

A Study on Impact of Foreign Institutional Investors on the Indian Stock Market

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ABSTRACT

This study aims to comprehensively analysed the impact of Foreign Institutional Investors (FIIs) on the Indian stock market. The influx of FIIs into emerge This study aims to comprehensively analyses the impact of Foreign Institutional Investors (FIIs) on the Indian stock market. The influx of FIIs into emerging markets like India has significantly increased over the past few decades, making it crucial to understand their influence on the market dynamics. Through empirical analysis and data-driven insights, this study investigates the relationship between FIIs and various stock market indicators, including indices, trading volumes, liquidity, volatility, and sectoral performance. By employing advanced econometric models, the study sheds light on both short-term and long-term effects of FII investments, providing valuable insights for investors, policymakers, and market participants. The findings of this research contribute to a deeper understanding of the intricate interactions between FIIs and the Indian stock market, assisting in informed decision-making and policy formulation.

Key words: - Foreign Institutional Investors, Indian stock market, emerging markets, market dynamics, indices, trading volumes, liquidity, volatility, investment impact, investor behaviour, policy implications.

INTRODUCTION

The integration of global financial markets has in an era of increased cross-border investments resulted and the Indian stock market stands at the lead of this transformation. Foreign Institutional Investors (FIIs) have emerged as crucial actors in this evolving landscape, wielding considerable influence on the Indian stock market's dynamics. Their participation brings forth a fusion of international capital, expertise, and diverse investment strategies, profoundly impacting stock prices, trading volumes, liquidity, and overall market stability. This study embarks on an exploration of the involved relationship between FIIs and the Indian stock market, aiming to separate the mechanisms through which FIIs affect market behaviour. By analysing historical data, market trends, and employing rigorous quantitative analysis, this research seeks to uncover both the positive and potential adverse effects of FII involvement. As India continues its journey as a growing economy, understanding the interplay between FIIs and the stock market becomes increasingly related for investors, regulators, and policymakers.

Need For the study:

In order to better understand why FII (Foreign Institutional Investment) are increasing and causing capital inflows, as well as how a country might access foreign funds, it is important to look into FII trading conduct and how it affects the ISM (Indian Stock Market). to understand how FIIs (Foreign Institutional Investors) affect the overall market volatility in India.

By applying statistical approaches, we may understand how data reveals information about the strength of the linear relationship between the 2 Variables, BSE (Bombay Stock Exchange), Sensex and FII (Foreign institutional Investment). And understanding how closely Indian financial markets relate to stock returns has a significant, positive impact on it.

Technical Analysis: -

Utilising statistical techniques such as Regression and correlation, the data was evaluated. Different line graphs have been used to give the data a clear visual representation for easy interpretation. A metric show that how closely two variables' changes are related is the correlation coefficient. Its value ranges from -1 to 1.

The investigation was carried out by correlating the FII purchases & the closing value of the indices for that specific year in order to ascertain whether there is a relationship between them. 'Pearson correlation' was used to assess the strength of the linear connection between the two variables because the data sets were authentic. Regression analysis is used to determine how independent factors affect a single dependent variable. The purpose of the current study is to look into the impact of FII (Foreign Institutional Investors) on the ISM (Indian stock market).

Hypothesis Testing: -

H0: There is no influence of FIIs (Foreign Institutional Investment) on the stock Index (BSE SENSEX &NSE NIFTY 50).

H1: There is an influence of FIIs (Foreign Institutional Investment) on the Stock Index (BSE SENSEX &NSE NIFTY 50).

So, if we reject H0, (Null)& we accept H1, (alternative) with a 1% & 5% level of significant respectively.

LITERATURE REVIEW

Rajesh Chakrabarti (2010): - The study came to the conclusion that FII flows to India have progressively increased in importance since the start of liberalisation of his research study titled "FII flows to India: Nature & Causes." The analysis by the author revealed that FII (Foreign Institutional Investors) is a significant player of the ISM (Indian Stock Market) and that there is an influence on the domestic market is growing.

Paliwal (2012): - This study made an effort to determine the causal relationship between FII (Foreign Institutional Investors) & the performance of the ISM (Indian stock market). A span of 10 consecutive financial years (from 9 January 1992 to December 2012) was used to help researchers better comprehend the 27 FII flow's sporadic relationship with the INM (Indian Stock Market).

