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IMPACT OF FOREIGN INSTITUTIONAL INVESTMENT ON STOCK INDICES IN INDIA**DR. S. NIRMALA****HEAD****DEPARTMENT OF BUSINESS MANAGEMENT
PSGR KRISHNAMMAL COLLEGE FOR WOMEN
COIMBATORE****ARUNA.G****RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS MANAGEMENT
PSGR KRISHNAMMAL COLLEGE FOR WOMEN
COIMBATORE****ABSTRACT**

Foreign Institutional Investment (FII) is now important investment in the country's economic growth. In developing countries like India foreign capital helps in increasing the productivity of labour and to build up foreign exchange reserves to meet the current account deficit. Foreign Investment provides a channel through which country can have access to foreign capital. Since the opening up of India's capital markets, the FII activity has been on a constant rise. This paper is an effort to analyze the relationship between the FIIs equity investment pattern and Indian stock indices and to analyze the impact of FIIs equity investment on specific industrial sector. The study will provide a very clear picture of the impact of foreign institutional investors on Indian stock indices.

KEYWORDS

FII, stock indices.

INTRODUCTION

Foreign capital flows have come to be acknowledged as one of the significant sources of funds for economies that would like to rise at a rate higher than what their domestic savers can support. The Investment by FIIs have been registering a stable growth since the opening of the Indian capital markets in September 1992. FIIs flows to India have been almost positive, they have also been negative during the periods of external shock or a domestic political uncertainty.

REVIEW OF LITERATURE

Chakrabarti (2001) has examined in his research that following the Asian crisis and the bust of info-tech bubble internationally in 1998-99 the net FII has declined by US\$ 61 million. But there was not much effect on the equity returns. This negative investment would possibly disturb the long-term relationship between FII and the other variables like equity returns, inflation, etc. has marked a regime shift in the determinants of FII after Asian crisis. The study found that in the pre-Asian crisis period any change in FII found to have a positive impact on the equity returns. But in the post-Asian crisis period it was found the reverse relation that change in FII is mainly due to change in equity returns. Hence, any empirical exercise on FII has to take care of this fact.

Sivakumar S (2003) has analyzed the net flows of foreign institutional investment over the years, it also briefly analyses the nature of FII flows based on research, explores some determinants of FII flows and examines if the overall experience has been stabilizing or destabilizing for the Indian capital market

Agarwal, Chakrabarti et al (2003) have found in their research that the equity return has a significant and positive impact on the FII. But given the huge volume of investments, foreign investors could play a role of market makers and book their profits, i.e., they can buy financial assets when the prices are declining thereby jacking-up the asset prices and sell when the asset prices are increasing. Hence, there is a possibility of bi-directional relationship between FII and the equity returns.

Rai Kulwant et al (2003) examined that the determinants of Foreign Institutional Investments in India, which have crossed almost US\$ 12 billion by the end of 2002. In this study, by using monthly data, we found that FII inflow depends on stock market returns, inflation rate and ex-ante risk. In terms of magnitude, the impact of stock market returns and the ex-ante risk turned out to be major determinants of FII inflow. Stabilizing the stock market volatility and minimizing the ex-ante risk would help in attracting more FII inflow that has positive impact on the real economy.

Samy Dr. P. Chella et al (2006) held that investors can pick up stocks at these levels for a growth story for long term i.e. for equities a 5 years holding period is reasonable to give a very above average return. Caution may be exercised to buy only good, well established market movers and never, to buy on margins or play intraday or dabble in derivatives market, which is high risk

RESEARCH METHODOLOGY**RESEARCH PROBLEM**

This paper studies the relationship between FIIs Equity investment and stock indices. For this purpose India's two major indices i.e. Sensex and S&P CNX Nifty are selected. These two indices, in a way, represent the picture of India's stock markets. There may be many other factors on which a stock index may depend i.e. Government policies, budgets, bullion market, inflation, economic and political condition of the country, FDI, Re./Dollar exchange rate etc. But for this study I have selected only one independent variable i.e. FII and Independent variables stock Index. Their investments include equity only. The sample data of FIIs investments consists of monthly average from January to December of 2010, 2011 & 2012 (3 years) .

