

DOMESTIC INSTITUTIONAL INVESTORS' BUMP UP HOLDING IN INDIAN STOCKS IN JUNE

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The money domestic institutional investors (DII) have invested in Indian equities touched a record high in the quarter ended June.

The value of the holdings of DIIs—comprising mutual funds, insurers, banks and other financial institutions—rose to 13.78 per cent at the end of June 30, up from 13.69 per cent at the end of the previous quarter, data from nseinfobase shows. This is 30 per cent lower than the ownership of foreign portfolio investors (FPIs), which stood at a two-year high of 19.8 per cent on June 30.

In absolute terms, too, holding touched a record Rs 20.42 trillion, an increase of 0.9 per cent over the previous quarter. In comparison, FPI assets stood at Rs 29.36 trillion.

Historically, have been the dominant market price-setters, given their size and trading patterns in India. The past three years have indicated a change, with flows increasingly becoming the primary driver of market direction.

The widest gap between FPI and holdings was in the quarter ending March 2015, when DII holding was 50 per cent lower than FPI holding.

Over a 10-year period beginning June 30, 2009, FPI ownership has increased 6.2 percentage points to 19.8 per cent (from 13.6 per cent). DII ownership has increased only 2.12 percentage points to 13.78 per cent (from 11.66 per cent).

Holding of insurance companies slid 0.53 per cent to Rs 7.8 trillion as on June 30, 2019. LIC's holding across 303 companies (for holdings more than 1 per cent) stood at Rs 6.1 trillion, a decrease of 1.79 per cent over the previous quarter. LIC's share of investments in equities by insurance companies stood at 78 per cent.

Holding of domestic mutual funds also reached an all-time high of 7.35 per cent at the end of June this year, up from 7.19 per cent in the previous quarter.

The percentage holding of promoters in companies listed on NSE stood at 54.46 per cent as on June 30 increasing marginally from 54.1 per cent on March 31. In June 30, 2009, promoter ownership stood at 61.34 per cent.

"This trend is likely to continue, and perhaps accelerate as a result of the recent proposal in the budget to increase minimum public shareholding to 35 per cent," said Pranav Haldea, Managing Director, Prime Database Group.

By value, though, promoter holding in companies listed on NSE has more than tripled to Rs 73.3 trillion as of June this year from Rs 23.03 trillion a decade ago, primarily due to increase in market capitalization of companies.