A study of Foreign Institutional Investors' (FII) Investment in Indian Equity Market

A Synopsis submitted to Gujarat Technological University

for the Award of

Doctor of Philosophy in Management

by

JOSHI MRUNAL CHETANBHAI

Enrollment No. 139997292006

under supervision of

Dr. Jayesh N. Desai

GUJARAT TECHNOLOGICAL UNIVERSITY

AHMEDABAD

[March – 2019]
Title of the thesis

A study of Foreign Institutional Investors’ (FII) Investment in Indian Equity Market

Abstract

Economic development is essential for all the countries, especially for the developing countries / emerging economies. As economic development provides solution to many problems viz. related to unemployment, poverty, providing basic necessity of people of developing countries, increasing national output etc. It also helps in improving quality of life and wellbeing of people over there. Economic development depends up on production function of Land, Labour and Capital. Any of the country can not make changes in their existing land available to them easily as well as population (labour) can not be immediately (in short-term) change in its demography. But capital can be raised at faster rate and can be used in developing labour as well as to exploit use of other resources optimally. Foreign investment is one of the important good source of raising capital, but there is a hazard of covenants and controls of lending countries. But if such resources are utilized properly, pace of economy’s growth rate can be accelerated. Like other counties FDI and FII are sources of such foreign capital in India. In India, SEBI and RBI are important regulatory bodies concerning to foreign capital. SEBI regulates mainly entry and operations of FII in Indian capital market. Development of Indian economy and increase in operational efficiency and transparency of Indian equity market made it more lucrative for FII. Hence FII had shown their significance interest in Indian equity market, not only in cash segment but also in F&O (derivative) segment from 2006 onwards. Considering this progress, it dragged our attention towards the study of FII investment in Indian equity market. We have formulated our objectives, firstly to study investment pattern of FII investment in Indian equity market, secondly to study determinants of FII investment in Indian equity market and thirdly to study relationship between FII investment and various sectors in Indian equity market. Towards the achievement of these objective we have applied descriptive research design to describe the FII investment in Indian equity market. We had collected required primary and secondary data from various source. Secondary data related to FII flow, data of sectoral indices and other data were collected from the various websites of RBI, SEBI, BSE etc. Primary data is collected through structured questionnaire thorough personal interview method and mail
survey method from various brokers and their employees in Surat city. We have used various data analysis method like trend analysis, correlation, unit root testing, granger causality etc. for the analysis of secondary data. For primary data analysis KMO and Bartlett test and factors analysis were used. After all this analysis we found that FII flow varies from time to time and are affected by various events like subprime crises, union budget, election, crises in other country etc. We also studied various determinants of FII flow using factor analysis viz. various phase of economy, issues related to other developing (rival) countries, inflation related issues, issues related to origin country of FII, initiatives of new government and contemporary burnings issues related to Indian economy are significant in affecting FII flow in Indian equity market. At last we have also put our effort to study the relationship between FII flow in Indian equity market and changes in various sectors in Indian equity market. As a result of granger causality test we found significant relationship among FII flow and few of sectoral indices.

**Brief description on the state of the art of the research topic**

**Introduction:**

Economy is the backbone of any of the country. Developed economy may offer better standard of living to citizen of that country. Economic development depends up on the growth in three aspects of it 1. Agriculture and allied, 2. Industry and 3. Services. Firstly, Agriculture sector includes Agriculture (Agriculture proper & Livestock). To measure this economic development, we can use Gross Domestic Product (GDP) data of our country and we can compare growth rate of GDP with other developing and developed economies. As per IMF data India is one of the fastest growing country and was having GDP growth rate 7.3% during 2018 (Data IMF, 2018).

