

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2527

ANSWERED ON:25.07.2014

FII INVESTMENT

Chandumajra Shri Prem Singh

Will the Minister of FINANCE be pleased to state:

(a) the amount of fund invested and that withdrawn by Foreign Institutional Investors (FII) in the Indian stock market during each of the last three years and the current year; and;

(b) the reason of withdrawal of such funds during the recent time and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) The details of investments in Indian securities (equity and debt) made by Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs) in the Indian stock market during each of the last three calendar years and the current year are as under;

Year	Gross Purchases (INR Crore)	Gross Sales (INR Crore)	Net Investment (INR Crore)
2011	8,99,913.62	8,60,561.00	39,352.80
2012	8,76,030.00	7,12,682.19	1,63,347.91
2013	10,13,586.12	9,51,298.00	62,288.20
2014	6,91,640.20	5,69,012.00	1,22,629.10
(Till June 30, 2014)			
Total	34,81,169.94	30,93,553.19	3,87,618.01

Source: SEBI

(b) Individual FIIs/FPIs make their own investment/disinvestment decision. However, some of the common factors that influence FII/FPI investment may include the following;

i. Prevailing financial market conditions ii. Anticipated future returns out of the proposed investment; iii. Country rating of the concerned jurisdiction iv. Risk taking ability of the applicant entity; v. Market infrastructure in the concerned jurisdiction; vi. Liquidity and volatility in the markets of the concerned jurisdiction; vii. Regulatory regime prevailing in the concerned jurisdiction;

Government in consultation with RBI & SEBI has made concerted efforts to encourage Foreign Portfolio Investors / Capital inflows which includes; enhancement of FII debt limit from time to time, replacement of existing FII Scheme with Foreign Portfolio Investment Scheme w.e.f. June 1, 2014 and adoption of Risk-based approach to KYC.