

After 15 yrs, DIIs upstage FPIs in ownership of NSE stocks

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IN WHAT COULD significantly change how the stock market responds to global cues, the share of domestic institutional investors (DIIs) has surpassed that of foreign portfolio investors (FPIs) as on March 31, 2025. DIIs include insurers and mutual funds, which have seen a steady flow of funds from retail investors in recent years.

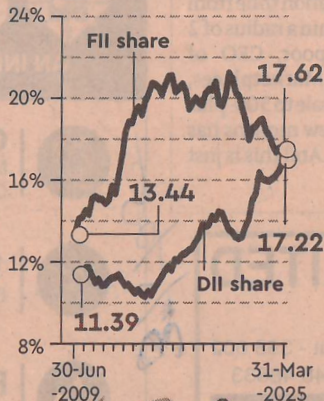
The share of DIIs in the NSE universe of listed companies reached an all-time high of 17.62% as on March 31 this year, and surpassed the FPI share of 17.22% for the first time in at least 15 years, data compiled by PRIME Database show.

The DII shareholding rose from 16.89% in December 2024 to 17.62% in March 2025 following a staggering net investment of ₹1.89 lakh crore during the three months.

Nilesh Shah, managing director, Kotak Mahindra AMC, said: "Earlier when FPIs used to pull out, our markets fell sharply, but now their selling is absorbed through domestic flows, which is more based on domestic fundamentals and economic realities. FPI flows, on the other hand, are linked more to their own reasons of profit booking, meeting liquidity requirements, etc."

For over a decade-and-a-half (for

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which data is available), FPIs had a significant say in the Indian markets, with their buying and selling decisions often influencing market trends. Now DIIs jump in when FPIs exit, and cushion the fall in stock prices. The growing participation of retail investors in mutual funds and insurance products has helped alter the dynamics.

In the last two years, retail investors rushed in to participate in equities by registering with mutual

funds and enrolling into systematic investment plans (SIPs). The MF industry's net equity assets under management grew 94% to ₹29.45 lakh crore as of March 2025, from ₹15.17 lakh crore in March 2023.

The MF share in companies listed on the NSE also recorded an all-time high, and touched 10.35% as on March 31, 2025 (up from 9.93%). While state-owned LIC is the largest domestic investor with ₹15.17-lakh-crore investment in 282 listed companies, among mutual funds, SBI Mutual Fund tops the list with an investment of ₹7.26 lakh crore in 595 companies, followed by ICICI Mutual Fund at ₹5.33 lakh crore.

The share of FPIs, with a net outflow of ₹1,16,574 crore due to rising yields and stronger dollar, dipped further to a 12-year low of 17.22% from 17.24%. In rupee value terms too, DII holding of ₹71.76 lakh crore is now 2% higher than FII holding. The FPI-to-DII ownership ratio has dropped to below 1 at 0.98 as on March 31, 2025.

The widest gap between FPI and DII holding was in the quarter ended March 31, 2015, when the share of DIIs was over 10% points lower than the share of FIIs. In rupee value terms, the DII holding was 49.82% lower than FPI holding, and the FPI-to-DII ownership ratio was 1.99.