

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:884

ANSWERED ON:12.11.2010

FII INVESTMENT

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Will the Minister of FINANCE be pleased to state:

(a) whether the investment of Foreign Institutional Investors (FII) in the domestic share market and Government securities is continuously rising whereas the share of domestic investors is falling;

(b) if so, the facts in this regard;

(c) the amount of rise or fall in investment from April 2010 to the end of October, 2010; and

(d) the likely impact of the said trend on the security and economic reforms programme of the country?

Answer

MINISTER OF STATE FOR FINANCE(SHRI NAMO NARAIN MEENA)

(a) and (b): FII investments in Indian share market has been rising as can be seen from the following table:

Values in Rs crore

| End of period | Assets under Management of FIIs | Total Market Capitalisation | Percentage share |
|---------------|---------------------------------|-----------------------------|------------------|
|---------------|---------------------------------|-----------------------------|------------------|

| | | | |
|--------------|-----------|-----------|-------|
| March-08 | 7,36,753 | 48,58,122 | 15.17 |
| March-09 | 3,91,954 | 28,96,194 | 13.53 |
| March-10 | 9,00,869 | 60,09,173 | 14.99 |
| September-10 | 11,24,352 | 69,58,534 | 16.16 |

Source: SEBI

(c) : The table below gives the month wise FII/sub-account investment from April–October 2010:

| Month | Net Investment (Rs cr.)..(Equity) |
|-------|-----------------------------------|
|-------|-----------------------------------|

| | |
|-----------|-------|
| April | 9361 |
| May | -9437 |
| June | 10508 |
| July | 16617 |
| August | 11687 |
| September | 24979 |
| October | 28563 |

Source: SEBI

(d) : The Government and SEBI have put in place systems and practices to promote safe, transparent and efficient market to withstand volatility and protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc.