

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3147

ANSWERED ON:19.08.2011

FII'S RESPONSE TO INFRASTRUCTURE BONDS

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

- (a) the target vis-À-vis value of infrastructure bonds in the country purchased by Foreign Institutional Investors (FIIs) during each of the last three years and the current year;
- (b) whether the response of FIIs is tepid;
- (c) if so, the details thereof;
- (d) whether the Government has made any assessments on the reasons for such tepid response by FIIs; and
- (e) if so, the details thereof and reaction of the Government thereto?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The policy to permit Foreign Institutional Investors (FIIs) to invest in infrastructure bonds was introduced in September 2010 with a ceiling limit of US\$ 5 billion. The ceiling was raised to US\$ 25 billion on March 31, 2011. As on July 31, 2011, FIIs have invested US \$ 0.09 billion in these bonds.
- (b) & (c): It is not even a year since the policy was introduced. It may, therefore, be too early to make an assessment on the response of the FIIs to the policy.
- (d) & (e): The FIIs make investments in markets on the basis of their perceptions of the returns that such investment can yield. Their perception is influenced by many factors including the macro-economic environment, the growth potential of the economy, policies of the government, corporate performance, domestic and international events that have a bearing on the markets and sentiments. Policies are watched carefully by the Government and remedial steps are taken as and when required to make schemes more attractive.