RESEARCH DESIGN

Exploratory Research: This study aims to find the new insights in terms of finding the relationship between FII'S and Indian Stock Indices.

Null Hypothesis (Ho): The various BSE indices and S&P CNX Nifty index does not rise with the increase in FIIs investment.

Alternate Hypothesis (Ha): The various BSE indices and S&P CNX Nifty index rises with the increase in FIIs investment.

SAMPLING DESIGN

Universe-In this study the universe is finite and will take into the consideration related news and events that have happened in last few year.

Sampling Unit: -As this study revolves around the Foreign Institutional Investment and Indian stock market. So for the sampling unit is confined to only the Indian stock market.

Sampling technique: -Convenient Sampling: Study conducted on the basis of availability of the Data and requirement of the project. Study requires the events that have impact on the Indian stock market.

Data collection Method: Secondary data: For the secondary data various literatures, books, journals, magazines, web links are used.

Research Analysis Tools: 1.Trendlines 2.Regression & 3.Correlation Analysis

OBJECTIVES OF THE STUDY

1. To find the relationship between the FIIs investment pattern and Indian stock indices.
2. To analyze the impact of FIIs equity investment on specific industrial sector (FMCG, Auto, Banking) Indices.

ANALYSIS

TO FIND THE RELATIONSHIP BETWEEN THE FIIS EQUITY INVESTMENT PATTERN AND INDIAN STOCK INDICES

The sample data consists of 36 observations for FII, Sensex, S&P CNX Nifty, BSE Auto, BSE Bankex and BSE FMCG starting from January 2010 to December 2012 (3 years). Average index of all the indices and monthly average of net investments made by FII is taken into consideration in the study. FII was taken as independent variable. Stock indices were taken as dependent variable. The data was taken from various financial sites the relationship between the FII's equity investment pattern and Indian stock indices is studied for the year 2010, 2011 and 2012 with the help of correlation and regression analysis. The results and the analysis are shown below:

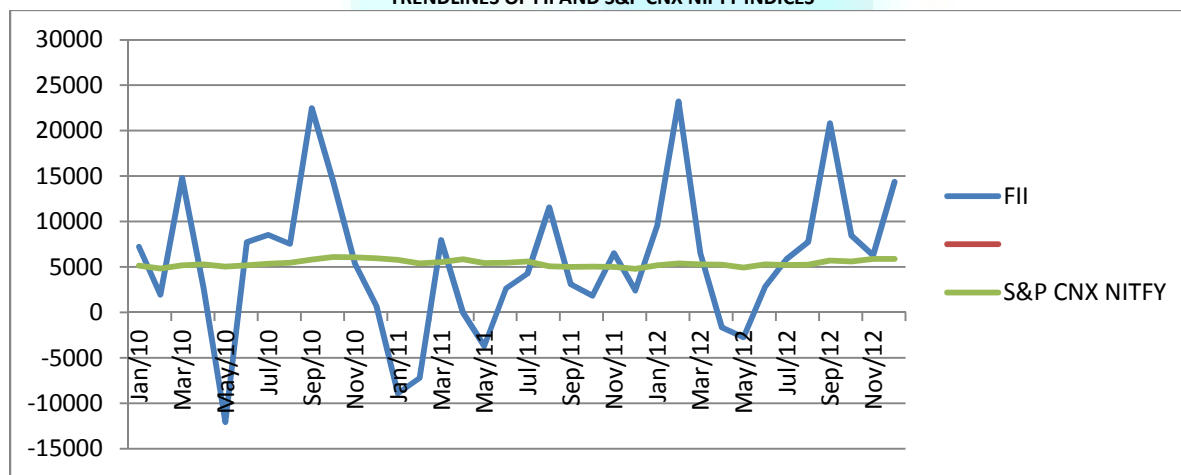
RESEARCH ANALYSIS TOOLS

Trend lines: Trend line is simply a momentum indicator. The difference between trend lines and other momentum indicators is to visually identify the trend.
Regression Analysis: We can analyze how a single dependent variable is affected by the values of one or more independent variables. Regression analysis is a statistical technique for estimating the relationships among variables. It includes many techniques for modelling and analyzing several variables, when the focus is on the relationship between a dependant variable and one or more independent variable
Correlation: This analysis tool and its formulas measure the relationship between two data sets that are scaled to be independent of the unit of measurement. The population correlation calculation returns the covariance of two data sets divided by the product of their standard deviations. We can use the Correlation tool to determine whether two ranges of data move together — that is, whether large values of one set are associated with large values of the other (positive correlation), whether small values of one set are associated with large values of the other (negative correlation), or whether values in both sets are unrelated (correlation near (zero)).

