

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:329
ANSWERED ON:11.12.2009
FOREIGN INVESTMENT IN INDIAN STOCK MARKET
Tewari Shri Manish

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of Foreign Institutional Investor (FII) investment inflow into the Indian Stock Market from the month of April, 2009 till date;
- (b) whether the Securities and Exchange Board of India (SEBI) has raised concerns about the potential of such inflows to cause distortions in the Indian Financial System;
- (c) if so, the details thereof and mechanism existing, if any, to tackle such situation;
- (d) the proportion of FII investment inflows that came in through each of the Mauritius and Singapore routes out of the total in inflow during the same period;
- (e) whether the Government has proposals to tax capital inflows into the Stock Market just as Brazil has done recently; and
- (f) whether the Government has any mechanism to discern the legitimacy of such funds?

Answer

MINISTER OF FINANCE(SHRI PRANAB MUKHERJEE)

(a) to (f): A statement is placed on the Table of the House.

Statement referred to in the reply to Lok Sabha Starred Question No. 329 by Shri Manish Tewari, Member of Parliament, for 11th December, 2009 regarding Foreign Investment in Indian Stock Market.

(a) SEBI has informed that the Foreign Institutional Investor (FII) investment inflow (equity) into the Indian Stock Market during the period April to November 2009 is Rs 79,343 crores

(b) No Sir.

(c) The market mechanisms have sufficient resilience and have been functioning normally.

(d) The percentage of total FII Investments that came in through each of the Mauritius and Singapore routes during the Period April-November 2009 , as informed by SEBI, are as follows:

Period	Percentage of Total FII Investments
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Mauritius	18.74%
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Singapore	-2.5%
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(e) No Sir.

(f) For the purpose of the grant of certificate as an FII, SEBI takes into account, inter-alia the applicant's track record, professional competence, financial soundness, experience, general reputation of fairness and integrity, existence for a period of at least 5 years, whether regulated and/or registered by an appropriate foreign regulatory authority, whether any legal proceeding pending

against the applicant and whether the applicant is a fit and proper person.