

IMPACT OF FOREIGN INSTITUTIONAL INVESTORS (FIIs) ON INDIAN CAPITAL MARKET

HEMKANT KULSHRESTHA

Research Scholar, Department of Commerce, Aligarh Muslim University, Aligarh, Uttar Pradesh, India

ABSTRACT

Since Indian capital market is vast and attract investors as their investment destination. The Indian market is steadily growing and had allured domestic investors community and foreign investors group in the past. The major part of investment in Indian capital market is attributed to institutional investors among whom foreign institutional investors (FIIs) are of primary importance. One eminent concern in the matter is whether these foreign institutional investors (FIIs) regulate the Indian capital market. This paper examines whether market movement can be explained by these investors and their impact on the capital markets. FIIs, because of their short-term nature, can have bidirectional causation with the returns of other domestic financial markets such as money markets, stock markets, and foreign exchange markets. Hence, the understanding of determinants of FII is very important for any emerging economy as FII exerts a larger impact on the domestic financial markets in the short run and a real impact in the long run. The present paper is an attempt to find out determinants of foreign institutional investment in India, a country that opened its economy to foreign capital due to their foreign exchange crisis. The objective of the study is to find out whether there exist relationship between FII and Indian capital market

KEYWORDS: FII, Indian Capital Market, Correlation and Regression, Trends of FII in India