Economic growth can not be accelerated without capital accumulation. Developed countries productivities are very high just due to more and better type of capital goods. Developing countries have low productivity and poverty largely due to dearth of capital investment. One of the approach to estimate Gross Capital Formation is flow of funds, derived as Gross Saving plus net capital inflow from abroad. Rate of Gross Saving to Gross National Disposable Income (GNDI) for the year 2015-16 is estimated as 31.6 per cent as against 32.3 per cent, estimated for 2014-15. The rate of Gross Capital Formation to GDP at constant (2011-12) prices has decreased from 35.8 per cent in 2014-15 to 35.5 per cent in 2015-16 ((CSO), 2017).
Considering this approach the process of capital formation depends upon: 1. Increase in savings, 2. Mobilization of savings and 3. Investment. In all this steps financial system plays an important role. Capital market is the major channel through which long-term funds are mobilize. Indian capital market consists mainly industrial security market, government security market and loan market. Industrial security market is having dominant role in it as it includes all various securities like equity share, preference share and other industrial securities i.e. capitalisation of all companies in the country. In India 99.92 % shares are traded in mainly two stock exchanges i.e. Bombay Stock Exchange (BSE), one of the oldest stock exchange in Asia formed in 1875 and National Stock Exchange (NSE). After Industrial Policy 1992 liberalisation, privatization and globalization (LPG) Indian financial markets flourished to its potential. Government brought about various initiatives like empowerment of Security and Exchange Board of India (SEBI) through the SEBI Act, 1992, introduction of NSE to abolish the monopoly of BSE and its brokers in Indian Stock Market, Ban on Badla Trading, Introduction of T+2 based rolling settlement, Dematerialization of securities and Electronic Trading etc. gave global standard to Indian financial markets.

In terms of companies listed in stock exchanges, BSE is at the top with 5,479 companies listed in it which is followed by Japan Exchange Group Inc. with 3,597 companies listed on January 2018 ("Number of Listed Companies," January, 2018). In terms of number of trading NSE is having second highest number of trades i.e. 26,86,49,100 during January 2018 and at first rank Shenzhen Stock Exchange with highest number of equity trades i.e. 28,38,73,000 ("Equity Trades," January, 2018). In domestic market capitalisation out of total market capitalisation throughout the world, highest market capitalisation is of USA (approx. 40% of total), then China (approx. 10.4% of total), Japan (7.26% total), and then India (5.33% of total i.e. BSE + NSE) followed by Hong Kong, Netherlands, UK and Germany.

LPG also opened the doors for foreign investment. Until the 1980s, commercial loans from banks were the largest source of foreign investment in developing countries. However, since that time, the levels of lending through commercial loans have remained relatively constant, while the levels of global Foreign Direct Investment (FDI) and Foreign Portfolio Investor (FPI) have increased dramatically. Over the period 1991-1998, FDI and FPI comprised 90 percent of the total capital flows to developing countries. Over the period of 1996-2006, FDI and FPI outflows from the United States was more than the doubled (International Monetary Fund, 2007). Global FDI flows decreased significantly from 2007-2009 due to the Financial Crisis.
and finally started rising again in 2010, though have still not reached pre-crisis levels.

Among FDI and FPI, FPI consist Foreign Institutional Investor (FII), Participatory Notes and Sub-accounts. FII have to register themselves with SEBI and RBI’s general permissions under FERA is required which they are required to update time to time. As per Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 "Foreign Institutional Investor" means an institution established or incorporated outside India which proposes to make investment in India in securities” SEBI provides time to time limit for FII to invest in corporate debt and government securities. It has been observed that FII not only saturates its most of limit in corporate debt and government securities market but also investing in significantly in Indian equity market. Except in few of the years from last 27 years contentiously FII flow in Indian cash market remained positive. Not only this but role of FII in Indian equity market has become significant as percentage of FII in total turnover is also grown. From last two decades FII have also started actively participating in Future and Option segment of stock exchanges in India. Thus, FII plays an important role for the momentum in Indian equity market. Flow of FII may significantly affect the trend of equity market. Thus, sometimes it becomes also risky for investors in equity market to invest without diagnosing the effect of FII. Hence with reference to that we liked to study how FII affect Indian equity market and which factors may affect their flow in Indian equity market. Following literature helped us to understand various aspect related to interest area of the research.

**Literature Review:**

Literature review in this study is divided mainly in to seven part i.e. economic development, FII in India, Indian stock market, FII in Indian equity market, structural break, determinants of FII, relation between FII and Indian stock market.

While defining economic development Jhingan (2014) explained in his book that economic development is a wider concept than economic growth i.e. growth plus change. Foreign investors always seek for better opportunity for investment, emerging countries having potential to adapt change and grow provides these opportunities. Followings are measurement of economic development provided by Hicks and Streeten (1979).