Sultana and Parthasarathi (2012): - This study evaluated the effects of FDI and FII flow on the ISM (Indian Stock Market) by examining the effects on the ISM (Indian stock market). They are used the secondary data from the years 2001 through 2011 and discovered a strong, statistically significant positive links between FII (Foreign Institutional Investors) & the ISM (Indian stock market).

Chandra (2012): - In the ISM (Indian stock market), investigated the direction of causation between FII (Foreign Institutional Investors) trading volume and stock market return. Across numerous sample periods, there was evidence of unidirectional causalities connecting stock returns to FII (Foreign Institutional Investors) flows. He made an effort to determine whether net FII fluctuation in trade volume existed.

Kumar K.D (2013): - For 13 years of data (2001–2013), correlation coefficient and multi-Regression statistics were used to examine the link and influence of FDI & FII on the ISM (Indian Stock Market)

Siddiqi (2016): - examined over a ten-year period (2000–2016) the connection between the FII and market indexes on the ISM (Indian stock market). They also focused on the best 2 course of action for promoting FII flows into the country and their effects on the national economy.

Rd. Renuka & Rd. Kiran Bhatta (2015): - FII (Foreign Institutional Investors) & the Indian stock market are studied throughout the years from 2000–2011. The primary goal was to how much the success of the ISM (Indian stock market) was dependent on FII activity. Findings showed that FII investments are typically made on a long -term basis and are most often channelled through the financial market.

Sanjana Juneja (2020): - carried out a study titled "Understanding the Connection Between FII (Foreign Institutional Investors) & Stock Market." This study aims to investigate the investment practises of FIIs and their connection to the SENSEX and NIFTY 50. This study

looks into FIIs and their impact on the Indian stock market. The outcome of a positive association is examined here. Additionally, it states that FII (Foreign Institutional Investors) net flows fairly explain the evidence of changes in the ISM (Indian stock market).

Anubha (2022): - in this research paper investigated the connection between FII investment data and daily stock market results over the period (2001–2020).

Correlation &Regression analysis are utilised in the study, which found that FII investment had a strong beneficial impact on the ISM (Indian Stock Market) and on key stock indices. It also 18 demonstrates how the degree of influence of FIIs differs across different economic sectors.

Queenly Jeyanthi (2018): - This research paper carried research on the "Impact of FIIs (Foreign Institutional Investors) on NSE (National Stock Exchange) of India." This study's primary goals are to examine FIIs' growth trends and their relationships with and effects on the ISM (Indian stock market).

The impact of FII (Foreign Institutional Investors) activities on the ISM (Indian stock market) is examined here due to a strong positive correlation. Additionally, it demonstrates that FII (Foreign Institutional Investors) net flows only barely account for the evidence of fluctuations of the ISM (Indian stock market).

Kari mullah (2021): - This article investigates how FII investment practises have affected the ISM (Indian stock market).

It seeks to establish a two-way causal connection between FII (Foreign Institutional Investors) behaviour and the success of the ISM (Indian stock market) from January 1 2010 to June 2021. With FII investment serving as a key illustration of financial liberalisation.

This essay examines the notion that financial liberalisations lead to greater efficiency in the financial system.

Objectives of the Study

- To analyse the relation of FII (Foreign Institutional Investors) on ISM (Indian Stock Market).
- To analyse the trend in FII (Foreign Institutional Investment) in India during the sample period (2008-2023).
- To evaluate connection between FII (Foreign Institutional Investment) movement and performance of stock market.

Limitation of the Study:

The research is largely concerned with figuring out whether there is a relation between FIIs & the stock market due to time restrictions and the size of the subject.

It is broad, and the conclusions are exclusively based on the results of the previous calendar year.

The majority of the information used in it comes from several websites.

RESEARCH DESIGN

Nature of Study:

The study was carried out using analytical data that demonstrates growth trends, connections, and the effects of foreign institutional investments on the ISM (Indian Stock Market).

Nature of Data:

This study is mainly based on secondary data. & the data have been collected from the various journals & articles & web sites and research papers. A Study on impact of Foreign Institutional Investors on the Indian Stock Market

Sources of Data:

This study includes data collected from international journals, articles, research paper and other various websites.

