Private Promoters’ Share Hits 2-Year High, MFs Reach Record As FII Holding Falls - BW Businessworld

Private promoters’ shareholding in companies listed on the National Stock Exchange (NSE) rose to a two-year high in the quarter ended June 30, 2026, in a sign that the Indian equity market could be nearing a bottom, according to an analysis by primeinfobase.com, an initiative of PRIME Database Group.

The share of private-sector promoters increased to 41.36 per cent as of June 30, from 40.58 per cent at the end of March. According to Pranav Haldea, Managing Director, PRIME Database Group, the rise is significant after promoters’ share had declined in an almost continuous manner from 45.20 per cent in December 2021.

Private promoters were net buyers of shares worth Rs 36,336 crore during the quarter, the highest such investment since the quarter ended June 2022. The share of Indian private promoters rose to 32.48 per cent in June from 32.12 per cent in March, while the share of foreign promoters increased to 8.93 per cent from 8.45 per cent.

Mutual Funds’ Share Hits Fresh Record
Domestic mutual funds (MFs), through which individual investors largely invest indirectly, increased their share in NSE-listed companies to another all-time high of 11.58 per cent as of June 30, compared with 11.46 per cent at the end of March.

This marked the 12th consecutive quarter of increase in mutual funds’ shareholding. Haldea said the trend indicates continued faith among individual investors in mutual funds, despite equity markets remaining broadly range-bound over the past couple of years. Investors continue to channel around Rs 30,000 crore a month into equities through systematic investment plans (SIPs).

FII Holding Falls To 14-Year Low
In contrast, the share of Foreign Institutional Investors (FIIs) declined further to a 14-year low of 15.88 per cent as of June 30, from 16.12 per cent at the end of March.

The gap between mutual funds and FIIs narrowed by another 37 basis points during the June quarter to just 4.30 percentage points. The gap has nearly halved over the past two years, from 8.75 percentage points in March 2024.

At its peak, the difference stood at 17.14 percentage points in March 2015, when FII ownership was 20.70 per cent and mutual fund ownership was only 3.56 per cent. Haldea said the balance of ownership is increasingly tilting towards domestic investors, with mutual funds alone likely to overtake FIIs in the coming quarters.

Mutual funds invested Rs 1.42 lakh crore on a net basis during the quarter, supported by retail flows through SIPs. In contrast, FII outflows stood at Rs 1.43 lakh crore, comprising an outflow of Rs 1.53 lakh crore from the secondary market and an inflow of Rs 10,096 crore into the primary market.

DII Share Slips Despite Strong Buying

Despite rising mutual fund holdings and net investments of Rs 2.19 lakh crore during the quarter, the overall share of Domestic Institutional Investors (DIIs) declined to 19.15 per cent from 19.24 per cent.

The decline followed nine consecutive quarters of increases and was primarily attributed to a fall in the shareholding of insurance companies, which dropped to 5.16 per cent from 5.42 per cent, despite net purchases worth Rs 20,228 crore.

Life Insurance Corporation of India (LIC), which accounts for at least 67 per cent of insurance companies' equity investments, saw its shareholding fall to an all-time low of 3.48 per cent as of June 30, from 3.72 per cent at the end of March. This was despite LIC being a net buyer of Rs 8,137 crore during the quarter.

LIC continues to be India's largest single asset manager, with its equity holdings nearly twice the size of those held by the country's largest mutual fund.

Retail And HNI Ownership Rises

The combined share of individual investors, comprising retail and High Net Worth Individual (HNI) investors, increased to 9.51 per cent in June from 9.11 per cent in March.

Retail investors' share rose to 7.39 per cent from 7.12 per cent, while HNI investors' share increased to 2.12 per cent from 1.99 per cent. Individual investors were net buyers to the tune of Rs 25,625 crore during the quarter.

DIIs along with retail and HNI investors saw their combined share reach an all-time high of 28.66 per cent as of June 30. Haldea said this indicates that FIIs no longer have the same influence over the Indian capital market, although they remain an important constituent.

Industrials Gain Favour Among DIIs

DIIs increased their allocation to Industrials, with the sector accounting for 10 per cent of their total holdings in June, compared with 9.05 per cent in March. Their allocation to Information Technology, meanwhile, declined from 7.55 per cent to 5.83 per cent.

FIIs increased their allocation to Financial Services, from 30.78 per cent to 33.23 per cent, while reducing their allocation to Information Technology from 6.19 per cent to 4.76 per cent.

Government Promoter Holding At 3-Year Low

The Government's shareholding as a promoter fell to a three-year low of 8.83 per cent in June from 9.42 per cent in March. The Government was a net seller of Rs 19,468 crore during the quarter, primarily through Offers for Sale.

Meanwhile, 27 companies saw promoters, FIIs and DIIs all increase their stakes during the quarter. These included Adani Enterprises, GMR Airports, Cupid, Sterlite Technologies, IRB Infrastructure

Developers, Deepak Nitrite, Zydus Wellness, Welspun Living, Religare Enterprises, IOL Chemicals & Pharmaceuticals, Yasho Industries, Gandhar Oil Refinery, United Foodbrands, Eveready Industries, Confidence Petroleum, BLS E-Services, Nintec Systems, Ivalue Infosolutions, Aeroflex Enterprises, Bhagyanagar, Renaissance Global, Arrow Greentech, Zim Laboratories, Sheetal Cool Products, Visa Chrome, Shah Metacorp and Cybertech Systems & Software.

FIIs Lead In Stocks Where They Increased Stakes

The analysis also compared the average stock-price performance of companies where different investor categories increased or reduced their holdings during the quarter.

FIIs increased their holdings in 756 companies, where the average stock price rose 39.57 per cent, while their holdings declined in 990 companies, where the average stock price gained 23.71 per cent. Private promoters increased holdings in 240 companies, which recorded an average price increase of 35.67 per cent, while their holdings declined in 343 companies, where prices rose 32.61 per cent.

DIIs increased holdings in 766 companies, where the average stock price rose 31.60 per cent, compared with 29.74 per cent across 728 companies where their holdings declined. Mutual funds increased their holdings in 554 companies, which recorded an average price increase of 27.28 per cent, while the average gain was 29.72 per cent across 482 companies where their holdings declined.

Retail investors increased their holdings in 1,130 companies, where the average stock price rose 24.22 per cent, compared with a 35.79 per cent average gain across 1,051 companies where their holdings declined. LIC increased its holdings in 54 companies, which recorded an average price gain of 11.19 per cent, while its holdings declined in 114 companies, where the average price rose 19.52 per cent.

The analysis is based on shareholding patterns filed by 2,340 of the 2,397 companies listed on the NSE main board for the quarter ended June 30, 2026. As of July 22, 2026, 57 companies had yet to file their shareholding patterns. The data covers the period from June 2009 onwards.