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Small investors in India continued to pump money into equities in the last quarter of 2021, unfazed by a surge in coronavirus cases and monetary policy tightening by global central banks that rattled domestic markets.

Shareholding of retail investors in all listed companies on NSE reached an all-time high of 7.32% at the end of the December quarter, showed data compiled by Prime Database Group. This compares to the exposure of retail investors in these companies at 6.90% in the same quarter a year earlier, and 7.13% at the end of the September quarter.

In value terms, too, retail holding in companies listed on NSE hit a record high of ₹18.98 trillion in the December quarter, rising 4.54% from ₹18.16 trillion in the previous quarter.

Market corrections offered trading opportunities to small investors as entry points, said analysts. "Investors who were waiting on the sidelines to start stock market trading jumped on to the bandwagon as markets showed some weakness in the last months of 2021. As stocks have given high returns, especially post covid, investors remain hopeful of their bets and consider any decline in markets a good entry point," said a market analyst, who did not want to be named.

During the December quarter, the benchmark Sensex and Nifty declined by around 1.5%.

On an overall basis, retail shareholding grew in 871 companies listed on NSE in the December quarter. The period saw average stock price of these companies increase 15.51%. Meanwhile, retail holding decreased in 759 companies but average stock price of those companies increased by a much



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higher 20.35%.

"What is also significant to note is the continuing overwhelming presence of retail investors in mid- and small-cap companies, which institutional investors typically stay away from. The picture is very different if one looks only at

Investors opened a record 10.23 million demat accounts in the December quarter, with an average of 3.41 million each month, according to Securities and Exchange Board of India (Sebi) data. This compares to 8.21 million demat accounts opened in September quarter.

more than ₹2 lakh shareholding in companies listed on the NSE also hit a record high of 2.26% as of December, rising from 2% in the same period of the previous year. This lifted the combined retail and HNI share to an all-time high of 9.58% at the end of December.

In the institutional segment, net outflows by foreign portfolio investors (FPIs) of ₹38,521 crore during the quarter resulted in their share falling to a nine-year low of 20.74% as of December.

The share of domestic mutual funds in all listed companies in NSE continued to rise, hitting 7.47% last quarter. Domestic mutual funds had net inflows of ₹51,909 crore in the December quarter. This follows five straight quarters of decline from 31 March 2020. The total share of insurance companies fell to a six-year low of 4.79% last quarter.

SMALL IS BIG

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SHARE of HNIs in firms listed on NSE also hit a record high of 2.26% as of December

Nifty companies. The retail share in these companies was a meagre 7.08%, declining marginally to 6.68% in case of top 100 companies listed on NSE," said Pranav Haldea, managing director, Prime Database Group.

At the end of 2021, record 30.8 million demat accounts were opened, leading to a total of highest-ever 80.6 million demat accounts in India.

Meanwhile, share of high net-worth individuals (HNIs) or individuals with

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