TABLE 1: FOREIGN INSTITUTIONAL INVESTMENT AND S&P CNX NIFTY INDICES

YEAR & MONTHS	FII-2010	S&P CNX NIFTY-2010	FII-2011	S&P CNX NIFTY-2011	FII-2012	S&P CNX NIFTY-2012
January	7,216.67	5156.224	-8,903.60	5782.71	9,469.14	5199
February	1,943.47	4839.573	-7,213.39	5400.918	23,236.38	5385
March	14,792.33	5178.148	7,976.89	5538.418	6,526.73	5296
April	2,667.37	5294.755	4.40	5839.094	-1,663.36	5248
May	-12,071.12	5052.971	-3,705.37	5429.198	-2,756.26	4924
June	7,713.95	5187.775	2,662.76	5472.636	2,794.68	5279
July	8,541.06	5359.745	4,281.50	5596.588	5,902.95	5229
August	7,537.30	5457.239	11,559.20	5076.743	7,747.11	5259
September	22,475.64	5811.483	3,088.87	5015.579	20,807.81	5703
October	14,388.06	6096.107	1,842.47	5060.16	8,442.93	5619
November	5,350.87	6055.331	6,508.71	5004.278	6,291.51	5879
December	722.19	5971.32	2,387.14	4782.364	14,366.49	5905

TRENDLINES OF FII AND S&P CNX NIFTY INDICES



TO FIND THE IMPACT OF FII ON S&P NIFTY

CORRELATION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND NIFTY

		FII	S&P CNX NIFTY
FII	Pearson Correlation	1	.189
	Sig. (2-tailed)		.269
	N	36	36
S&P CNX NIFTY	Pearson Correlation	.189	1
	Sig. (2-tailed)	.269	
	N	36	36

REGRESSION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND NIFTY

ANNOA(b)Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	160231.348	1	160231.348	1.261	.269(a)
	Residual	4321701.325	34	127108.863		
	Total	4481932.673	35			

a Predictors: (Constant), FII
 b Dependent Variable: S&P CNX NIFTY

COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	5363.986	74.859		71.654	.000
	FII	.009	.008	.189	1.123	.269

a. Dependent Variable: S&P CNX NIFTY

INTERPRETATION: From the above table, the data includes 36 observations of monthly of FIIs and S&P CNX NIFTY, the correlation and regression is calculated. Number of Observations = 36 Correlation = $r = .189$ and regression $p = .269$

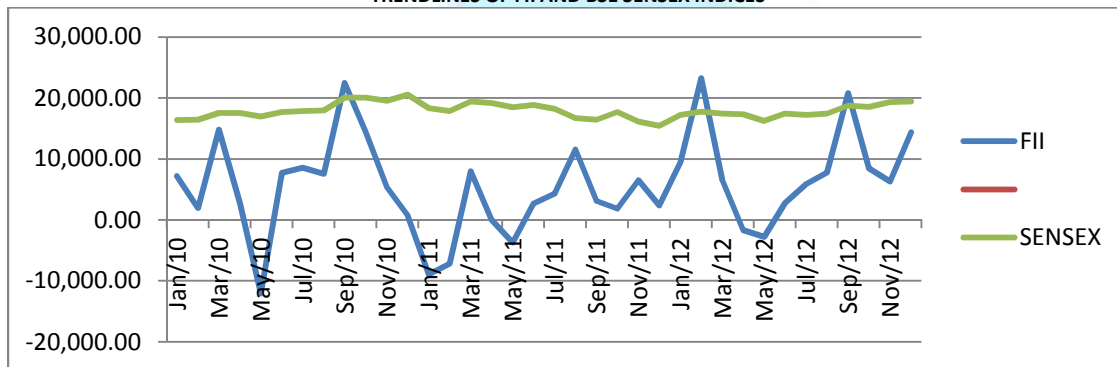
S&P CNX NIFTY = $5364 + 0.009 \text{ FII}$

