



IMPACT OF OWNERSHIP PATTERN ON STOCK PRICE OF SELECTED NSE LISTED COMPANIES IN INDIA

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Abstract:

This study investigates the impact of ownership structure on the stock price of selected companies listed on the National Stock Exchange (NSE) of India. Using secondary data from 2016 to 2025, a multiple regression model was employed with stock price as the dependent variable and various ownership components Promoter Shareholding (PSH), Foreign Promoter Shareholding (FPSH), Non-Promoter Shareholding (NPSH), and Non-Promoter Non-Institutional Shareholding (NPNISH) as independent variables. The results reveal that PSH, FPSH, and NPSH have significant negative effects on stock prices, indicating that increased concentration of ownership may adversely influence market valuation. NPNISH exhibited a positive but statistically insignificant relationship. The model demonstrated strong explanatory power with an R^2 of 0.864 and an Adjusted R^2 of 0.753. Diagnostic tests confirmed that the model satisfied the assumptions of normality, homoscedasticity, and absence of autocorrelation. The findings suggest that a more diversified ownership structure may be favorable for stock price performance in the Indian capital market.

Keywords: *ownership, stock price,*

Introduction:

Ownership structure plays a fundamental role in shaping the financial and strategic decisions of a company, which in turn influences its market performance and stock price behavior. In the dynamic and evolving landscape of the Indian capital market, understanding the implications of ownership patterns has become increasingly significant for investors, regulators, and policymakers. The National Stock Exchange (NSE) of India, being the largest and most liquid stock exchange in the country, provides a diverse sample of companies with varying ownership configurations including promoter-dominated firms, institutionally-held corporations, state-owned enterprises, and companies with significant foreign investment. Each ownership type brings with it distinct governance practices and market perceptions that influence stock pricing. Ownership concentration, particularly promoter holding, is a dominant feature in Indian listed companies. While concentrated ownership may enhance monitoring and reduce agency costs, it may also lead to entrenchment and expropriation of minority shareholders. Similarly, the growing role of institutional investors, both domestic and foreign, has introduced an external monitoring mechanism that can improve corporate governance standards and influence market valuation. Government ownership, on the other hand, is often viewed with mixed sentiments due to potential policy interference and bureaucratic inertia, which may affect investor confidence and stock price movement. Several reforms initiated by the Securities and Exchange Board of India (SEBI), such as the mandate for minimum public shareholding and enhanced disclosure requirements, have led to improved transparency in ownership structures. These regulatory changes provide a robust environment for examining how different categories of shareholders promoters, institutional investors, government, and retail participants impact stock price performance and volatility. Despite the increasing importance of this subject, empirical research on the relationship between ownership structure and stock price behavior in the Indian context remains limited. Most prior studies have focused on firm profitability and operational performance, with relatively few exploring the direct link to market-based indicators such as stock price, returns, volatility, and investor sentiment. This study aims to fill this gap by analyzing the impact of various ownership patterns on the stock prices of selected NSE-listed companies, considering both cross-sectional and time-series data. By uncovering the nuances of ownership influence on stock prices, this research will offer valuable insights for investors in making informed decisions, for corporate managers in

structuring ownership optimally, and for regulators in strengthening governance frameworks. It contributes to a deeper understanding of how ownership structures shape market confidence, transparency, and shareholder value in the Indian stock market.

Review of Literature:

Goel and Ramesh (2020) Using a panel dataset of NSE-listed companies, the study investigated the influence of promoter ownership on stock price behavior. The authors found that when promoter holding exceeded a certain threshold (around 70% or more), stock price appreciation slowed due to investor fears of reduced transparency and poor minority shareholder protection. The research emphasized that excessive promoter control can lead to undervaluation as it limits board independence and restricts information flow.

Pattanayak and Nair (2018) the study examined the relationship between foreign institutional investment (FII) and stock price volatility across Indian equities. Through econometric modeling and time-series analysis, they concluded that while FIIs improve stock market depth and pricing efficiency by increasing liquidity, they also introduce volatility due to their procyclical investment behavior. Stock prices of FII-heavy firms were found to be more reactive to global economic shocks, affecting long-term price stability.

