

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Mumbai: The gap in ownership of Indian companies between domestic institutional investors (DIIs) and their foreign counterparts has narrowed to the lowest level ever as of December 2023. Market participants said record flows into mutual funds' equity schemes and pension funds have resulted in domestic institutions' growing influence in the Indian stock market, which has been largely dominated by promoters and foreigners.

According to the data from primeinfobase.com, DII holdings have been on the rise, while foreign ownership has dropped in the past 10 years. Domestic institutional holdings in NSE-listed companies increased to 15.96% in December 2023 as against 13.77% in December 2018 or 10.49% in December 2013. Foreign holdings in NSE-listed



companies was at 18.19% as of December 2023 down from 19.66% in December 2018 or 19.36% as of December 2013. FIIs holding hit a peak of 21.21% in December 2020.

“Given the prevailing trend of domestic financialisation, characterised by increased household savings directed towards monthly flows into systematic investment plans, insurance, and si-

milar instruments, it's evident that domestic institutional ownership is poised to surpass that of foreign institutional investors in the near future,” said Mahesh Patil, chief investment officer, Aditya Birla Sun Life AMC. “Since 2021, DII flow into equity has been much more than that of FIIs.”

The share of domestic mutual funds' ownership in companies

listed on the NSE rose to an all-time high of 8.81% as of December 31, powered by strong net inflows of ₹58,198 crore during the quarter, according to primeinfobase.com data.

DIIs bought shares worth ₹1.85 lakh crore in 2023 compared to FIIs' investment of ₹1.76 lakh crore. Overseas funds sold shares worth ₹1.26 lakh crore in 2022, whereas DIIs bought shares worth ₹2.77 lakh crore.

Investments through the systematic investment plans into mutual funds rose to a record ₹17,610 crore in December, compared to ₹17,073 crore in November 2023.

“DIIs seem set to overtake the FIIs in the next few quarters as the gap between FII and DII holding narrowed further to an all-time low, with DII holding now being just 12.23% lower than FIIs’,” said Pranav Haldea, MD, PRIME Database Group.