A STUDY OF FOREIGN PORTFOLIO INVESTMENT IN INDIA



MEMBERS

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AGENDA

- *** INTRODUCTION**
- *** IMPORTANACE AND OBJECTIVE OF STUDY**
 - **ANALYSIS**
 - *** CONCLUSION**

Lets Get Started!



INTRODUCTION

- FOREIGN PORTFOLIO INVESTMENT (FPI) CONSISTS OF SECURITIES AND FINANCIAL ASSETS HELD BY THE INVESTORS IN ANOTHER COUNTRY. IT DOES NOT PROVIDE THE INVESTOR WITH THE DIRECT OWNERSHIP OF A COMPANY'S ASSETS
- FOREIGN PORTFOLIO INVESTMENT, THESE SECURITIES CAN INCLUDE STOCKS, GLOBAL DEPOSITORY RECEIPTS (GDRS),BONDS ISSUED BY THESE COMPANIES OR FOREIGN GOVERNMENTS, MUTUAL FUND,ETC.
- IN 1992, INDIA OPENED UP ITS ECONOMY AND ALLOWED FOREIGN PORTFOLIO INVESTMENT (FPI) IN ITS DOMESTIC STOCK MARKETS.
- SINCE THEN, FPI HAS EMERGED AS A MAJOR SOURCE OF PRIVATE CAPITAL INFLOW IN THE COUNTRY.

• FOR THE PERIOD OF 1992 TO 2005, MORE THAN 50 PERCENT OF FOREIGN INVESTMENT IN INDIA CAME IN THE FORM OF FPI.

FOREIGN PORTFOLIO INVESTMENT REACHED AN ALL TIME HIGH OF 21.703 BN USD IN DECEMBER 2022.



HERE WE ALSO STUDIED TWO SECTORS FOR FPI THAT ARE AS FOLLOW

- AUTOMOBILE & AUTO COMPONENTS
- FINANCIAL SERVICES

AUTOMOBILE & AUTO COMPONENTS

- THE AUTOMOBILE INDUSTRY IN INDIA IS THE FOURTH LARGEST IN THE WORLD AS PER THE STATISTICS OF 2021.
- CURRENTLY INDIA'S AUTO SECTOR IS WORTH OF MORE THAN US\$100 BILLION AND CONTRIBUTES 8% OF THE COUNTRY'S TOTAL EXPORT AND ACCOUNTS FOR 2.3% OF INDIA'S GDP.
- IN SEPT 2021, TO BOOST THE AUTOMOTIVE INDUSTRY WITH THE NEWER AND GREEN TECHNOLOGY THE GOI LAUNCHED 3 PLI SCHEMES.

SCHEME 1:RS 26000 CR SCHEME FOR PRODUCTION OF ELECTRIC VEHICLES AND HYDROGEN FUEL VEHICLES SCHEME2:-RS 18,000 CR "ADVANCED CHEMISTRY CELL" SCHEME FOR NEW GENERATION ADVANCE STORAGE TECHNOLOGIES WHICH ARE USEFUL FOR THE ELECTRIC V EHICLES.

SCHEME3:-FASTER ADAPTION OF MANUFACTURING OF ELECTRIC VEHICLES".



FINANCIAL SERVICES

- FINANCIAL SECTOR COMPRISES COMMERCIAL BANKS, INSURANCE COMPANIES, NONBANKING FINANCIAL COMPANIES, COOPERATIVES, PENSION FUNDS, MUTUAL FUNDS AND OTHER SMALLER FINANCIAL ENTITIES
- HOWEVER, THE FINANCIAL SECTOR IN INDIA IS PREDOMINANTLY A BANKING SECTOR WITH COMMERCIAL BANK ACCOUNTING FOR MORE THAN 64% OF THE TOTAL ASSETS HELD BY THE FINANCIAL SYSTEM.
- ullet India is expected to have 6.11 Lakh HnWis by 2025. This will indeed lea D india to be the 4 th Largest private wealth market globally by 2028

- INDIA'S INSURANCE MARKET IS ALSO EXPECTED TO REACH U.S. \$250 BILLION BY 2025
- THIS WILL FURTHER OFFER INDIA AN OPPORTUNITY OF U.S. \$78 BILLIONS OF ADDITIONAL LIFE INSURANCE PREMIUMS FROM 2020 30.