Goldstein (1985) found a strong correlation between economic growth and basic needs, as measured by infant mortality rates. He found that a few developing countries have used very
modest resources to meet the basic needs of health and education. For economic development labor and capital both are important. Malthus believed that the supply of labour is inelastic in the short run. But the supply of capital can be increased faster than increase of population. Mill also stress on usefulness of foreign capital and believed that foreign capital could at least be a powerful stimulus to economic development (Mill, 1965).

International Trade helps less developed country to get required resources as well as technology for development. Haberler (1959) opines, “My overall conclusion is that international trade has made a tremendous contribution to the development of less-developed countries in the 19th and 20th centuries and can be expected to make an equally big contribution in the future . . . and that substantial free trade with marginal, insubstantial corrections and deviations, is the best policy from the point of view of economic development.”. Gerschenkron (1962) explained that without a strict regulation of its foreign trade, an underdeveloped country cannot proceed on the road to economic development. To accelerate the rate of economic development, LDCs (Least Developed Countries) borrow to import capital goods, components, raw materials, technical know-how, etc. LDC borrows by selling bonds abroad, from commercial banks abroad, from international financial institutions like the IMF, World Bank, IFC, etc., and from private foreign firms. Indirect Investment better known as ‘portfolio’ or ‘rentier’ investment consists mainly of the holdings of transferable securities (issued or guaranteed by the government of the capital importing country), shares or debentures by the nationals of some other country. Such holdings do not amount to a right to control the company. The shareholders are entitled to dividend only. Hence this could be good alternative to borrow foreign capital as an alternative of bonds.

To attract this kind of foreign capital efficient and transparent capital market is necessary. After development of some benchmarking development after 1991, like establishment of Security and Exchange board of India (SEBI) in 1988 and given statutory power in January 1992 through the SEBI Act, 1992, was incorporated in 1992 ("NSE - National Stock Exchange of India Ltd."), Badla trading was banned by SEBI in 1993 effective from March 1994 (Maitra, March 11, 2013), introduction of rolling settlement based on T+2 basis, electronic trading system, dematerialization, SEBI initiated with various risk management tools viz. circuit breaker, maintenance of minimum margin, replacement of badla trading with derivative market etc. Foreign investment mainly includes Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII). Picardo (February 16, 2018) explained the difference between
FDI and FII. He elaborated that FDI infers investment by foreign investors directly in the productive assets of another country. Whereas, Foreign Portfolio Investment (FPI) means investing in financial assets, such as stocks and bonds of different entities located in another country. Until 2014, SEBI classified foreign investors in multiple buckets like FII, QFI etc. However, with SEBI (Foreign Portfolio Investors) Regulations, 2014 – Government of India merged existing three investors classes of “FII”, “Sub-accounts” & “QFI” and created “FPI” – Foreign Portfolio Investor (TheIndianInvestorS, 2017). “foreign portfolio investor” means a person who satisfies the eligibility criteria prescribed Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. There is limit for foreign invest under FPI. The total holding by each FII/SEBI approved sub-account of FII shall not exceed 10% (ten per cent) of the total paid-up equity capital or 10% (ten per cent) of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 per cent of paid-up equity capital or paid up value of each series of convertible debentures ("Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000,").

FII investment is always volatile and are affected by many factors. FII always look for better opportunity and their flow moves from country to country, as they also want to maximize their return on investment. O’Neill has identified Mexico, Indonesia, Nigeria, and Turkey (Mint) as the new frontier of the global economy. Mint has potential to replace the emergent Bric economies of Brazil, Russia, India and China (Cohn, 2014). O’Neill (2001) suggested Brazil, Russia, India and China (BRIC) as emerging market on the basis of opportunities for new investments. As per IMD WORLD COMPETITIVENESS YEARBOOK 2013, also India’s ranking in competitive position has come down from 27 to 40 among 60 countries. Thus sometime it could be helpful to emerging economies in terms of getting foreign capital flow, but sometimes it is risk as it is considered as hot money. It has been observed that many times FII withdraw their funds in crucial time when developing countries really need their support. Even sometimes external forces also affect FII flow, which is not under control of developing countries. Vishnoi (2014) has mentioned in his article that although India is seen in a better position than other countries such as Turkey due to its improved current account deficit and foreign exchange reserves, the country is being hit nonetheless. Indian markets will thus
continue to be beholden to global risk factors, including concerns about the Federal Reserve’s withdrawal in monetary stimulus and an economic slowdown in China. FII inflows to India are essentially determined by exchange rate, domestic inflation, domestic equity market returns, returns and risk associated with US equity market (Srinivasan & Kalaivani, 2013).

