

Mutual funds' stock market lead over LIC widens for fifth year in a row

Smallest LIC bet is in a company with less than ₹2 crore in market cap

SACHIN P MAMPATTA
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India's biggest life insurer, the Life Insurance Corporation of India (LIC), is ceding more of its grip on the stock market to the mutual fund (MF) industry. LIC owned over a 10th of all of listed shares by value available for public trading (free-float) in March 2012, according to primeinfobase.com. This 10.67 per cent share has fallen to 7.42 per cent as of March 2026. The mutual fund industry had a lower share of 7.06 per cent in 2012, which has since risen to 22.92 per cent as of March 2026. This is the fifth year in a row that the gap has widened.

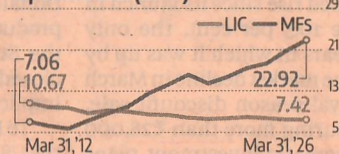
Companies release the shareholding pattern during the results season, which is ongoing. The names of those with a stake of more than 1 per cent in a company are part of disclosures. The LIC stake is based on these disclosures in the shareholding pattern of companies. To be sure, this reflects only the disclosed portfolio, but includes most large companies and can be considered broadly indicative of the trend. Mutual fund portfolios are disclosed every month.

"With the growing heft of mutual funds, the overall share has come down; and the trend doesn't show signs of abating so long as the retail money keeps flowing in," said Pranav Haldea, managing director



Widening gap

Share of free-float market capitalisation (in %)



Note: Free-float market capitalisation is the value of shares available for trading by the public, and excludes promoter shareholding. Based on companies where LIC shareholding is greater than 1 per cent

at Prime Database. He noted that while the mutual fund industry may have grown significantly larger as a whole, LIC remains the single-largest standalone asset manager by a distance, with its equity assets being at least double of the largest mutual fund.

Institutional investors typically are seen to exit stocks when trouble hits. However, unlike mutual funds, LIC is not subject to the same kind of redemption pressures or even disclosures, Haldea added. Mutual funds, for example, have to disclose their entire portfolios down to the last rupee on a monthly basis, while to get information on LIC's portfolio, one needs to look at the shareholding patterns filed by companies

Largest bets

| Company | Market cap (₹ cr) | LIC stake (in %) |
|---------------------------|-------------------|------------------|
| Reliance Industries | 18.2 | 6.68 |
| State Bank of India | 9.0 | 8.7 |
| Larsen & Toubro | 4.8 | 12.38 |
| ITC | 3.6 | 15.83 |
| Infosys | 5.1 | 10.67 |
| Tata Consultancy Services | 8.5 | 5.52 |
| HDFC Bank | 11.3 | 4.04 |

Smallest stake

| Company | Market cap (₹ cr) | LIC stake (in %) |
|----------------------------------|-------------------|------------------|
| Blue Blends (India)* | 1.7 | 1.4 |
| Premier | 8.3 | 5.7 |
| Flexituff Ventures International | 20.3 | 2.2 |
| JBF Industries (Suspended) | 35.2 | 2.5 |
| ICDS | 53.5 | 4.9 |
| Standard Industries | 75.9 | 1.3 |
| VI E-Governance and IT Solutions | 93.4 | 6.1 |

* (suspended due to penal, and procedural reasons); Largest bets and smallest stake list is based on value of LIC's holding in respective companies; Data as of March-end 2026 Source: primeinfobase

in which LIC is a shareholder, according to Haldea.

Based on available disclosures, the total value of LIC's holdings is ₹15.11 trillion. The largest holding is Reliance Industries (₹1.2 trillion). It also has a stake worth over ₹50,000 crore each in State Bank of India, Larsen and Toubro, ITC, and Infosys. The smallest bets are interestingly in companies with a market capitalisation of less than ₹100 crore.

The smallest of them is Blue Blends (India), which had a market capitalisation of ₹1.7 crore. The LIC stake was 1.4 per cent of the company or less than ₹3 lakh. There were at least seven companies with a total market capitalisation of less than ₹100 crore each. Two of these (Blue Blends and

JBF Industries) are suspended from trading by exchanges for regulatory or procedural non-compliance.

Many companies may have been residual investments that continued in the portfolio despite declining over the years and decades during which the underlying business has not done well, suggested Shriram Subramanian, founder and managing director of domestic proxy advisor InGovern Research Services. Quickly weeding out underperformers on a periodic basis may have helped the situation, according to Subramanian. "I don't think LIC is very nimble," he said.

An email sent to LIC on May 6 did not elicit a reply.

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