

COMBINED SHARE AT 14.79% IN LISTED COS

# Retail investors, MFs cushion FPI exit impact, raise holdings to record high

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MUMBAI, FEBRUARY 6

RETAIL INVESTORS and domestic mutual funds are increasing their presence in companies listed on the NSE, even as foreign portfolio investors (FPIs) are exiting from Indian stocks. Despite a decline in key indices, the share of retail investors — individuals with up to Rs 2 lakh shareholding — in companies listed on the NSE reached an all-time high of 7.32 per cent as on December 31, 2021 as against 7.13 as on September 30, 2021.

As a result, the value of retail holding in listed companies touched an all-time high of Rs 18.98 lakh crore from Rs 18.16 lakh crore in September 2021, an increase of 4.54 per cent. This was despite the fact that Sensex and Nifty declined by 1.48 and 1.50 per cent, respectively, during this period.

The share of high net-worth individuals (HNIs) — individuals with more than Rs 2 lakh share-

holding — in NSE-listed companies also reached an all-time high of 2.26 per cent as on December 31, 2021 from 2.12 per cent on September 30, 2021, thus taking the combined retail and HNI share to also an all-time high of 9.58 per cent, according to Primeinfo-base.com, an initiative of PRIME Database group.

Simultaneously, the share of FPIs in listed companies is on the decline amid indications that US Federal Reserve is likely to tighten the monetary policy and hike interest rates. According to Pranav Haldea, MD, PRIME Database Group, net outflows from FPIs of Rs 38,521 crore during the quarter resulted in FPIs' share declining to a 9-year low of 20.74 per cent as of December 2021, from 21.46 per cent as on September 30, 2021.

FPIs pulled out Rs 44,820 crore from financial services and software sector during the quarter while investing Rs 20,334 crore in retail. Holding of FPIs (in Rs value terms) in companies listed on NSE stood at Rs 53.78 lakh crore as on December 31, 2021, a decrease of

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US Fed

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1.67 per cent from Rs 54.69 lakh crore as on September 30, 2021.

With investors channelising funds through SIP (systematic investment plan) schemes of MFs, the share of domestic mutual funds in companies listed on the NSE continued to rise and reached 7.47 per cent as of December 2021, up from 7.36 per cent in September 2021. This was after five quarters of consecutive decline from March 31, 2020 (7.96 per cent) to June 30, 2021 (7.25 per cent). The share has increased on the back of net inflows by domes-

tic mutual funds of a huge Rs 51,909 crore during the quarter, Haldea said.

In value terms too, the holding of domestic mutual funds went up by 3.26 per cent to an all-time high of Rs 19.36 lakh crore as of December 2021 from Rs 18.75 lakh crore in September 2021. Retail investors have been pumping money into equity schemes of mutual funds in the last several months. Retail investors and MFs' share is at 14.79 per cent.

The share of LIC, the largest investor in Indian stocks, across 278 companies — where its holding is more than 1 per cent — declined marginally to an all-time low of 3.67 per cent as on December 31, 2021 from 3.69 per cent as on September 30, 2021 and from all-time high of 5 per cent as on June 30, 2012. However, in value terms, it reached an all-time high of Rs 9.53 lakh crore in the quarter ended December 2021, an increase of 1.46 per cent over previous quarter. LIC also continues to command a lion's share of investments in equities by insurance

companies (77 per cent share).

Share of insurance firms as a whole declined to a 6-year low of 4.79 per cent as on December 31, 2021 down from 4.81 per cent as on September 30, 2021. In Rs value terms though, it went up 1.3 per cent from the previous quarter to an all-time high of Rs 12.42 lakh crore as on December 31, 2021.

Share of domestic institutional investors (DIIs), which includes domestic mutual funds, insurance companies, banks, financial institutions, pension funds etc., as a whole, increased to 13.22 per cent as on December 31, 2021 from 13.12 per cent as on September 30, 2021, on the back of net inflows from DIIs of a huge Rs 66,262 crore during the quarter. In value terms, DII holding too went up to an all-time high of Rs 34.27 lakh crore as on December 31, 2021, an increase of 2.48 per cent over the last quarter. The total institutional share — FPIs and DIIs — also declined to a 3-year low of 33.95 per cent in quarter ended December 2021, down from 34.59 in quarter ended September 2021.