**Definition of the Problem and Research Gap**

For retail investor as well as for institutional investor it is important to know the behaviour of stock market while investing in stock market in India. FII investment is realised as Hot money for Indian equity market and currently total market capitalisation of Indian equity market is dominated by FII flow.

From the above literature we found that flow of FII is significant to Indian equity market and there are various global and local determinants due to which FII flows are affected. All these leads to volatility in Indian equity market which possess various risk for investor in Indian equity market. All these arouse our interest to study “Foreign Institutional Investors’ (FII) Investment in Indian Equity Market”. For systematic study on said topic following were the objectives and scope of our research work.

**Objective and Scope of work**

Objectives:

- To study the investment pattern of FII in Indian Equity Market (Stock Exchange).
- To study determinants of FII investment decision in Indian Equity Market.
- To study the relationship between FII investment and various sectors in Indian Equity Market.

Scope of Study:

The study is concerned with equity shares listed in Indian stock markets in which FII in India are permitted to deal. The scope of study is limited to data available from April 2000 up to December 2018.

**Original contribution by the thesis.**

This research provides information about investment pattern of FII in Indian equity market in
last 27 years i.e. up to data available on 31st December 2018. Our analysis of primary and secondary data helped us to know various factors affecting FII flow in India and causal relation between such determinants and FII flow. This research work also emphasised on the relationship between FII investment and various sectors in Indian Equity Market.

Methodology of Research, Results / Comparisons

Research Methodology:

We have used descriptive research design in this research work. This research is an attempt to describe the investment of FII in Indian equity market. We have also tried to identify various determinants of FII i.e. factors which influence FII flow in Indian equity market. Finally, we have also strived to describe the relationship between FII flow and various sectors in Indian equity market.

Population in our research work is all FIIIs operating in India and whose license is not expired to operate in India. In the instruments of investment, only equity shares of companies listed in Indian stock exchanges in which FIIs are permitted to deal are considered. For the study of the relationship between FII flow and various sectors in Indian equity market all sectoral indices of different Indian stock exchanges are considered as population. To study determinants of FII, perception of brokers in Surat city were studied, where population is all the brokers and their employees in Surat city were considered as population.

Sampling for the study of FII investment in Indian equity market data provided by SEBI is considered for FII flow. To study the relationship between FII flow and various sectors in Indian equity market various sectoral indices in BSE are considered as sample, as BSE consist more number of sectoral indices as well oldest indices. Thus judgmental sampling is used to identify sectoral indices samples. For the primary data in study of determinant of FII convenience sampling is used to select broker and their employees as respondents.

Data Collection:

For the major part of analysis in the research secondary data is used. It has been collected from the various reports, notifications and regulations issued by Indian authorities like Reserve Bank of Indian (RBI) and SEBI. Articles related to the topic is also searched from the literature review view point.
Monthly value of FII in investment in Equity, Debt and Total are collected from

1. http://www.sebi.gov.in/sebiweb/investment/statistics.jsp?s=fii (Since June 01, 2014, the data on FPI investments is being disseminated on the websites of NSDL and CDSL)

To study the effect of FII and different sectors of Indian equity market various sectoral indices related data is data collected. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are major stock exchanges were most of equity trades are executed. For the data related to sectoral indices, BSE has more number indices compare to NSE. At the same time BSE indices are older than NSE indices. Hence we have selected S&P BSE Indices. Followings are the lists of sectoral indices in NSE and BSE.

Sectoral Indices in NSE

1. NIFTY Auto Index
2. NIFTY Bank Index
3. NIFTY Financial Services Index
4. NIFTY FMCG Index
5. NIFTY IT Index
6. NIFTY Media Index
7. NIFTY Metal Index
8. NIFTY Pharma Index
9. NIFTY Private Bank Index
10. NIFTY PSU Bank Index
11. NIFTY Realty Index

Sectoral Indices in BSE

1. S&P BSE Basic Materials
2. S&P BSE Consumer Discretionary Goods & Services
3. S&P BSE Energy
5. S&P BSE Finance
6. S&P BSE Healthcare
7. S&P BSE Industrials
8. S&P BSE Information Technology
9. S&P BSE Telecom
10. S&P BSE Utilities
11. S&P BSE AUTO
12. S&P BSE BANKEX
13. S&P BSE CAPITAL GOODS
14. S&P BSE CONSUMER DURABLES
15. S&P BSE METAL
16. S&P BSE OIL & GAS
17. S&P BSE POWER
18. S&P BSE REALTY
19. S&P BSE TECK

To study the determinants of FII primary data is collected to identify major determinants
whereas secondary data of few them were collected for describing their relationship with FIIs.