- From the Correlations table, it can be seen that the correlation coefficient (r) equals 0.189, indicating it is weak positive correlation. There is positive effect of FII on S&P CNX NIFTY but the correlation coefficient is low. This means that S&P CNX NIFTY has a relation with FII but the FII is not influencing the S&P CNX NIFTY much.
- The regression coefficient is 0.269 which reflects 26.9 % variability in S&P CNX NIFTY with the independent variable and how much the FII affects the S&P CNX NIFTY.

TABLE 2: FOREIGN INSTITUTIONAL INVESTMENT AND BSE SENSEX INDICES

YEAR & MONTHS	FII-2010	SENSEX-2010	FII-2011	SENSEX-2011	FII-2012	SENSEX-2012
January	7,216.67	16,357.96	-8,903.60	18,327.76	9,469.14	17,193.55
February	1,943.47	16,429.55	-7,213.39	17,823.40	23,236.38	17,752.68
March	14,792.33	17,527.77	7,976.89	19,445.22	6,526.73	17,404.20
April	2,667.37	17,558.71	4.40	19,135.96	-1,663.36	17,318.81
May	-12,071.12	16,944.63	-3,705.37	18,503.28	-2,756.26	16,218.53
June	7,713.95	17,700.90	2,662.76	18,845.87	2,794.68	17,429.98
July	8,541.06	17,868.29	4,281.50	18,197.20	5,902.95	17,236.18
August	7,537.30	17,971.12	11,559.20	16,676.75	7,747.11	17,429.56
September	22,475.64	20,069.12	3,088.87	16,453.76	20,807.81	18,762.74
October	14,388.06	20,032.34	1,842.47	17,705.01	8,442.93	18,505.38
November	5,350.87	19,521.25	6,508.71	16,123.46	6,291.51	19,339.90
December	722.19	20,509.09	2,387.14	15,454.92	14,366.49	19,426.71

TRENDLINES OF FII AND BSE SENSEX INDICES



CORRELATION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND SENSEX

		FII	SENSEX
FII	Pearson Correlation	1	.274
	Sig. (2-tailed)		.105
	N	36	36
SENSEX	Pearson Correlation	.274	1
	Sig. (2-tailed)	.105	
	N	36	36

REGRESSION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND SENSEX- ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3984691.970	1	3984691.970	2.766	.105(a)
	Residual	48980549.363	34	1440604.393		
	Total	52965241.333	35			

a. Predictors: (Constant), FII

b. Dependent Variable: SENSEX

COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	17667.316	252.016		70.104	.000
	FII	.044	.026	.274	1.663	.105

a. Dependent Variable: SENSEX

INTERPRETATION

From the above table, the data includes 36 observations of monthly of FIIs and BSE SENSEX, the correlation and regression is calculated.

Number of Observations = 36

Correlation = $r = .274$ and regression $p = .105$

SENSEX = $17667.316 + .044 \text{ FII}$

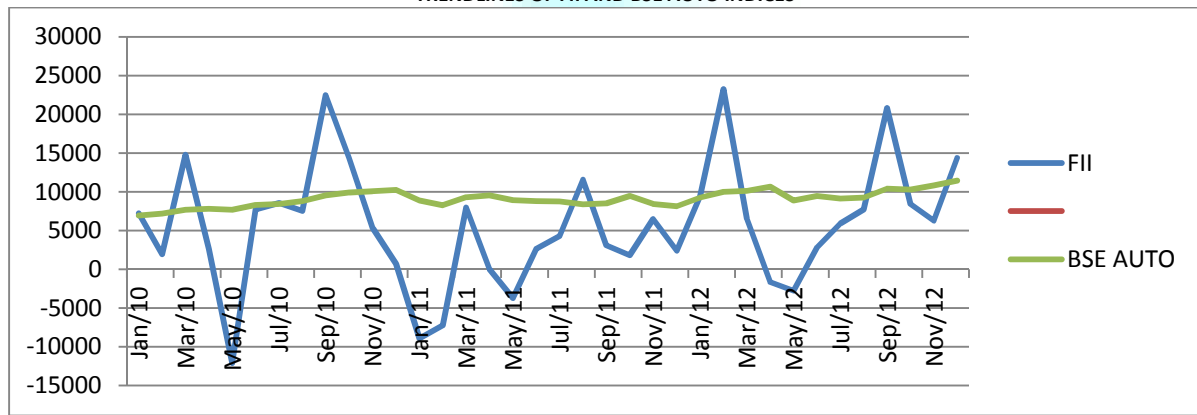
- There is positive effect of FII on BSE Sensex but the correlation coefficient is low ($r = 0.274$). This means that BSE Sensex has a relation with FII but the FII is not influencing the BSE Sensex much.