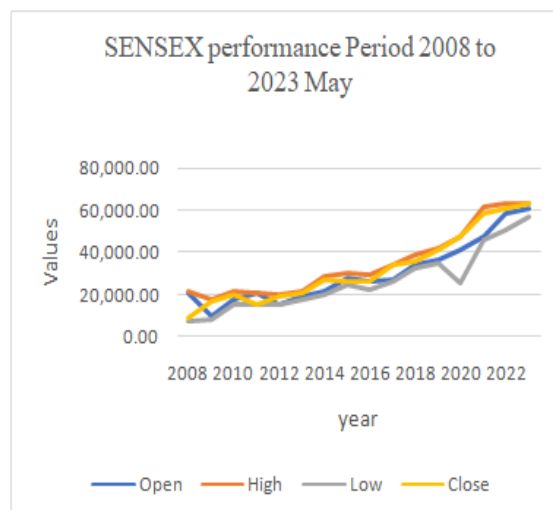
Sampling: This research study taking the period for last 15 years from (year 2008 -year 2023 may).

Research Methodology

The study's research methodology is built on the collection of secondary data. Books, journals, & websites are examples of secondary sources for references. In order to make this computation, I used data from the years 2008 through 2023 may. For the study, I computed Regression, correlation, and Anova. I calculated the data using the Excel application. To better understand the data, use a line graph.

Tools for Data Collection:

The study uses secondary data and is descriptive. By browsing through the websites, the information was acquired from many online sources. The SEBI (Securities and Exchange Board of India) website provided the information on FII flows, while the BSE (Bombay Stock Exchange) & NSE (National Stock Exchange) websites provided the information on the SENSEX & NIFTY Monthly Closing Values. The values of the year-ending index are selected to accurately reflect the period's real economic conditions. Sample elements include individual data from the BSE (Bombay Stock Exchange) SENSEX, NIFTY, and FII investments. The average closing values of the indices, like SENSEX & NIFTY.



ANALYSIS AND INTERPRETATION

SENSEX performance Period 2008 to 2023 May

Period	Open (In RS)	High (In RS)	Low (In RS)	Close (In RS)
2008	20,345.27	21,286.77	7,497.39	9,347.33
2009	9,720.55	17,530.94	8,047.17	17,464.81
2010	17,473.45	21,108.64	15,651.99	20,509.09
2011	20,621.61	20,664.80	15,135.86	15,454.92
2012	15,534.67	19,612.18	15,358.02	19,426.71
2013	19,513.45	21,483.74	17,448.71	21,170.68
2014	21,222.19	28,822.37	19,963.12	27,499.42
2015	27,485.77	30,024.74	24,833.54	26,117.54
2016	26,101.50	29,077.28	22,494.61	26,626.46
2017	26,711.15	34,137.97	26,447.06	34,056.83

2018	34,059.99	38,989.65	32,483.84	36,068.33
2019	36,161.80	41,809.96	35,287.16	41,253.74
2020	41,349.36	47,896.97	25,638.90	47,751.33
2021	47,785.28	62,245.43	46,160.46	58,253.82
2022	58,310.09	63,583.07	50,921.22	60,840.74
2023	60,871.24	63,601.71	57,084.91	62,979.37

Analysis:

In the above table, the close price for the period 2008 is 9,347.33. It opens at 20,345.27, high is 21,286.77 and low is 7,497.39. in the next period it has started to rising up slowly. And in the period 2022 it closes at 60,840.74. 2023 may it has reached at 62,979.37

Interpretation:

One of the most significant secondary markets in India, the Bombay Stock Exchange, experiences frequent ups and downs. With an opening price of 20,345.27 and a closing price of 9347.33 in 2008, the market reached a high of 21286.77 and a low of 7497.39. Since that time, the value of the Sensex has fluctuated.

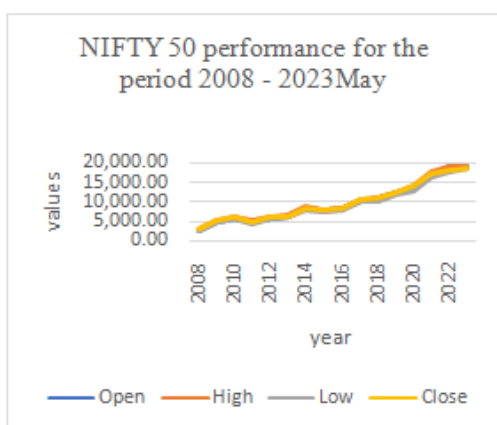
NIFTY 50 performances for the period 2008 - 2023May

