

AS SELLOFF CONTINUES Gap in ownerships hits a record low in December quarter

Local & Vocal: FIs may Soon Hold More Stake than FPIs in India Inc

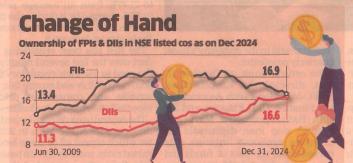
Rajesh Mascarenhas

Mumbai: The gap in ownership between overseas investors and domestic institutions in Indian companies shrank to a record low in the December quarter. Unabated selling by foreigners and continuous purchases from domestic mutual funds and insurers have narrowed this difference.

According to an **ET** study, the gap has come down to 29 basis points as of December 31, from a high of 1,031 bps in March 2015.

Foreign portfolio investors (FPIs) sold shares worth ₹1.51 lakh crore during the December quarter and another ₹67,000 crore since January 1. A basis point is a hundredth of a percentage point.

FPIs' ownership in NSE-listed companies dropped by 56 basis



points from 17.55% to 16.99% at the end of December 2024, the lowest in 12 years, while DIIs' share climbed 23 basis points from 16.46% to a record high of 16.69% during this period.

Domestic institutions are on track to surpass overseas investors' ownership in Indian compa-

nies if foreign selling continues.

"In all probabilities, domestic institutions are likely to surpass foreign institutions in ownership of India Incas FPIs are expected to continue selling, with the risk-reward ratio favoring US equities and debt," said Dhiraj Relli, MD, HDFC Securities, "Me-

anwhile, DIIs remain strong, supported by record-high SIP inflows and fund houses holding 5-6% cash reserves poised for deployment in case of further market dips."

DIIs, which include mutual funds, insurance companies, pension funds, and banks, invested nearly Rs 1.85 lakh crore in the December quarter, effectively offsetting the decline in FPI holdings in recent quarters. The widest gap between FPI and DII holdings was recorded in March 2015, when FPIs held 20.70% and DIIs held 10.38%.

This growth in DII holdings is supported by regular systematic investment plan (SIP) contributions into equity mutual funds. The SIP collection was ₹26,459 crore in December, compared to ₹25,320 crore and ₹25,323 in the previous two months.