➤ The regression coefficient is 0.105 which reflects 10.5 % variability in Sensex with the independent variable how much the FII affects the SENSEX. It is almost unrelated.

TABLE 3: FOREIGN INSTITUTIONAL INVESTMENT AND BSE AUTO INDICES

YEAR & MONTHS	FII-2010	BSE AUTO 2010	FII-2011	BSE AUTO-2011	FII-2012	BSE AUTO-2012
January	7,216.67	6953.2	-8,903.60	8894.58	9,469.14	9241.78
February	1,943.47	7170.99	-7,213.39	8252.92	23,236.38	9994.61
March	14,792.33	7671.24	7,976.89	9290.75	6,526.73	10134.8
April	2,667.37	7799.85	4.40	9559.94	-1,663.36	10645.52
May	-12,071.12	7699.94	-3,705.37	8932.74	-2,756.26	8873.01
June	7,713.95	8323.3	2,662.76	8798.48	2,794.68	9457.91
July	8,541.06	8424.2	4,281.50	8758.83	5,902.95	9114.07
August	7,537.30	8813.79	11,559.20	8396.16	7,747.11	9240.4
September	22,475.64	9527.64	3,088.87	8498.42	20,807.81	10413.19
October	14,388.06	9909.91	1,842.47	9477.19	8,442.93	10307.26
November	5,350.87	10099.95	6,508.71	8434.28	6,291.51	10814.46
December	722.19	10235.41	2,387.14	8143.65	14,366.49	11426.21

TRENDLINES OF FII AND BSE AUTO INDICES



TO FIND THE IMPACT OF FII ON BSE AUTO

CORRELATION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND BSE AUTO

		FII	BSE AUTO
FII	Pearson Correlation	1	.310
	Sig. (2-tailed)		.066
	N	36	36
BSE AUTO	Pearson Correlation	.310	1
	Sig. (2-tailed)	.066	
	N	36	36

REGRESSION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND BSE AUTO-ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3641360.436	1	3641360.436	3.614	.066(a)
	Residual	34262130.700	34	1007709.726		
	Total	37903491.136	35			

Predictors: (Constant), FII

b Dependent Variable: BSE AUTO

COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta	B		
1	(Constant)	8859.931	210.778			42.035	.000
	FII	.042	.022	.310		1.901	.066

a. Dependent Variable: BSE AUTO

INTERPRETATION

From the above table, the data includes 36 observations of monthly of FIIs and BSE AUTO, the correlation and regression is calculated.

Number of Observations = 36

Correlation = $r = .310$ and regression $p = .066$

$BSE\ AUTO = 8860 + .042\ FII$

- There is positive effect of FII on BSE AUTO but the correlation coefficient is low. This means that BSE AUTO has a relation with FII but the FII is not influencing the BSE AUTO much.
- The regression coefficient is 0.066 which reflects 6.6 % variability in BSE Auto with the independent variable how much the FII affects the BSE Auto. It is almost unrelated.