Maheshwari and Yadav (2018) focused on the dynamic effects of different ownership patterns on firm valuation, using data from large-cap NSE firms. They found that a diversified ownership structure comprising promoters, institutional investors, and retail investors correlates with better stock price behavior and market trust. High promoter dominance (above 65%) was associated with lower stock market responsiveness and weaker price discovery due to a lack of market participation from non-promoter shareholders.

Kaur and Gill (2017) showed that increasing institutional ownership, both domestic and foreign, contributed to better stock market performance. Their panel regression analysis revealed that institutional investors promote greater disclosure, board effectiveness, and reduce information asymmetry, thereby positively influencing stock prices. Firms with higher institutional stakes tended to attract more investor attention and better valuations.

Arora and Sharma (2016) in their study on Indian manufacturing firms, Arora and Sharma explored the impact of promoter, foreign, and institutional ownership on market valuation using Tobin's Q as a proxy. The results showed a strong positive link between foreign ownership and stock price valuation, as FIIs were perceived to bring credibility and better oversight. However, promoter ownership displayed a non-linear effect—stock prices began to decline when promoter holding was too high, suggesting entrenchment effects.

Srivastava (2014) the findings revealed a U-shaped curve: companies with very low or very high promoter holdings underperformed, while firms with moderate promoter stakes (around 30–50%) experienced the highest stock returns. This suggests that moderate control provides a balance between effective monitoring and openness to market discipline, enhancing investor confidence.

Kumar (2004) it is found that government ownership generally depressed stock prices due to inefficiencies and policy interference. In contrast, firms with a balance between promoter and institutional ownership were better valued in the market due to improved monitoring and operational independence.

Douma, George, and Kabir (2006) revealed that foreign institutional ownership was significantly associated with higher stock prices, attributed to enhanced governance standards and signaling effect to the market. Domestic institutional ownership, while beneficial, was not as effective in influencing stock price as FIIs due to limited independence and possible affiliation with promoter groups.

Need of the Study:

Understanding the impact of ownership pattern on stock prices is vital in the Indian context, where NSE-listed companies exhibit varied ownership structures, including promoters, institutional investors, and FIIs. These patterns influence corporate governance, investor perception, and market valuation. While promoter dominance may raise governance concerns, institutional ownership often enhances transparency and investor confidence. Despite global research on this topic, limited recent studies focus on India, especially after regulatory reforms by SEBI. Hence, this study is essential to explore how ownership structure affects stock pricing in Indian capital markets.

Objectives of the Study:

To Examine the Impact of Ownership Pattern and Stock Price of Selected NSE Listed Companies

Hypothesis of the Study:

H₀: There is no significant impact of ownership pattern and the stock price of selected NSE listed companies.

H₁: There is a significant relationship impact of ownership pattern and the stock price of selected NSE listed companies.

Research Methodology:

This study adopts a quantitative research design based on secondary data to examine the relationship between ownership pattern and stock prices of selected companies listed on the National Stock Exchange (NSE) of India. The analysis is based on a purposive sample comprising the top ten NSE-listed companies, selected on the basis of their market capitalization. The period of study spans 2016-2025. Data for the study is collected from annual reports of the selected companies and databases such as the CMIE (Centre for Monitoring Indian Economy) Prowess. The

ownership pattern includes promoter shareholding, Indian promoter's shareholding, foreign promoters shareholding, Non-Promoters Shareholding, Non-promoter Institutions and Non-promoter Non-institution as independent variables whereas **stock price** as dependent variable. To analyze the data the **descriptive statistics** and **regression analysis** is employed to assess the impact of ownership patterns on stock prices

