

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:259
ANSWERED ON:09.12.2005
FFIS IN INDIAN SHARE MARKET
Chinta Mohan Dr. ;Zahedi Shri Mahboob

Will the Minister of FINANCE be pleased to state:

- (a) whether several Foreign Financial Institutions (FFIs)/Foreign Institutional Investors (FIIs) are taking an active part in the Indian share market ;
- (b) if so, the number thereof as on November 30, 2005 ;
- (c) whether the Government has identified the 10 biggest FFIs/FIIs whose maximum capital was invested in the share market in the first six months of the current year ;
- (d) if so, the names thereof and the names of the companies in which they have made capital investment; and
- (e) the steps taken by RBI and the Union Government to safeguard the share market from undesirable influence from FFIs/FIIs?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE SHRI P.CHIDAMBARAM

(a)to(e) : A statement is placed on the Table of the House.

Position No. 18

Statement referred to in the reply to Lok Sabha Starred Question No. 259 regarding `FFIs in Indian Share Market` by Dr. Chinta Mohan and Shri Mahboob Zahedi for reply on 9` December 2005

(a) & (b) The Securities and Exchange Board of India (SEBI) has intimated that as on November 30, 2005, there were 820 foreign institutional investors (FIIs) registered with them. Out of these, 753 FIIs have traded in the Indian securities markets.

(c) & (d) SEBI has intimated that the net investment by the top 10 FIIs

(including their sub-accounts) was Rs. 23,225 crores during the period from 1st April, 2005 to 30th September, 2005. During this period, all registered FIIs traded in 1130 scrips. Out of these scrips, the top 10 FIIs have traded in 453 scrips (approximately 40 % of total number of traded scrips) during the same period. Information relating to the names of the 10 largest FIIs and the companies in which they have invested is price sensitive.

(e) Investments made by the FIIs in India are regulated under the SEBI (Foreign Institutional Investors) Regulations, 1995. The SEBI regulations lay down the eligibility criteria for grant of registration, wherein broad-based entities which are regulated by an appropriate securities market regulator in their home countries, are permitted to get FII registration. The regulations impose several limitations on FIIs` investment in Indian companies. Further, FIIs are permitted to do delivery- based trades only, and are prohibited from short selling. Their investments in the derivatives markets are also restricted to the position limits laid down by SEBI. In addition, there are restrictions on investment by FIIs in debt securities. In terms of regulations issued under the Foreign Exchange Management Act, 1999

(FEMA), data regarding purchases and sale transactions executed by FIIs is reported to RBI by designated branches of Authorised Dealers on a day-to-day basis for the purpose of monitoring the overall ceiling of investment in Indian companies.