TRENDLINES OF FII AND BSE BANKEX INDICES

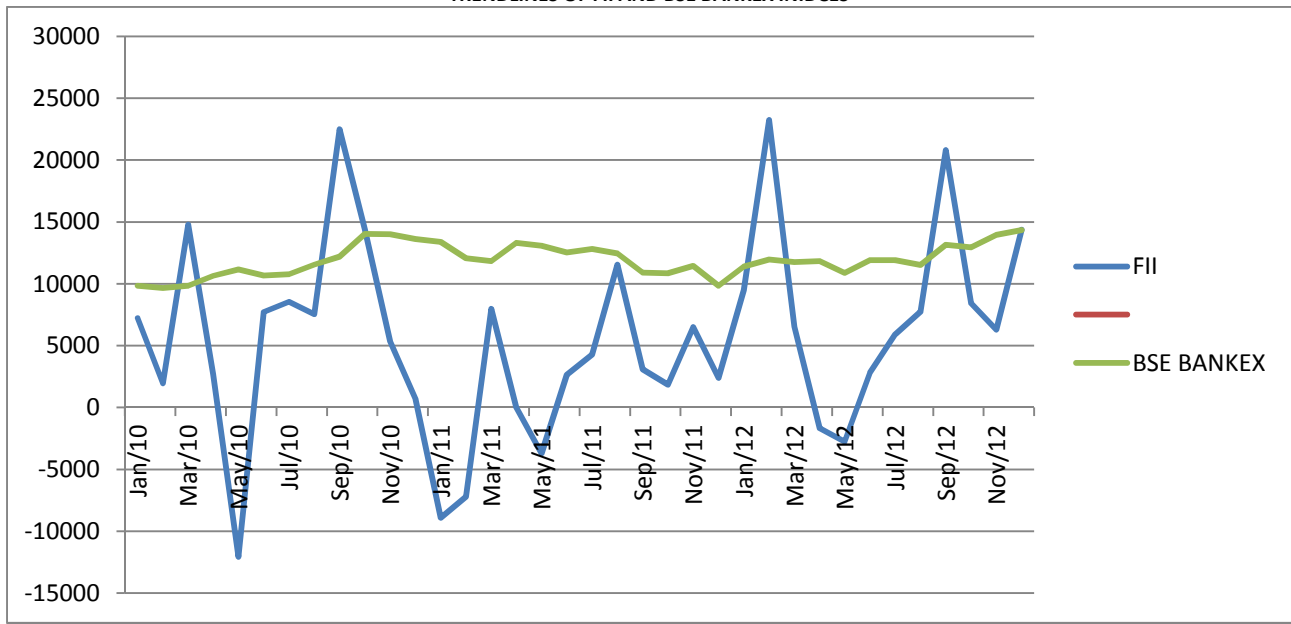


TABLE 4: FOREIGN INSTITUTIONAL INVESTMENT AND BSE BANKEX INDICES

YEAR & MONTH	FII-2010	BSE BANKEX -2010	FII-2011	BSE BANKEX -2011	FII-2012	BSE BANKEX -2012
January	7,216.67	9654.09	-8,903.60	12064.01	9,469.14	11390.7
February	1,943.47	9828.68	-7,213.39	11840.34	23,236.38	11974.16
March	14,792.33	10652.35	7,976.89	13299.77	6,526.73	11751.18
April	2,667.37	11155.07	4.40	13076.97	-1,663.36	11828.63
May	-12,071.12	10656.56	-3,705.37	12543	-2,756.26	10884.53
June	7,713.95	10765.03	2,662.76	12821.05	2,794.68	11908.71
July	8,541.06	11539.55	4,281.50	12447.83	5,902.95	11910.46
August	7,537.30	12190.64	11,559.20	10904.24	7,747.11	11515.94
September	22,475.64	14025.04	3,088.87	10850.73	20,807.81	13138.71
October	14,388.06	14016.21	1,842.47	11454.03	8,442.93	12947.29
November	5,350.87	13618.77	6,508.71	9850.43	6,291.51	13951.88
December	722.19	13379.73	2,387.14	9153.39	14,366.49	14344.99

TO FIND THE IMPACT OF FII ON BSE BANKEX

CORRELATION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND BSE BANKEX

		FII	BSE BANKEX
FII	Pearson Correlation	1	.301
	Sig. (2-tailed)		.075
	N	36	36
BSE BANKEX	Pearson Correlation	.301	1
	Sig. (2-tailed)	.075	
	N	36	36

REGRESSION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND BSE BANKEX- ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5589470.745	1	5589470.745	3.377	.075(a)
	Residual	56282269.180	34	1655360.858		
	Total	61871739.925	35			

a Predictors: (Constant), FII

b Dependent Variable: BSE BANKEX

COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11624.034	270.149		43.028	.000
	FII	.052	.028	.301	1.838	.075

a. Dependent Variable: BSE BANKEX

INTERPRETATION

From the above table, the data includes 24 observations of monthly of FIIs and BSE Bankex, the correlation and regression is calculated.