Period	Open (In RS)	High (In RS)	Low (In RS)	Close (In RS)
2008	2,755.15	3,110.45	2,570.70	2,959.15
2009	5,039.70	5,221.85	4,943.95	5,201.05
2010	5,871.00	6,147.30	5,721.15	6,134.50
2011	4,970.85	5,099.25	4,531.15	4,624.30
2012	5,878.25	5,965.15	5,823.15	5,905.10
2013	6,171.15	6,415.25	6,129.95	6,304.00
2014	8,605.10	8,626.95	7,961.35	8,282.70
2015	7,958.15	7,979.30	7,551.05	7,946.35
2016	8,244.00	8,274.95	7,893.80	8,185.80
2017	10,263.70	10,552.40	10,033.35	10,530.70
2018	10,930.70	10,985.15	10,333.85	10,862.55
2019	12,137.05	12,293.90	11,832.30	12,168.45
2020	13,062.20	14,024.85	12,962.80	13,981.75
2021	17,104.40	17,639.50	16,410.20	17,354.05
2022	18,871.95	18,887.60	17,774.25	18,105.30
2023	18,741.85	18,756.40	18,647.10	18,665.50

Analysis: -

From the above table it can be seen that in the period 2008 opens at 2,755.15 and it closes at 2,959.15 And for the next years the market has moving up. In the year 2023 may it opens at 18,741.85 and closes at 18,665.50.

Interpretation:



The line graphs up top indicates that the NSE NIFTY may have followed the same trends as the BSE SENSEX. Additionally, the line graph shows a closing value of 2,959.15 in 2008, which could be attributed to FII

withdrawals as a result of the US housing bubble's burst. And since 2012, it has been gradually increasing. In June 2023, it reaches 18,665.50.

SENSEX return from year 2008 to 2023 May

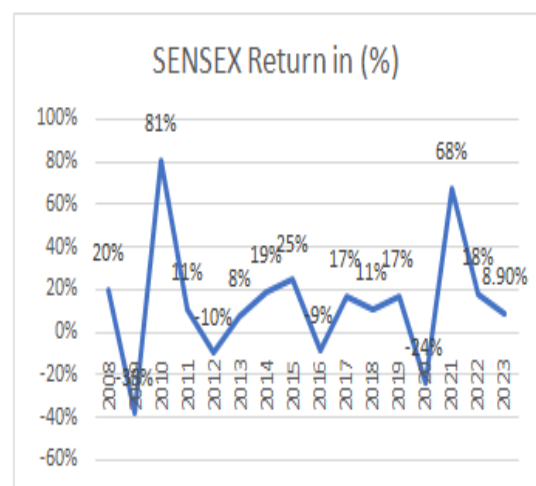
Period	Close (In RS)	Return in (%)
2008	9,647.31	20%
2009	17,464.81	-38%
2010	20,509.09	81%
2011	15,454.92	11%
2012	19,426.71	-10%
2013	21,170.68	8%
2014	27,499.42	19%
2015	26,117.54	25%
2016	26,626.46	-9%
2017	34,056.83	17%
2018	36,068.33	11%
2019	41,253.74	17%
2020	47,751.33	-24%
2021	58,253.82	68%
2022	60,840.74	18%
2023	62,979.37	8.9%

Analysis:

In the above table we can see that in the period 2008 the return was 20 % in the period 2009 it reaches to negative return. And in the period 2023 may return was 8.9%.

Interpretation:

The performance of the BSE SENSEX is calculated as a Percentage (%) from 2008 through 2023. The percentage return is calculated using the percentage change in the closing price of the Sensex from the prior year to the current year.



Nifty 50 Returns for Year 2008 To 2023 May

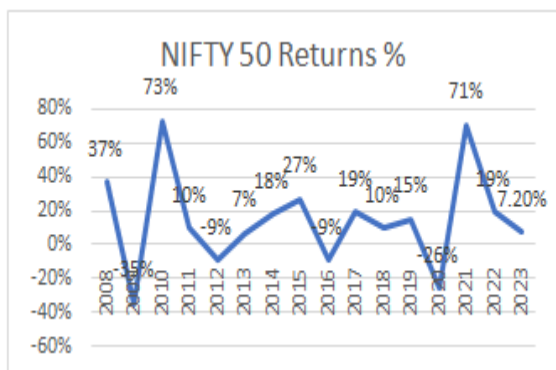
Period	Close (In RS)	Returns %
2008	2,959.15	37%
2009	5,201.05	-35%
2010	6,134.50	73%
2011	4,624.30	10%
2012	5,905.10	-9%
2013	6,304.00	7%
2014	8,282.70	18%
2015	7,946.35	27%
2016	8,185.80	-9%
2017	10,530.70	19%
2018	10,862.55	10%
2019	12,168.45	15%
2020	13,981.75	-26%
2021	17,354.05	71%
2022	18,105.30	19%
2023	18,665.50	7.2%

