

SHIFTING PARADIGMS

RETAIL SHUFFLE MEETS FPI MARKET DRIVE

Juxtaposing the change in the shareholding pattern of stakeholders with stock price movement during a quarter reveals interesting trends. Data shows that retail investors – those holding shares worth less than ₹2 lakh in a single company – tend to churn their holdings the most, while changes by foreign portfolio investors (FPIs) have the highest impact on stock prices.

According to data furnished by primeinfobase.com, retail investors increased stake in 1,007 National Stock Exchange-listed firms during the three months ended December 31, 2023.

The average change in the stock price of these 1,007 firms was 14 per cent during the quarter.

Meanwhile, FPIs increased their holdings in 718 firms, and their stock prices rose by 20 per cent. The 689 firms where overseas investors reduced their stake underperformed, with only a 12 per cent rise.

HIGH STAKES, DYNAMIC INTERPLAY

Stakeholder impact on stock price movements

■ Increased ■ Decreased (number of firms)

	Stake	Average chg (%)
Foreign institutional investor	718 689	20 12
Domestic institutional investor	621 539	16 14
Mutual fund	566 336	15 13
Insurer	279 354	15 16
Life Insurance Corporation	58 111	11 19
Private promoter	118 370	20 19
Government of India (as promoter)	0 4	NA 14
Retail	1,007 869	14 20
High networth individual	758 921	18 17

Average change in stock price and shareholding change data for three-month period ended December 31, 2023 Source: primeinfobase.com

Firms where small shareholders reduced stake outperformed, gaining 20 per cent.

During the 2023-24 October-December quarter, the Nifty50, Nifty Midcap 100, and the Nifty Smallcap 100 indices rose by 10.6 per cent, 13.9 per cent, and 18.8 per

cent, respectively.

Apart from FPIs, firms where promoters and high networth individuals increased stake also outperformed, whereas those where Life Insurance Corporation of India increased its stake underperformed.

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