



PRESS RELEASE

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PRIVATE PROMOTERS OWNERSHIP HITS ALL-TIME HIGH WHILE GOVERNMENTS HOLDING REACHES ALL TIME LOW IN JUNE 2020
QUARTER: primeinfobase.com

The percentage holding of private promoters in companies listed on NSE reached an all-time high of 44.43 per cent by value as on June 30, 2020, increasing from 44.25 per cent on March 31, 2020, as per primeinfobase.com, an initiative of PRIME Database Group. Over an 11-year period (since June 2009), private promoter ownership has been steadily increasing, having increased from 33.61 per cent on June 30, 2009. By value, private promoter holding in companies listed on NSE has more than quadrupled to INR 60.37 lakh crore (or INR 60,368 bn) from just INR 14.51 lakh crore on June 30, 2009, of course, aided by new listings too. While 'Indian' private promoters holding has gone up from 26.45 per cent to 34.86 per cent over the last 11 years, 'foreign' promoters' holding has gone up only slightly from 7.16 per cent to 9.57 per cent.

On the other hand, the percentage holding of the Government in companies listed on NSE hit an all-time low of 6.36 per cent as on June 30, 2020, down from 6.56 per cent as on March 31, 2020. Over an 11-year period (since June 2009), the holding has been steadily declining, from 22.71 per cent as on June 30, 2009, due to the Government's divestment programme, not enough new listings as also lackluster performance of many CPSEs relative to their private peers, according to Pranav Haldea, Managing Director, PRIME Database Group.

Holding of domestic Mutual Funds in companies listed on NSE reduced to 7.81 per cent by value as on June 30, 2020 down from 7.96 per cent as on March 31, 2020. **Holding of Mutual Funds has declined for the first time on a quarter on quarter basis after a gap of 24 quarters of continuous rise (from 2.86 per cent as on June 30, 2014 to 7.96 per cent as on March 31, 2020).** Net outflows by domestic Mutual Funds stood at - INR 1944 crore during the quarter. In absolute value terms though, the holding of domestic Mutual Funds went up by a huge 21.80 per cent to INR 10.62 lakh crores as on June 30, 2020 from INR 8.72 lakh crores on March 31, 2020. According to Haldea, this was on account of the recovery in the stock market during the quarter after the steep correction witnessed in March due to the Coronavirus pandemic.

On the back of decrease in holdings of Mutual Funds, holding of Domestic Institutional Investors (DII), which includes domestic Mutual Funds, Insurance Companies, Banks, Financial Institutions, Pension Funds etc., as a whole, also decreased to 14.34 per cent by value as on June 30, 2020 from 14.42 per cent as on March 31, 2020. In absolute value terms though, DII holding went up to INR 19.48 lakh crore as on June 30, 2020. This was an increase of 23.36 per cent over the last quarter.

Holding of Foreign Portfolio Investors (FPIs) also fell from 21.17 per cent by value as on March 31, 2020 to 21.05 per cent as on June 30, 2020, despite net inflows of INR 29,516 crore during the quarter. This resulted in slight narrowing of the gap between FPI and DII holding, DII holding now being 31.88 per cent lower than FPI holding (the last time



the gap was lower was in June 2010 when DII holding was 30.83 per cent lesser than FPI holding). The widest gap between FPI and DII holding was in quarter ending March 31, 2015, when DII holding was 55.43 per cent lower than FPI holding. Over an 11-year period (since June 2009), FPI ownership has increased from 16.02 per cent to 21.05 per cent while DII ownership has increased from 11.39 per cent to 14.34 per cent. FPI ownership stood at INR 28.60 lakh crore as on June 30, 2020.

Disclosure of holdings of **FPIs by name** is only available for holdings in a company greater than 1 per cent. It is important to note that such cases represent only 16.18 per cent of the overall FPI holding (INR 4.63 lakh crore of the INR 28.60 lakh crore). **According to Haldea, FPIs are the largest non-promoter shareholders in the Indian market and their investment decisions have a huge bearing on the stock prices and overall direction of markets. It is thus time that complete details of all their holdings are made mandatory to be disclosed in India.**

Holding of Insurance companies in absolute value terms went up by 25.28 per cent from the previous quarter to INR 7.02 lakh crores as on June 30, 2020. **LIC's holding (across 292 companies where its holding is more than 1 per cent) stood at INR 5.40 lakh crore in quarter ending June 30, 2020, an increase of 26.93 per cent over previous quarter.** LIC commands a lion's share of investments in equities by insurance companies (77 per cent).

Total institutional ownership viz. FPI and DII fell to 35.39 per cent by value in quarter ending June 30, 2020, down from 35.59 in quarter ending March 31, 2020.

However, institutional money continues to incrementally get more concentrated to the top 10 per cent companies by market cap, reflecting a heightened risk-off environment. The top 10 per cent companies by market capitalisation accounted for 52.29 per cent of overall FPI holding as on June 30, 2020 (down slightly from 52.34 per cent on March 31, 2020), 38.64 per cent of overall DII holding (up from 37.80 per cent on March 31, 2020) and 36.05 per cent of overall MF holding (up from 35.15 per cent on March 31, 2020).

Retail holding (individuals with up to INR 2 lakh shareholding) in companies listed on NSE saw an increase to 6.74 per cent by value as on June 30, 2020 from 6.54 per cent on March 31, 2020. However, what is significant to note, is the continuing overwhelming presence of retail investors in mid-cap and smaller companies, which institutional investors typically stay away from. As on June 30, 2020, while the value of the 5.91 per cent (by no. of shares (Average of 'FPI Holding as a % of Total Share Capital' across all NSE listed companies)) held by FPIs in all companies listed on NSE was INR 28.60 lakh crore and the value of the 6.42 per cent (by no. of shares) held by DIIs was INR 19.48 lakh crore, the value of the huge 15.29 per cent (by no. of shares) held by retail was only INR 9.16 lakh crore. The picture is very different if one looks only at Nifty-50 companies; the retail share in these companies was a meagre 6.34 per cent (by no. of shares), declining marginally to 5.86 per cent in case of top 100 companies listed on NSE.

On an overall basis, retail holding went up in a huge 1,018 companies listed on NSE in the last 1 quarter. The average stock price of these companies in the same period increased by 60.28 per cent. On the other hand, retail holding went down in 545 companies. The average stock price of these companies too increased by a slightly



higher 61.08 per cent. According to Haldea, unlike seen in previous quarters and years wherein retail would typically buy at the peak and sell at lows, the last quarter saw heavy buying by retail making use of the steep fall in share prices due to the coronavirus pandemic.

Holding of High Net Worth Individuals (HNIs) (**individuals with more than INR 2 lakh shareholding**), in companies listed on NSE also increased to 1.84 per cent by value as on June 30, 2020 from 1.78 per cent as on March 31, 2020.

There were 8 companies in which the trinity of promoters, FPIs and DII's all increased their stake during the quarter.

To view detailed report, [Click here](#).

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