Analysis:

The above table Nifty 50 returns shows in the period 2008 to period 2023 may and it says in the period 2008 returns was 37%. And the next period 2009 it will be reverse to negative percentage of -35 %. In the period 2010 will be the highest return giving the above table it was 73% and in the period 2023 June return close to 7.2%.

Interpretation:

The returns of the Nifty 50 ups and downs from the years 2008 to 2023 June are depicted in the above line graph. June performance is expressed as a percentage from 2008 through 2023. The Nifty 50 returns are calculated as a percentage using the percentage change in closing price from the prior year to the current year.



Calculation of correlation, Regression & Anova between FII investment & BSE (Bombay Stock Exchange) SENSEX, NSE (National Stock Exchange) NIFTY 50

The relationship, Regression, & Anova between FII investment & Sensex and Nifty 50 volatility are examined between period 2008 - 2023. Subtracts the (Gross sale) value from the (Gross buy) value in a particular year to

arrive at the net annual investment. By deducting the previous period's closing value from the current period's closing value, the Sensex and Nifty 50 variation is calculated.

Calculation of SENSEX fluctuation Period 2008 - Period 2023 may

Period	Close (In Rs)	Fluctuation
2008	9,647.31	
2009	17,464.81	7,817.50
2010	20,509.09	3,044.28
2011	15,454.92	-5,054.17
2012	19,426.71	3,971.79
2013	21,170.68	1,743.97
2014	27,499.42	6,328.74
2015	26,117.54	-1,381.88
2016	26,626.46	508.92
2017	34,056.83	7,430.37
2018	36,068.33	2,011.50
2019	41,253.74	5,185.41
2020	47,751.33	6,497.59
2021	58,253.82	10,502.49
2022	60,840.74	2,586.92
2023	62,979.37	2,138.63

Calculation of nifty 50 fluctuations from period 2008 to 2023 may

Period	Close (In Rs)	Fluctuation
2008	2,959.15	
2009	5,201.05	2,241.90
2010	6,134.50	933.45

2011	4,624.30	-1,510.20
2012	5,905.10	1,280.80
2013	6,304.00	398.90
2014	8,282.70	1,978.70
2015	7,946.35	-336.35
2016	8,185.80	239.45
2017	10,530.70	2,344.90
2018	10,862.55	331.85
2019	12,168.45	1,305.90
2020	13,981.75	1,813.30
2021	17,354.05	3,372.30
2022	18,105.30	751.25
2023	18,665.50	560.20

Calculation of Regression analysis between FII net investment and BSE SENSEX Fluctuation for the period 2009 - 2023 MAY

Period	Investment (Net)	Fluctuation
2009	24,820.14	7,817.50
2010	61,225.30	3,044.28
2011	-26,957.00	-5,054.17
2012	1,01,166.15	3,971.79
2013	87,358.81	1,743.97

2014	73,656.46	6,328.74
2015	-16,435.40	-1,381.88
2016	-11,838.70	508.92
2017	-41,121.70	7,430.37
2018	-66,869.20	2,011.50
2019	35,731.40	5,185.41
2020	73,482.10	6,497.59
2021	-2,74,244.23	10,502.49
2022	-2,23,910.18	2,586.92
2023	-1,38,226.49	2,138.63

Interpretation:

	(Net) investment	Sensex fluctuation
(Net) investment	1	
Fluctuation	-0.0057	1

The correlation between FII (net) inflow & Sensex volatility was looked at in order to evaluate the statistical connection between the variables of inquiry, FII and BSESENSEX, period 2008 to 2023. Correlations were calculated to be -0.0057. The SENSEX & (net) FII inflows are significantly correlated. It highlights the huge impact FII investment has on the SMI (Stock Market index). This negative correlation demonstrates that FII investment is a significant factor in lowering the Bombay Stock Exchange's market capitalization. In other words, FII participation in the ISM (Indian Stock Market) might cause the SENSEX value to increase or decrease by 0.57 percent. There is a connection between FII and SENSEX.