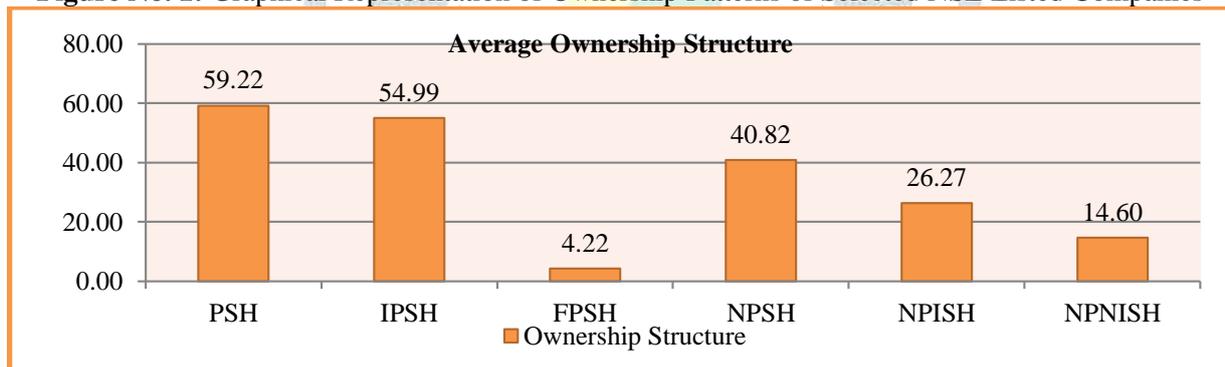
Results and Discussion:

Table No. 1: Descriptive Analysis of Ownership Structure and Stock Price of Selected NSE Listed Companies

Year	Stock Price	PSH	IPSH	FPSH	NPSH	NPISH	NPNISH
2016	442.21	61.31	56.87	4.35	39.07	27.26	12.32
2017	456.66	65.08	62.47	2.61	34.91	22.23	12.68
2018	564.85	64.07	60.99	3.08	35.93	24.11	11.82
2019	718.86	62.99	58.68	4.31	37.01	25.54	11.47
2020	833.93	62.56	58.21	4.35	37.44	25.59	11.86
2021	959.16	60.26	55.72	4.54	39.74	27.11	12.63
2022	1278.82	55.22	50.36	4.85	44.79	27.59	17.19
2023	1296.30	53.82	48.98	4.84	46.18	26.71	19.47
2024	1397.53	52.71	47.87	4.84	47.29	25.58	21.71
2025	1606.82	54.19	49.70	4.48	45.81	30.99	14.82
Average	955.513	59.221	54.987	4.225	40.817	26.272	14.596
SD	418.463	4.732	5.334	0.764	4.716	2.318	3.633
CV	0.438	0.080	0.097	0.181	0.116	0.088	0.249
Skewness	0.193	-0.273	-0.088	-1.530	0.251	0.357	1.140
Kurtosis	-1.488	-1.893	-1.688	1.357	-1.874	1.628	-0.041
CAGR	0.138	-0.012	-0.013	0.003	0.016	0.013	0.019

Source: Authors Calculations

Figure No. 1: Graphical Representation of Ownership Patterns of Selected NSE Listed Companies