WHY ARE WE WORKING ON THIS?

FPI HAS POSITIVE IMPACT ON ECONOMIC GROWTH OF INDIA. BY THE STUDY WE GET TO KNOW ABOUT THE FOREIGN INVESTMENT IN THE ASSETS OF COUNTRY FROM 2011-2021

IMPORTANCE & OBJECTIVE OF STUDY

- THE STUDY WORKS OUT THE TRENDS AND PATTERNS, MAIN DETERMINANTS AND INVESTMENT FLOWS TO INDIA. THE STUDY ALSO EXAMINES THE ROLE OF FPI ON ECONOMIC GROWTH IN INDIA FOR THE PERIOD
- REMOVAL OF RESTRICTIONS, BILATERAL AND REGIONAL INVESTMENT AGREEMENTS AMONG THE DIFFERENT COUNTRIES DEVELOPS NEW ECONOMIES IN THE WORLD OF INDUSTRIALIZED NATIONS.
- TO ANALYZE THE TRENDS, GROWTH AND PATTERNS OF FPI
- TO ANALYZE THE EQUITY FLOW
- FIND OUT THE SECTORAL INVESTMENT OPPORTUNITY IN FPI

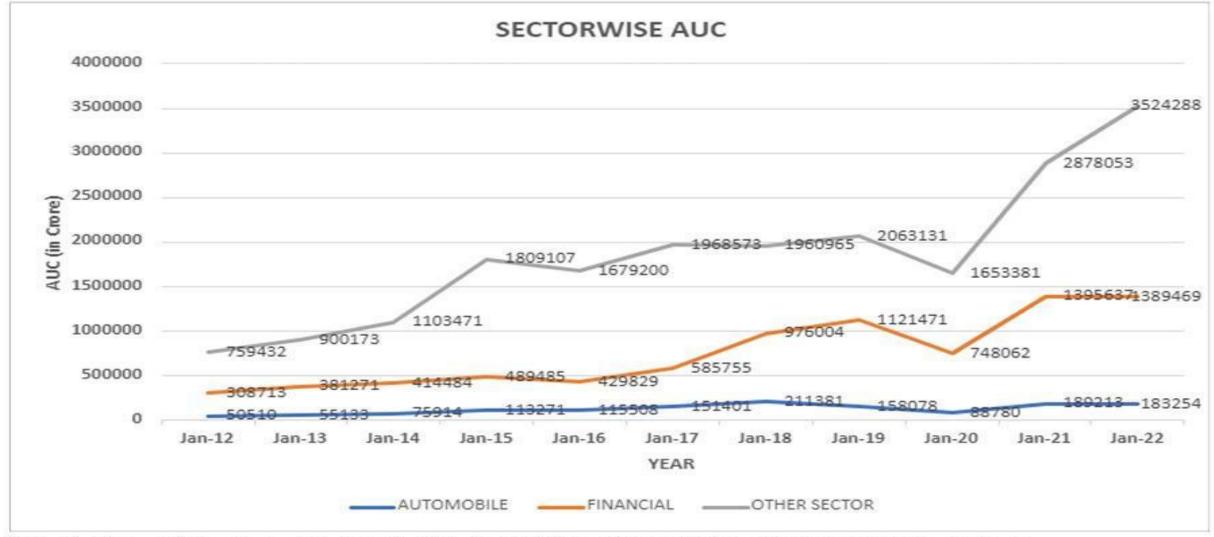
DATA ANALYSIS

- THE DATA COLLECTED FOR ANALYSIS IS SECONDARY DATA COLLECTED FROM GOVERNMENT WEBSITES
- THE MAJORITY OF DATA IS TAKEN FROM SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI), RESERVE BANK OF INDIA (RBI) AND NATIONAL STOCK EXCHANGE (NSE).
- THE TIME PERIOD OF THE DATA FROM 2012 TO 2022
