

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:384

ANSWERED ON:23.03.2001

FII'S IN CAPITAL MARKET

GANGASANDRA SIDDAPPA BASAVARAJ;IQBAL AHMED SARADGI

**Will the Minister of FINANCE be pleased to state:**

(a) whether in a bid to boost the depressed capital market sentiments, Government have increased the investment limit to 49 per cent for foreign institutional investors from the existing level of 40 percent of paid up capital;

(b) if so, the details thereof ;

(c) the areas where this limit is likely to be increased ; and

(d) the extent to which the capital market is likely to be benefited by increasing this limit?

**Answer**

FINANCE MINISTER (YASHWANT SINHA)

(a),(b),(c) and (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 384 FOR 23-03-2001 ON FII'S IN CAPITAL MARKET BY SHRI IQBAL AHMED SARADGI AND SHRI G.S. BASAVARAJ.

(a),(b),(c) and (d) : Pursuant to the announcement made in the Budget Speech 2001-2002, amendments have been made in FEMA Regulation by RBI on 02nd March 2001 and the guidelines issued by the Government on 08th March 2001 to enhance the aggregate ceiling for portfolio investment by Foreign Institutional Investors (FIIs) from 40% to 49% of the issued and paid up capital of an Indian Company under the special procedures requiring special resolution by the General Body and approval by the Board of Directors of the Company.

The enhanced portfolio investment ceilings would be available to individual companies exercising such an option within the overall FII portfolio investment policy. This is intended to increase foreign portfolio investments into India thereby enhancing the depth of the Capital Market.