Number of Observations = 36

Correlation = $r = 0.301$ and regression $p = 0.075$

BSE BANKEX = $11625 + 0.052FII$

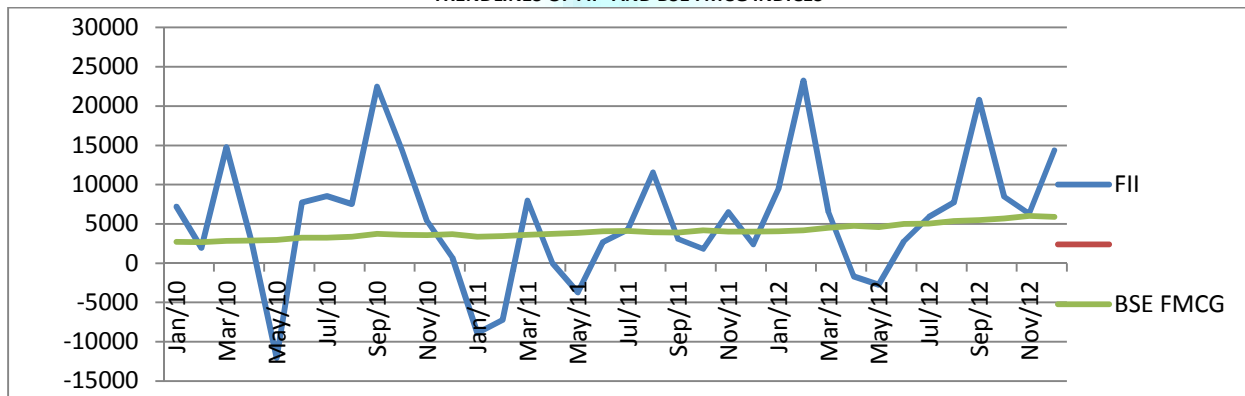
➤ There is a weak positive correlation between FII and BSE Bankex but the correlation coefficient is low (0.301). This means that BSE Bankex has a relation with FII but the FII is not influencing the Bankex much.

➤ The regression coefficient is 0.075 which reflects 7.5 % variability in BSE Bankex with the independent variable how much the FII affects the BSE BANKEX. It is almost unrelated.

TABLE 5: FOREIGN INSTITUTIONAL INVESTMENT AND BSE FMCG INDICES

YEAR & MONTH	FII-2010	BSE FMCG-2010	FII-2011	BSE FMCG-2011	FII-2012	BSE FMCG-2012
January	7,216.67	2725.38	-8,903.60	3366.2	9,469.14	4074.37
February	1,943.47	2662.05	-7,213.39	3432.42	23,236.38	4166.85
March	14,792.33	2831.12	7,976.89	3596.1	6,526.73	4493.1
April	2,667.37	2877.76	4.40	3755.16	-1,663.36	4772.07
May	-12,071.12	2980.55	-3,705.37	3858.14	-2,756.26	4574.26
June	7,713.95	3230.23	2,662.76	4045.42	2,794.68	4992.03
July	8,541.06	3229.86	4,281.50	4093.12	5,902.95	5045.5
August	7,537.30	3385.07	11,559.20	3949.57	7,747.11	5355.64
September	22,475.64	3719.54	3,088.87	3910.39	20,807.81	5507.36
October	14,388.06	3605.1	1,842.47	4196.59	8,442.93	5687.3
November	5,350.87	3582.71	6,508.71	4040.82	6,291.51	6037.91
December	722.19	3684.12	2,387.14	4035.31	14,366.49	5916.22