- IN FIRST SECTION OF OUR ANALYSIS, WE HAVE ANALYZED INFLOW OF TOTAL FPI AND CHANGE IN FPI FLOW.
- IN SECOND SECTION OF OUR ANALYSIS, WE HAVE DONE A FOCUS STUDY ON EQUITY INFLOW AND TWO SECTORS.
- IN THIRD SECTION, WE HAVE DONE DESCRIPTIVE ANALYSIS OF BOTH THE SECTORS USING DIFFERENT STATISTICAL TOOLS.

FPI FLOW IN AUTOMOBILE & AUTO COMPONENTS AND FINANCIAL SERVICE

(All values in crores)

YEAR	AUTOMOBILES AND	FINANCIAL SERVICES	OTHER SECTORS		
	AUTO COMPONENTS	(AUC)	(ASSETS UNDER		
	(AUC)		CUSTODY)		
2012	50,510	308,713	7,59,432		
2013	55,133	381,271	9,00,173		
2014	75,914	414,484	11,03,471		
2015	113,271	489,485	18,09,107		
2016	115,508	429,829	16,79,200		
2017	151,401	585,755	19,68,573		
2018	211,381	976,004	19,60,965		
2019	158,078	1,121,471	20,63,131		
2020	88,780	748,062	16,53,381		
2021	1,89,213	13,95,637	28,77,053		
2022	1,83,254	13,89,469	35,24,288		

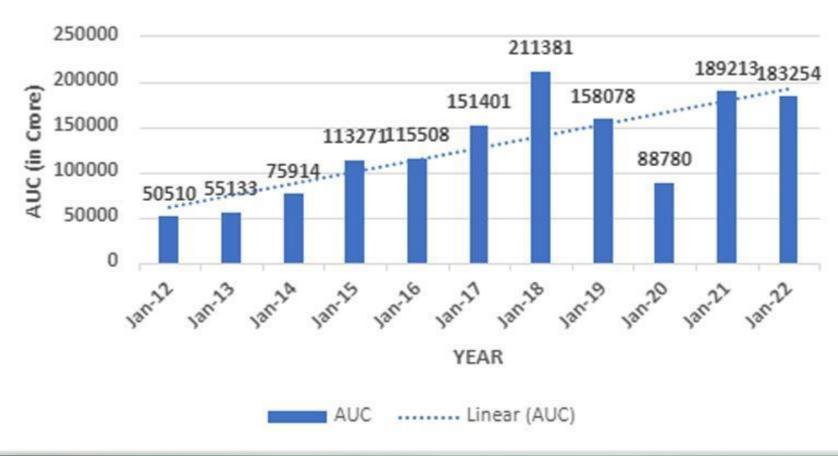


Graph shows the year-wise trend of Automobiles, Financial services and other sectors.

