

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1817
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FII INFLOW
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Will the Minister of FINANCE be pleased to state:

- (a) the foreign funds coming into the country and subsequently withdrawn from the country during each of the last three years and the current year, medium and category-wise;
- (b) the details of net losses incurred thereon to the country along with reasons therefor and the reaction of the Government thereto;
- (c) the quantum of investment made by the domestic companies in share market during the same period;
- (d) whether the Government has constituted any working group to rationalise the extant mechanism on all inflows of funds;
- (e) if so, the details of the terms and conditions of working group; and
- (f) the time by which the working group is likely to submit its report?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The details of inflows and outflows by Foreign Institutional Investors (FIIs) for the last three financial years including the current year up to August 2, 2013 are as under:

(Amount in USD Billion)

Financial Year	Inward Foreign Funds	Outward Foreign Funds	Net inflows
2010-11	251.12	221.70	29.42
2011-12	184.15	167.34	16.81
2012-13	173.57	145.99	27.58
April 2013 upto August 2-2013	71.80	76.98	-5.18

Source: RBI

It may be seen from the above table that there has been net positive inflows of foreign funds during the period 2010-11 to 2012-13. It is only during the last four months of the current financial year, the net FIIs

inflows have turned negative. The recent outflows of FIIs from the domestic market was triggered by the global bond sell-offs on US Fed signals that raised the prospects of interest rates hardening in the USA and increase in bond yields in the USA leading to a withdrawal of capital from Emerging Market Economies (EMEs).

(c): The details of money raised by companies from Primary Market is as under;

Financial Year	Amount in Rs. Crore
2010-11	58157.35
2011-12	12857.06
2012-13	15472.75
April-July 2013	1370.74

Source: SEBI

The Gross trading made by Domestic Financial Institutions (including Domestic institutions, Banks, Mutual Funds, Pension Funds, Insurance Companies) in the Equity Cash market of NSE and BSE during the last three years and the current year is as given below.

Amount (Rs Cr)

Financial Year	Gross Buy	Gross Sell	Net Amount
2010-2011	328,531	349,549	-21,018
2011-2012	275,640	280,680	-5,042
2012-2013	247,755	315,825	-68,069
April to July 2013	188,404	196,633	-7,697

Source: SEBI

(d), (e) & (f): SEBI had constituted a "Committee on Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments" comprising of representative from Government, RBI and various market participants with a view to simplify the regulations governing foreign portfolio investments into India and to bring greater clarity among potential foreign investors. The Committee submitted its report to SEBI on June 12, 2013.