Primary data related to investment behaviour of FII is collected form brokers and their employees, as they are the representative of investors in Indian equity markets. They were surveyed through filling up structured questionnaire with personal interviewing and mail survey method. For this, questionnaire was prepared with consideration of important variables identified through literature review mentioned.

Secondary data of few important determinants like exchange rate, Growth Domestic Product (GDP), Call Rate, Exchange Rate for US dollar, Forex Reserve, and Wholesale price Index (WPI) were collected from website of Reserve Bank of India (RBI) to study their relations with FIIs. Domestic Institutional Investors (DII) Data are collected from NDTV Profit website.

Data Analysis:

In data analysis of Investment pattern of FII investment in Indian equity market simple trend line method is used. Different phases of bullish segment and bearish segment were found using this trend line. Correlation coefficient is also used to study the unity of direction of FII flow and movement Sensex. Pi-chart is used to construct a chart of proportions of various countries’ weight in total FII investment in Indian financial market. We have also used structural break to study investment pattern of FII in Indian equity market. Structural break tests help us to determine when and whether there is a significant change in our data("Tests for structural breaks in time-series data | Stata 14,"). To study time series data we have used unit root test to check stationarity of the series, Durbin-Watson test is applied to check auto correlation and Jarque-Bera test (for sample sizes that are sufficiently large, violation of the normality assumption is virtually inconsequential (Brooks, 2008)) is used to check the normality in data. After this basic check Chow test and Bai-parron test were used to check structural breaks.

To identify various factors affecting FII flow in Indian equity market collected primary data were analysed. To check the reliability of instrument we have used Cronbach Alpha. Cronbach (1951) suggested value of Cronbach’s Alpha, the level of acceptance to check the instrument reliability. Kaiser-Meyer-Olkin (KMO) and Bartlett (1950) test is also used to measure sampling adequacy for undertaking factor analysis. Finally, factor analysis is applied to reduce number of factors and grouped them on the basis of their homogeneity.

To study the relationship between FII flow and various sectors in Indian equity market we have
used Granger Causality test with various lags effects. Granger (1980) had found significant
to study causality and provided theoretical framework to study two-way causality.

**Achievements with respect to objectives**

In our research we have mainly found followings with reference to our respective objectives.

Objective 1: To study the investment pattern of FII in Indian Equity Market (Stock Exchange).

FII flow in Indian equity market and debt market related data are available in summation from year 1992-93 onwards. But segregated data in both markets are separately available from 1996-97 onwards. We have found that USA is leading in terms of FIIs flow in Indian equity market with 35% of total investment, followed by Mauritius by 18% and Luxemburg by 9% and so on others as on Sept 2017. In our study we have also found that during bullish trend there is strong positive correlation between FII flow in Indian equity market and movement of Sensex and during bearish period correlation were not certain during the period from March 1997 to April 2014. In total turnover Indian stock exchanges FII turnover in cash segment has been increased from 15.8% to 22.9% from 2006-07 to Apr-Sept 2013 respectively. Not only that but FII has also developed their interest in investment in F&O (derivative) segment, which risen from 8.7% to 13.5% of total turnover from 2006-07 to Apr-Sept 2013 respectively (Source: Indian Stock Market A Review, 2013). Further updated analysis will be done as part of thesis as time to time SEBI revises limit of FII investment in government securities and corporate debt market, which also influences FII flow in Indian equity market. Using Chow-test and Bai Parron test we have also studied structural breaks in FII flow in Indian equity market due to various international events like subprime crises and SEBI action like regulating P-notes, announcements of Union budget, elections, various scams etc.

Objective 2: To study determinants of FII investment decision in Indian Equity Market.

