DIIs gain dominance in NSE-listed firms as FII stake slips to 12-year low

MAJOR SHIFT. Domestic institutions outpace markets with ₹1.89 lakh cr quarterly inflows, top FIIs' ₹1.16 lakh cr

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The share of domestic institutional investors (DIIs) in NSE listed companies scaled a new high in the March quarter, surpassing the ownership of foreign institutional investors (FIIs).

DII share climbed to 17.62 per cent as on March 31, up from 16.89 per cent in the previous quarter, on the back of ₹1.89 lakh crore net inflows during the quarter, data from primeinfobase.com showed.

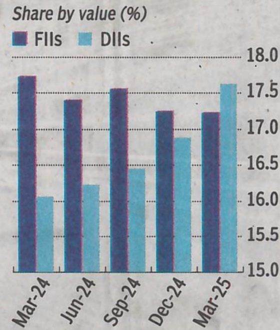
FII/DII RATIO

The share of FIIs slid to a 12 year low of 17.22 per cent during the quarter, with a net outflow of ₹1.16 lakh crore in the backdrop of rising yields and stronger US dollar. In value terms, DII holding of ₹71.76 lakh crore is now 2 per cent higher than FII holding. The FII to DII ownership ratio has come down below 1 to 0.98 as on March 31. The gap between FII and DII holding was the widest a decade ago, with DII share 10.3 per cent lower than that of FIIs.

Domestic MFs, flush with retail money coming through SIPs, have continued to play a huge role in this with a net investment of ₹1.16 lakh crore during the quarter, taking their share in companies listed on the NSE to 10.35 per cent, a record.

For years, FIIs have been the largest non-promoter shareholder category in the Indian market with their investment decisions having a huge bearing on the overall direction of the market. This is no longer the case. DIIs, along with individual investors, have now been playing a strong countervailing role with their share reaching an all-time high of 27.1 per cent for the quarter ended March.

Racing ahead



Source: primeinfobase.com

LIC saw its share across 282 companies rise to 3.72 per cent during the March quarter with a net buy of ₹34,435 crore, its highest in five years. The share of retail and HNI investors decreased to 7.51 per cent and 1.98 per cent respectively, as on March 31 from 7.7 per cent and 2.09 per cent as on December 31, 2024

FPI SHOPPING SPREE

Global liquidity is gradually returning to EMs as concerns over tariff hikes begin to subside, according to a report by Elara Securities. Following Trump's victory, there was a significant outflow of capital from EMs into the US. However, the past three weeks have shown signs of a reversal. The strongest recovery in foreign inflows has been into India, Brazil, Hong Kong and Taiwan. In India, of the $7.7 billion that exited after the US election, $960 million, or 12 per cent, has returned in three weeks. Over the past six weeks, India-dedicated funds attracted $1 billion, split between $575 million into ETFs and $440 million into long-only large-cap funds. Luxembourg-domiciled funds accounted for 40 per cent of these flows.

"Foreign flows into US funds remain strong and uninterrupted, averaging $6 billion per week. The recent shift back toward EMs appears to be fuelled by new incremental liquidity, rather than a pullback from the US," the brokerage said.