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# Retail investors flex muscle amid surge

The holdings of retail investors — those who invest less than ₹2 lakh — in companies listed on the NSE stood at an all-time high of 7.18 per cent (as against 6.96 per cent in the previous quarter and 6.74 per cent in the corresponding period last year), with the

value of investments totalling over ₹16 trillion in the June quarter. The combined holding of retail and high net-worth individuals was also at an all-time high of 9.28 per cent, the data from [primeinfobase.com](http://primeinfobase.com) shows.

**ASHLEY COUTINHO** writes

# Individual investors flex their muscle amid market surge

Their holding rose to all-time high of 7.18% in Q1; institutional holdings decline

ASHLEY COUTINHO

Mumbai, 5 August

Individual investors have gained more sway in dictating market movement.

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The combined holding of retail and high networth individuals (HNIs) was also at an all-time high of 9.28 per cent, data from primeinfobase.com shows.

Experts attribute this surge to the buoyancy in the secondary market and the spate of new listings. Low returns in fixed income options have also compelled investors to gravitate towards equities.

“Several investors now prefer to come directly to the market instead of through mutual funds. The uptick in the secondary market and the flurry of IPOs in the past few months have helped bring new retail investors to the market,” said Pranav Haldea, managing director, PRIME Database.

Over the past two years, 61 companies have tapped the primary market to raise funds through IPOs. Stock prices of nearly two-fifths of these companies (24) have more than doubled since listing.

Market observers reckon investors have more time and disposable income since the pandemic's outbreak. The ease of opening a demat

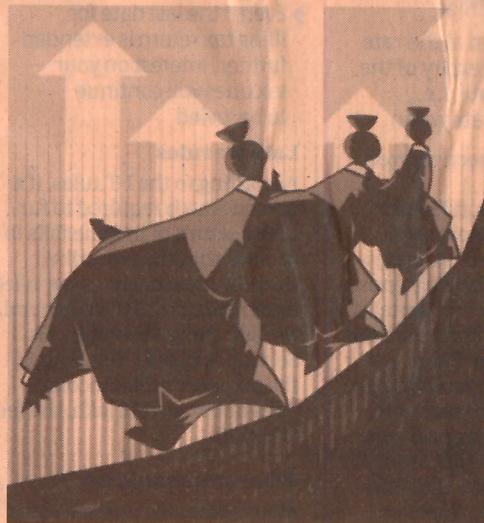


ILLUSTRATION: BINAY SINHA

and trading account, coupled with the availability of stock- and sector-specific information on mobile apps, have also spurred retail participation.

“Today, you can open a trading account in 15 minutes flat and it has become convenient to transact on smartphones. Seventy per cent of our trades are done on mobile,” said B Gopkumar, CEO, Axis Securities.

Retail investors have historically been late market entrants and burnt their fingers during steep falls. This time around they seem to have stayed put during corrections and employed a buy-on-dips approach, which is a sign of growing maturity, said experts.

Having said that, a sizeable number of individual investors have invested in dud companies hoping to make a quick buck. These include the likes of

YES Bank, Suzlon Energy and Vodafone Idea, data from primeinfobase.com shows.

“A number of retail investors continue to focus on mid-cap stocks, but the quality of buying has become better. Investors, however, need to be aware that the equity party can't go on forever and need to be more careful in stock selection given the rich valuations,” said Gopkumar.

The holdings of institutional investors, in contrast, declined during the quarter. MFs' holdings have declined for the fifth straight quarter to 7.25 per cent (value of ₹16.3 trillion) after 24 quarters of continuous rise. This is despite net equity inflows of ₹12,069 crore in Q1.

Insurance companies' holdings, too, declined to a 5-year low of 4.89

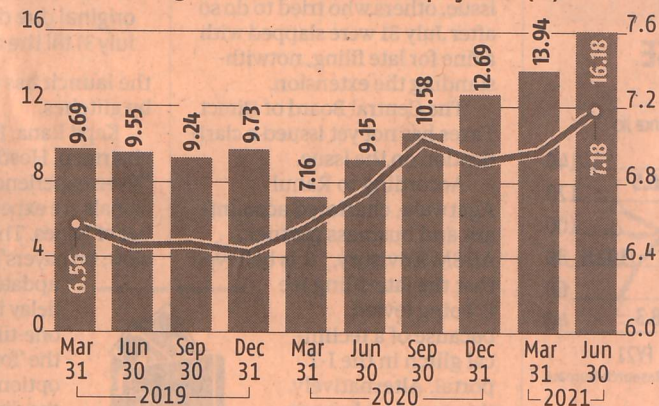
per cent as on June 30, largely due to profit booking by state-owned Life Insurance Corporation of India. Total holdings of domestic institutional investors, which includes domestic MFs, insurance companies, banks, financial institutions and pension funds, decreased to a 11-quarter low of 13.19 per cent as on June 30 from 13.42 per cent a quarter earlier.

The percentage of FPI holding declined to 21.66 per cent in June from 22.46 per cent in the previous quarter.

The top 10 per cent of the companies by market capitalisation accounted for 90.8 per cent of overall FPI holding, 84.38 per cent of overall DII holding, and 81.35 per cent of overall MF holding, showing high levels of concentration in institutional investors' holdings, data shows.

## RETAIL INVESTMENT IN INDIAN EQUITIES

■ Value of holdings (₹ trillion) — Ownership by value (%)



Source: primeinfobase.com