We have found that FII prefer more large cap companies considering their earning per share (EPS) and dividend per share (DPS). They like to invest in Oil & Gas, Information Technology and Banking related scrip than other sectors in Indian capital market. Other researchers have also received the similar results. Chen, Wang, and Lin (2008) have found QFIs pick up stocks, they herd on securities classified in specific industries and also prefer stocks with high past returns as well as large firm size. Prasanna (2008) has studied that among the financial performance variables EPS is significant factor influencing their investment decision. Other
than companies related factors, we have studied other factors viz. Purchasing power parity (Amita, 2014), GDP growth rate, inflation related indices as suggested by Rai and Bhanumurthy (2004) and Amita (2014) Consumer price index, Wholesale price index, Index of industrial production, Fiscal deficit, Interest rate in FII’s domestic country, Problems in domestic country of FII, fundamentals of economy (Kumar, 2001) like Growth opportunity in domestic country of FII, Growth rate in other nations, Growth in economy of other developing countries, Problems in other developing countries, factors related to new government appreciated by Anand (2015a), Anand (2015b) and Anand (2015c) like Make in India campaign, Increase in limit of Investment limit in various sectors for FII, Approach of Prime Minister NaMo towards relations with other nations, Ease in tax structure for FII, GST bill, FII limit and Bureaucracy. We can have also tried to summaries that major six factors are main concern of FII while investing in India: Bureaucracy related issues in Economy / Slow decision making, Issues related to other developing (competitor) countries, Inflation related Issues, Issues related to origin country of FII, Initiatives of new government and Current burnings issues related to Indian Economy.

Objective 3: To study the relationship between FII investment and various sectors in Indian Equity Market.

FII flow in Indian equity market affect different sectors in a different manner and at the same time it may also get affected by movement in various sectors in India. It is observed that Asset Under Custody (AUC) of FII is different in different sectors in Indian equity market. On 30th Nov 2016 it is observed that 11.32%, 10.88%, 10.21%, 6.98%, 6.69%, 6.36% and 5.58% of total AUC was in Other Financial Services, Software & Services, Banks, Pharmaceuticals & Biotechnology, Automobiles & Auto Components, Oil & Gas and Capital Goods respectively. It leads us to study causal relation between FII flow and sectoral indices changes. Hence we have used Granger Causality test to check two-way causal relationship between FII flow and various sectorial indices value. We found that FII flow causes changes in few of the sectoral indices as well changes in few of the sectoral indices also cause changes in FII flow.

Conclusion

For any developing or emerging economies capital formation is essential for their economic growth. Foreign investment (capital) may play significant role in emerging economies like India. Foreign investment may come through various modes like FDI and FII. Due to sensitive
capital flow FII investment is also highly volatile and considered as hot money as they invest through equity market. FII investment flow may affect Indian equity market in either way positively as well as undesirably, as they are affected by many of the factors at local as well as international level. To remain depend on such volatile capital become risk for any equity market especially in case of developing country like India. In this research we have observed movement of FII flow in Indian equity market during various phases and during various circumstances. We could identify major events during we found structural changes in FII flow in Indian equity market viz. subprime crises, crises in other countries, etc. All this drag us to study various factors affecting FII flow.

In our study we could find few major determinants like bureaucracy related issues in economy / slow decision making, issues related to other developing (competitor) countries, inflation related issues, issues related to origin country of FII, initiatives of new government and contemporary issues related to Indian economy are significant in affecting FII flow in Indian Equity market. We have also observed sometimes change in equity market may also influence FII flow as well as FII flow also affect changes happening in various sectors of equity market. It leads us to study toward over third objective related to relationship between FII investment and various sectors in Indian equity market. In this further investigation we found that AUC of FII various from sector to sector in Indian equity market and in our causal study we also found that not FII flow affects various sectoral indices but also change in sectoral indices also causes changes in FII flow in Indian equity market.
A list of all publications arising from the thesis

1. Joshi, M. C., & Desai, J. N. (2015). Role of Foreign Institutional Investors in India: An Investigation. INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT, 5(10), 1-5. ((ISSN: 2231-4245, earlier it was in UGC Specified Journal No. 6543 – no more now a days)

References


Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000.


Picardo, E. (February 16, 2018). FDI and FPI: Making Sense of it All. *Investopedia*. 

files/350/article22985168.html