The analysis of stock price of selected top companies from 2016 to 2025 reveals a consistent upward trend, rising from ₹442.21 to ₹1606.82. The average stock price during the period stands at ₹955.51 with a compound annual growth rate (CAGR) of 13.8%, indicating strong long-term appreciation. The coefficient of variation (CV) at 0.438 reflects moderate variability in stock prices. The distribution is nearly symmetrical with slight positive skewness (0.193), and the negative kurtosis (-1.488) suggests a flatter distribution with fewer outliers. Promoter Shareholding (PSH) shows a declining trend, dropping from 61.31% in 2016 to 54.19% in 2025, with a negative CAGR of -1.2%. The average promoter holding is 59.22%, and the CV of 0.080 indicates low variability. A slight left skew (-0.273) and a flat distribution (kurtosis of -1.893) reflect a steady decline without abrupt changes. A similar pattern is seen in Indian Promoter Shareholding (IPSH), which averaged 54.99% and declined at a CAGR of -1.3%, reflecting reduced domestic promoter control. Foreign Promoter Shareholding (FPSH) remained relatively stable, averaging 4.23% over the period. Its CAGR of 0.3% indicates minimal change. The higher skewness (-1.530) and leptokurtic nature (1.357) of the data suggest that the values were more concentrated in the higher range earlier, followed by a plateau. Non-Promoter Shareholding (NPSH) increased from 39.07% to 45.81%, with a positive CAGR of 1.6%. The average stood at 40.82%, with a moderate CV of 0.116. The distribution is slightly right-skewed (0.251), and the kurtosis (-1.874) points to a broad spread in values. This shift suggests increasing public and institutional investor confidence and interest over the years. The Non-Promoter Institutional Shareholding (NPISH) shows a rising trend from 27.26% to 30.99%, with a CAGR of 1.3%. The average institutional holding is 26.27%, with low variation (CV of 0.088), reflecting a stable and growing institutional investor base. Its right skewness (0.357) and peaked distribution (kurtosis of 1.628) indicate a concentration of values around the mean. Non-Promoter Non-Institutional Shareholding (NPNISH) recorded the most dynamic growth among the ownership variables, increasing from 12.32% in 2016 to 14.82% in 2025, peaking at 21.71% in 2024. The CAGR of 1.9% and a relatively high CV of 0.249 reflect considerable year-to-year fluctuations, suggesting active retail investor involvement. The right-skewed distribution (skewness of 1.140) and near-normal kurtosis (-0.041) imply recent increases driven by broader market participation.

Table No. 2: Multicollinearity of Independent Variables

Collinearity Statistics		
Independent Variable	Tolerance	VIF
Promoter Shareholding (PSH)	0.006	2.375
Foreign Promoter Shareholding (FPSH)	0.028	3.202
Non-Promoter Shareholding (NPSH)	0.009	4.060
Non-Promoter Non-Institutional Shareholding (NPNISH)	0.327	3.055
Indian Promoter Shareholding (IPSH)	0.482	16.250
Non-Promoter Institutional Shareholding (NPISH)	0.591	26.040

Source: Authors Calculations

The collinearity analysis reveals that IPSH and NPISH exhibit severe multicollinearity, with VIFs of 16.250 and 26.040 respectively, indicating strong linear relationships with other variables. Rest of the independent variables shows low multicollinearity with themselves. Hence, NPSH, PSH, FPSH and NPNISH variables are considered for regression model.

Table No. 3: Multiple Regression Analysis

Dependent Variable: Stack Price				
	Co-Efficient	Std. Error	T Stat.	P value
Constant	184.207	57.595	3.198	0.024
Promoter Shareholding (PSH)	-30.642	9.364	-3.272	0.022
Foreign Promoter Shareholding (FPSH)	-10.193	3.935	-2.59	0.049
Non-Promoter Shareholding (NPSH)	-7.497	2.66	-2.819	0.037
Non-Promoter Non-Institutional Shareholding	0.505	0.487	1.036	0.348
F Stat.	15.206			
P Value	0.005			
R Square	0.864			
Adjusted R Square	0.753			
Std. Error of the Estimate	0.175			

