

## Indian Capital Market and Foreign Institutional Investment

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### *Abstract*

*As India embarked on a journey of economic reforms in the early 1990s to overcome its crisis of balance of payment, it also took a step towards globalization. An important event, which may be considered as a milestone in the history of Indian economic reforms, occurred on September 14, 1992, when foreign institutional investors (FIIs) were allowed to invest in all securities that were traded on the primary and secondary markets in India. FIIs were allowed to make 100% investment in debt securities subject to specific approval from SEBI as a separate category of FIIs or sub-accounts as 100% debt funds from November 1996 onwards. Foreign institutional investors have gained a significant role in Indian capital markets and availability of foreign capital depends on many firm specific factors other than economic development of the country. In this context this paper examines the contribution of foreign institutional investment particularly in Indian capital market and also examines the investment trend of foreign institutional investment in various companies in different sectors.*

**Keywords:** Investment, Flow, Economic, Capital Market

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