AUTO MOBILE & AUTO COMPONENTS

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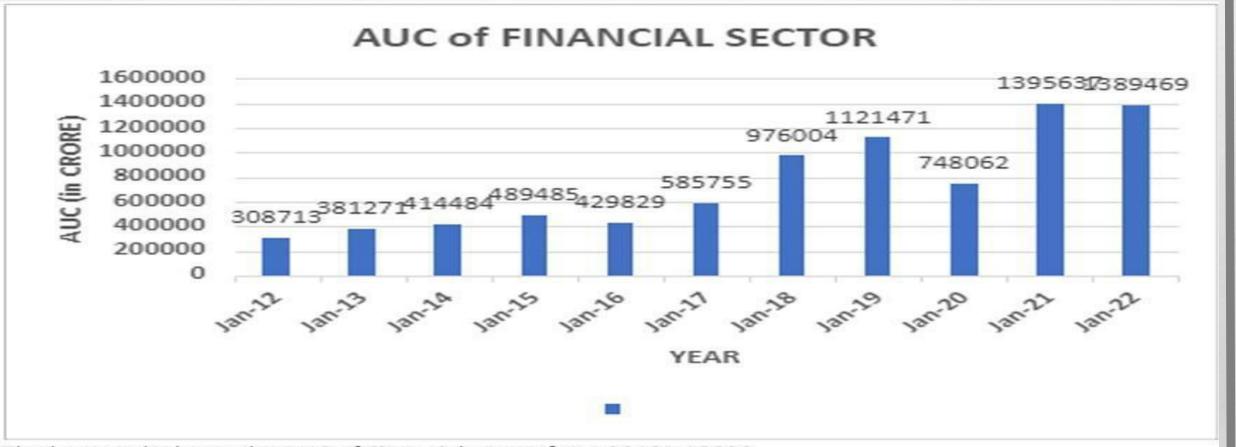




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AUC INCREASED 4TIMES FROM 2012-22

FINANCIAL SERVICES



The bar graph shows the AUC of Financial sector from 2012 to 2022

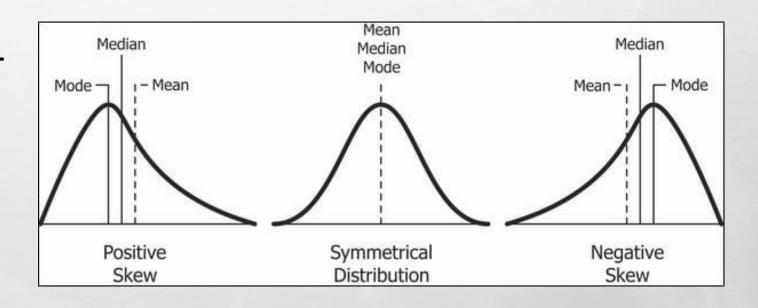
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1	YEAR		AUTON	MOBILES AND	FINA	NCIAL SERVICES									
2			AUTO	COMPONENTS	(AUC)									
3			(AUC)					1	F	FOE	10	200742			
4			X		Υ			1		505	10	308713			
5	2012			50,510		3,08,713		2	50510		1				
6	2013			55,133		3,81,271		2	200712	0.7074	26570	4			
7	2014			75,914		4,14,484		3	308713	0.7971	.305/8	1			
8	2015			1,13,271		4,89,485		4							
9	2016			1,15,508		4,29,829				-					
10	2017			1,51,401		5,85,755		5							
11	2018			2,11,381		9,76,004		6					CO RE	LATION	
12	2019			1,58,078		11,21,471				-				THE PARTY OF THE P	
13	2020			88,780		7,48,062		7							
14	2021			1,89,213		13,95,637		100							
15	2022			1,83,254		13,89,469									
16															
70000	TOTAL			13,92,443		82,40,180						6.5	Χ	Υ	7.5000
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21	3	1270	Was a Was .	RULE OF SHARE SHOW	2 *******	1.44211E+11						MEDIAN	1,15,5		85,755
23		300	3/13	130013012	200	1.44211[+11						MIN	2,11,3		95,637
24	4											IVIIIN	50,5	10 3,0	08,713
25	5							CO VA	RIANCE						
26	6														
27												VARIANCE OF X AN	ID V 1 725/6E	11	
28	7	I										VARIANCE OF A AF	1./334024	11	
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No.