Regression: -

Regression analysis was used to establish the link between FII and BSE SENSEX. BSE SENSEX is the dependent variable, while FII investment is the independent variable

(REGRESSION STATISTICS)	
Multiple R	0.005559
R Square	0.00032
Adjusted R Square	-0.083312
Standard Error	4883.31
Observation	15

Anova:

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	8835.96	8835.96	0.000372	0.9851
Residual	14	286042268.67	238468556.80		
Total	15	286151105.56			

Alternative hypotheses are accepted in place of the Null hypotheses that were rejected in the preceding table at a 5% level of significance. That is greater than 0.05 by 0.9851.

Therefore, we discover that FII has an impact on the stock index BSE (Bombay Stock Exchange) SENSEX.

Coefficients:

	coefficients	Standard Error	T-stat	P-value	Lower (95%)	Upper (95%)	Lower (95.0%)	Upper (95.0%)
Intercept	3108.13	1310.6678	2.4723	0.0345	254.6094	5961.6596	254.6094	5961.6596
(Net) investment	-0.004	0.0134	-0.0193	0.9851	-0.0288	0.0288	-0.0293	0.0288

Interpretation:

The table demonstrates that, when all explanatory factors are taken into an account, there is an annual correlation of about 0.0031 percent (R²-0.000031) between the BSE SENSEX and the ISM (Indian stock market). This suggests that changes in BSE (Bombay Stock Exchange) market capitalization throughout the research year may have been caused by FII investments to the extent of 0.0031%. This suggests that there are additional factors that have indirectly caused BSE.

Additionally, the value of the t-statistics is -0.0193, which is significant at the 5% level of significance, indicating that FII investment has a favourable influence on the stock market and has a sizable impact on the BSE (Bombay Stock Exchange) SENSEX.

It can therefore deduce the behaviour of the FIIs in comparison to the SENSEX throughout this time.

Calculation of Regression Analysis Between FII Net Investment and NSE Nifty 50 Fluctuation from Year 2009 To 2023 May

Period	investment (Net)	Fluctuation
2009	24,820.14	2,241.90
2010	61,225.30	933.45
2011	-26,957.00	-1,510.20
2012	1,01,166.15	1,280.80
2013	87,358.81	398.90
2014	73,656.46	1,978.70
2015	-16,435.40	-336.35
2016	-11,838.70	239.45
2017	-41,121.70	2,344.90
2018	-66,869.20	331.85
2019	35,731.40	1,305.90
2020	73,482.10	1,813.30
2021	-2,74,244.23	3,372.30
2022	-2,23,910.18	751.25
2023	-1,38,226.49	560.20

Interpretation:

Correlation between FII and Nifty 50

	Net investment	Sensex fluctuation
Net investment	1	
Fluctuation	0.46334	1

Correlation analysis was used between 2009 and 2023 to establish the statistical relationship between the variables under inquiry, FII & NIFTY 50. Net FII investment has a 0.46334 correlation coefficient with NIFTY 50 value in the preceding table.

The NIFTY 50 and net FII investment have a substantial relationship. & the ISM (Indian Stock Market) is significantly impacted by FII investment. 0.46334 The relationship is positive, indicating that FII investments have a big impact on raising the market capitalization of the National stock market or exchange.

Regression

The relationship between FII & NIFTY 50 was determined using regression. FII investment is the independent variable, while NIFTY 50 is the dependent variable.

REGRESSION STATISTICS	
Multiple R	0.46334
R Square	0.2147
Adjusted R Square	0.1433
Standard Error	1552.8731
Observation	15

Anova:

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	7249205.878	7249205.878	3.0064	0.11805
Residual	12	26525561.69	2411415.700		
Total	13	33774766.57			

Alternative hypotheses are accepted in place of the (Null) hypotheses that were rejected in the preceding table at a 5% level of significance. This is greater than 0.05 by 0.11805. Therefore, we discover that FII has an impact on the stock index (NSE NIFTY 50).