TRENDLINES OF FII AND BSE FMCG INDICES



TO FIND THE IMPACT OF FII ON BSE FMCG

CORRELATION BETWEEN THE FII'S EQUITY INVESTMENT PATTERN AND BSE FMCG

		FII	BSE FMCG
FII	Pearson Correlation	1	.235
	Sig. (2-tailed)		.168
	N	36	36
BSE FMCG	Pearson Correlation	.235	1
	Sig. (2-tailed)	.168	
	N	36	36

Regression between the FII's equity investment pattern and BSE FMCG

ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1555285.175	1	1555285.175	1.986	.168(a)
	Residual	26632486.866	34	783308.437		
	Total	28187772.041	35			

a Predictors: (Constant), FII

b Dependent Variable: BSE FMCG

COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3880.048	185.833		20.879	.000
	FII	.027	.019	.235	1.409	.168

a Dependent Variable: BSE FMCG

INTERPRETATION

From the above table, the data includes 24 observations of monthly of FIIs and BSE FMCG, the correlation and regression is calculated.

Number of Observations = 36

Correlation = $r = .235$ and regression $p = 0.168$

BSE FMCG = $3880 + 0.027 \text{ FII}$

- There is positive effect of FII on BSE FMCG but the correlation coefficient is low (0.235). This means that BSE FMCG has a relation with FII but the FII is not influencing the BSE FMCG much.
- The regression coefficient is 0.168 which reflects 16.8 % variability in BSE FMCG with the independent variable how much the FII affects the BSE FMCG. It is almost unrelated.

FINDINGS

After the analysis following are the findings of the study:

- 1) **Impact of FIIs on SENSEX:** There is weak positive correlation effect of FII on Sensex in 2010, 2011 and 2012 but the correlation coefficient is low. This means that Sensex has a relation with FII but the FII is not influencing the Sensex much. The standard error is not high. It means that relation is true. The regression coefficient is 0.105 which reflects 10.5 % variability in Sensex with the independent variable how much the FII affects the SENSEX. It is almost unrelated.

2) **Impact of FIIs on NIFTY:** The S&P CNX NIFTY is low positively correlated with FIIs. FII are almost unrelated to nifty. The standard error is not high. It means that relation is true. FII. The regression coefficient is 0.269 which reflects 26.9 % variability in S&P CNX NIFTY with the independent variable and how much the FII affects the S&P CNX NIFTY

3) Impact of FIIs on BSE Sector wise

- Impact of FIIs on BSE AUTO

The correlation between FIIs and BSE AUTO is unrelated in 2010, 2011 and 2012. The BSE AUTO is weak positively correlation. FII are almost unrelated to BSE AUTO. The standard error is not high. It means that relation is true. The regression coefficient is 0.066 which means 6.6% variability in BSE AUTO due to a single factor FII.

- Impact of FIIs on BSE BANKEX

The correlation coefficient of FIIs and BSE BANKEX is unrelated in 2010,2011 and 2012. The BSE BANKEX is weak positively correlated with FIIs. FII are almost unrelated to BSE BANKEX. The standard error is not high. It means that relation is true. The regression coefficient is 0.075 which means 0.75% variability in BSE BANKEX due to a single factor FII.

- Impact of FIIs on BSE FMCG

The correlation coefficient of FIIs and BSE FMCG is unrelated in 2010, 2011 and 2012. The BSE FMCG is low positively correlated with FIIs. FII are almost unrelated to. BSE FMCG The standard error is not high. It means that relation is true. The regression coefficient is 0.168 which means 16.8% variability in BSE FMCG due to a single factor FII.

4) FIIs have less impact on Indian stock indices and other unexplained variables are also influencing the Indices.

CONCLUSION

In developing countries like India foreign capital helps in increasing the productivity of labour and to build up foreign exchange reserves to meet the current account deficit. Foreign Investment provides a channel through which country can have access to foreign capital. FII do have any significant impact on the Indian Stock Market but there are other factors like government policies, budgets, bullion market, inflation, economical and political condition, etc. do also have an impact on the Indian stock market. There is a positive correlation between stock indices and FIIs but FIIs didn't have any significant impact on Indian Stock Market. FII is not the only factor affecting the stock indices. There are other major factors that influence the bourses in the stock market.

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