DESCRIPTIVE ANALYSIS FOR AUTO MOBILE

MAXIMUM - 2,11,381 MINIMUM - 50,510 MEAN - 1,26,586 MEDIAN - 1,15,508



DESCRIPTIVE ANALYSIS FOR FINANCIAL

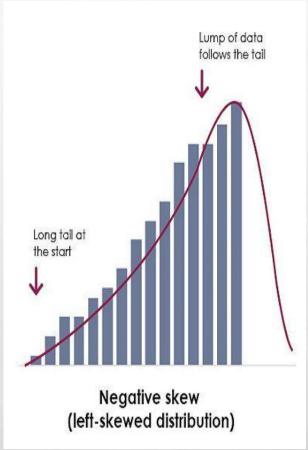
SERVICES

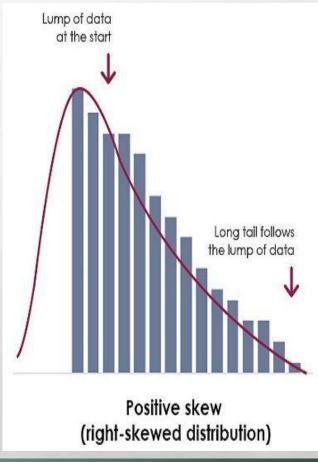
MAXIMUM – 13,95,637

MINIMUM –3,08,713

MEAN - 7,49,107

MEDIAN - 5,85,755





(All values in crores)

YEAR	AUTOMOBILES AND AUTO COMPONENTS (AUC)	FINANCIAL SERVICES (AUC)			
	X	Y			
2012	50,510	308,713			
2013	55,133	381,271			
2014	75,914	414,484			
2015	113,271	489,485			
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2017	151,401	585,755			
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2020	88,780	748,062			
2021	1,89,213	13,95,637			
2022	1,83,254	13,89,469			

STANDARD DEVIATION OF X =

53190.20004

STANDARD DEVIATION OF Y =

387937.6

VARIANCE OF X = 2829197380

VARIANCE OF Y = 1.50496E11

VARIANCE OF X AND Y =

1.73546E11

CORELATION OF X AND Y = 0.797137 COVARIANCE OF X AND Y = 1.506130

THE TOTAL FPI (AUC) INFLOW IN THESE FINANCIAL YEARS HAS INCREASED AND WE HAVE NOTICED A HUGE GAP BETWEEN THE FPI INFLOWS OF THE YEAR 2022 AND 2012

- WE HAVE CONCLUDED THAT FPI PLAYS A SIGNIFICANT ROLE IN THE ECONOMIC GROWTH OF OUR COUNTRY INDIA.
- WE HAVE ALSO DONE A STUDY ON FUTURE PROSPECT OF BOTH THE SECTORS AND FOUND THAT BOTH SECTORS HAVE THE POTENTIAL TO CONTRIBUTE IN DEVELOPMENT OF OUR COUNTRY.
- IT IS WORKING TO CREATE AN INTEGRATED ELECTRIC VEHICLE MOBILITY ECOSYSTEM WITH A LOW CARBON FOOTPRINT AND HIGH PASSENGER DENSITY WITH AN EMPHASIS ON URBAN TRANSPORTATION
- THE ASSOCIATION OF MUTUAL FUNDS IN INDIA IS TARGETING A NEARLY FIVEFOLD GROWTH IN AUM ₹2.95 LA KH CRORE AND MORE THAN THREE TIMES GROWTH IN INVESTOR AND TO 130 MILLION BY 2025
- INDIA'S FINTECH SPACE IS EXPECTED TO FURTHER FUEL THIS GROWTH IN VARIOUS SEGMENTS.

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INDIA'S MOBILE WALLET INDUSTRY IS ESTIMATED TO GROW AT A COMPOUND ANNUAL GROWTH RATE OF

REFERENCE

- 1:- HTTPS://WWW.SEBI.GOV.IN
- 2:-HTTPS://WWW.FPI.NSDL.CO.IN
- 3:-HTTPS://WWW.IBEF.ORG/INDUSTRY/INDIAAUTOMOBIES
- 4:- BANK OF BARODA'S REPORT TRENDS IN FPI FLOWS IN INDIA