Coefficients:

	coefficients	Standard Error	T-stat	P-value	Lower (95%)	Upper (95%)	Lower (95.0%)	Upper (95.0%)
Intercept	878.1752	434.218	2.0348	0.0679	-77.3292	1832.6794	-77.3292	1832.6794
Net investment	0.0075	0.0043	1.7438	0.1089	-0.0021	0.0168	-0.0021	0.0169

Interpretation:

The table demonstrates that, when all explanatory factors are taken into an account, there is a connection between the total variables in each year and the NSE (National Stock Exchange) NIFTY 50 of the ISM (Indian Stock Market) of about 21.45 percent (R²=0.2146). This suggests that up to 21.45% of changes in NSE market capitalization over the research period can be attributed to FII investments. This suggests that there are additional factors that have indirectly impacted NSE. Additionally, the value of the t-statistics is 1.7438, which is significant at the 5% level of significance and indicates that FII investment has a favourable effect on the ISM (Indian stock market). This implies that FII investment has a considerable impact on the NSE NIFTY 50. As a result, it is possible to conclude that FII conduct at this time was consistent with that of the BSE NIFTY 50.

Findings

- FIIs were proven to be a key contributor to the economic performance of emerging markets
- FII Net Purchases/Sales have been growing during the past 15 years, notwithstanding a decline.
- Nifty has increased over a period of 15 years from year 2008 to year 2023 June.
- The relationship between FII & the Nifty (Stock Market) Index is moderately positive. The FII & Nifty have a close relationship.
- The FII & Nifty (Stock Market) Index have a strong connection.

Suggestions:

- Investments can be financed by borrowing money or using current savings. Therefore, interest rates (cost of borrowing) have a significant impact on investment. So, to encourage more investment, the interest (%) rate should be kept as low as possible.
- Investments are made to fulfil anticipated demand. They will raise investment if the economy looks better because they anticipate increased demand in the future. So, it is important to enhance the current economic trends.
- Only those investors who are sure about future costs, demand, & economic prospects will make investments. Interest rates, economic growth, and the overall economic & Political environment will all have an impact on confidence.
- Long-term inflation rates may affect investment decisions. Investors will be unsure of the investment's final cost if inflation is large and unpredictable. Therefore, if we maintain a low and stable rate of inflation, we will be able to see larger rates of investment into our nation.
- Technological advancements may affect how appealing investments are. Investors will reduce investment if the rate of technological advancement slows down since the returns on the

investment will be reduced. As a result, steps should be taken to introduce new technological advancements.

- A Study on impact of Foreign Institutional Investors on the Indian Stock Market Government rules may make investing more challenging. For instance, restrictive planning regulations may deter investment.
- Government tax cuts and subsidies, on the other hand, can promote investment. Therefore, the government can implement policies to ensure that investment costs are supported, which will encourage further investment.

CONCLUSION

- Since the introduction of financial reforms in period 1991, the ICM (Indian Capital Market) has seen a number of changes. Since liberalization began, the Indian Stock Market has undergone significant changes.
- It is currently thought to be one of the most alluring markets for FII (foreign institutional investors).
- The importance of institutional investors has greatly expanded as a result of ongoing globalization.
- India is regarded as an emerging market, and its (stock markets) provide all Indian investors with a wide range of appealing investment opportunities.
- Over the past 15 years, the ISM (Indian Stock Market) has seen several notable adjustments and reforms, which demonstrates FIIs' growing confidence.
- The contribution of FIIs to the ISM (Indian Stock Market) was the main focus; their percentage of all foreign investments is unquestionably a sign of the considerable impact they have made.
- The growth trend analysis of FIIs (2008-2023) demonstrates that despite a considerable decline in market investments, a consistent growth pattern has been seen over the years.
- The study's second half offers plenty of evidence that FIIs have a sizable stake in the ISM (Indian stock market).
- It also discovered a slight positive link between (FII inflows) & (Nifty inflows), it indicating that the presence of institutional investors has improved market efficiency.
- It also demonstrates that FIIs and the Nifty index of the (Indian Stock Market) have a significant relationship. The movements of the stock market indices are significantly influenced by FII, it can be said.
- If one looks at the whole FII trading, there is a steadily expanding effect of FIIs in the domestic stock market.
- The ISM (Indian Stock Market) is an alluring investment opportunity because it is not reliant on the global economy.
- The Indian marketplaces also provide a diverse selection of firms and sectors. The sole factor that affects how FIIs behave is the potential for profit; if they feel a market has this potential, they will invest.

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