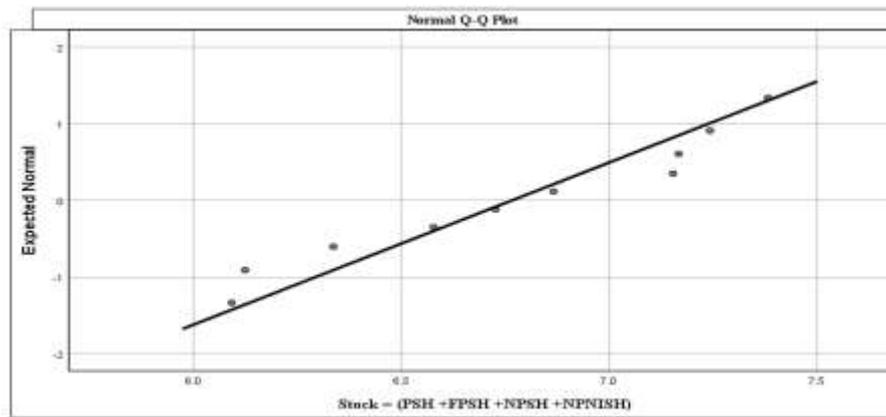
Source: Authors Calculations

The regression analysis reveals that the model explains a substantial portion of the variability in stock price, with an R Square of 0.864, indicating that 86.4% of the variation in stock price is explained by the ownership structure variables. The Adjusted R Square is 0.753, which remains high and confirms the model's robustness after adjusting for the number of predictors. The F-statistic of 15.206 with a p-value of 0.005 suggests that the overall model is statistically significant. Examining individual coefficients, Promoter Shareholding (PSH) has a significant negative relationship with stock price (coefficient = -30.642, p = 0.022), implying that an increase in promoter holdings tends to reduce stock prices—possibly due to lower public float or perceived reduced transparency. Foreign Promoter Shareholding (FPSH) also shows a significant negative effect (coefficient = -10.193, p = 0.049), indicating that greater foreign promoter control may not positively influence investor perception. Similarly, Non-Promoter Shareholding (NPSH) has a negative and statistically significant impact on stock price (coefficient = -7.497, p = 0.037), suggesting that increasing non-promoter shareholding could reflect concerns about insider confidence or ownership dilution. On the other hand, Non-Promoter Non-Institutional Shareholding (NPNISH) has a positive but statistically insignificant effect (coefficient = 0.505, p = 0.348), implying that retail investor involvement does not have a meaningful direct influence on stock price in this model. The standard error of the estimate is low (0.175), reinforcing the model's precision. Overall, the results highlight that ownership structure, particularly promoter-related holdings, significantly influences stock price movements, with higher promoter or foreign promoter holdings generally associated with lower stock valuations in the selected companies.

Table No. 4: Results of Diagnostic Tests

Diagnostic Tests	P Value
Normality-Shapiro-Wilk Test	0.365
Heteroskedasticity-Breusch-Pagan Test	0.634
Autocorrelation-Durbin-Watson	2.292

Source: Processed by SPSS



The diagnostic tests indicate that the regression model meets the key assumptions of classical linear regression. The Shapiro-Wilk test for normality returns a p-value of 0.365, which is greater than 0.05, suggesting that the residuals are normally distributed. The Breusch-Pagan test for heteroskedasticity yields a p-value of 0.634, also above 0.05, indicating that the residuals exhibit constant variance, i.e., no heteroskedasticity is present. The Durbin-Watson statistic is 2.292, which is close to the ideal value of 2, implying no significant autocorrelation in the residuals. Overall, the model fulfills the key assumption of diagnostic tests, supporting the reliability and validity of the regression estimates.

Conclusion:

The regression analysis clearly indicates that ownership structure has a significant influence on the stock price of selected NSE-listed companies. Specifically, Promoter Shareholding (PSH), Foreign Promoter Shareholding (FPSH), and Non-Promoter Shareholding (NPSH) each exhibit a negative and statistically significant relationship with stock price, suggesting that higher concentration of ownership whether by promoters or non-promoters may not necessarily enhance market valuation. In contrast, Non-Promoter Non-Institutional Shareholding (NPNISH) shows a positive but statistically insignificant impact, implying limited direct influence of retail investors on stock price within the studied period. The model demonstrates a strong fit, with an R Square of 0.864 and Adjusted R Square of 0.753, confirming that ownership variables explain a substantial portion of stock price variation. Moreover, the F-statistic (15.206) and associated p-value (0.005) validate the overall significance of the model. Diagnostic tests further support the model's reliability: the Shapiro-Wilk test confirms normal distribution of residuals ($p = 0.365$), the Breusch-Pagan test indicates absence of heteroskedasticity ($p = 0.634$), and the Durbin-Watson statistic (2.292) confirms no autocorrelation. These results affirm that the regression assumptions are satisfied, enhancing confidence in the model's estimates. In conclusion, the findings highlight that while institutional and promoter ownership may be crucial from a governance perspective, excessive concentration might negatively impact market perception and stock performance. A more balanced and transparent ownership structure may be more favorable for stock price growth in the Indian capital market context.

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