

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
FINANCIAL MARKETS DIVISION**

**LOK SABHA  
UNSTARRED QUESTION NO. 1215**

TO BE ANSWERED ON MONDAY, FEBRUARY 10, 2020/MAGHA 21, 1941(SAKA)

**Permission to FPIs**

**1215: SHRI SHANMUGA SUNDARAM K**

Will the Minister of **FINANCE** be pleased to state:

- a) whether the Government has received any request from the Securities Exchange Board of India (SEBI) for granting permission to Foreign Portfolio Investors (FPIs) directly to trade in capital markets
- b) if so, the details thereof;
- c) whether the FPIs will be allowed to access equity markets also;
- d) if so, the details thereof and if not, the reasons therefor;
- e) the details of estimated amount of foreign investment for direct participation of FPIs in capital as well as equity markets; and
- f) the details of protections to be taken to safeguard the domestic investors?

**ANSWER**

**MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)**

a) & b) No, Sir. The Government of India has not received any request from the Securities and Exchange Board of India (SEBI) for granting permission to Foreign Portfolio Investors directly to trade in capital markets.

c) & d) Regulation 20(1) of SEBI (Foreign Portfolio Investors) Regulations, 2019 ('FPI Regulations') states, that a Foreign Portfolio Investor (FPI) can invest in shares listed or to be listed on a recognized stock exchange in India.

Regulation 20(4) (c) of FPI Regulations requires that the transactions involving dealing in securities by a foreign portfolio investor shall be only through stock brokers registered with the Board.

However, Regulation 20(4)(d) of FPI Regulations provides exemption from dealing through stock brokers for certain transactions including the following:

- (a) Transactions in Government securities and such other securities falling under the purview of RBI.
- (b) Sale of securities in response to a letter of offer sent by an acquirer in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (c) sale of securities in response to an offer made by any promoter or acquirer in accordance with the SEBI (Delisting of Equity shares) Regulations, 2009;
- (d) sale of securities in accordance with the SEBI (Buy-back of Securities) Regulations, 2018;
- (e) transactions in corporate bonds by foreign portfolio investors;
- (f) transactions for transfer of right entitlements, etc.

e) Data on estimated amount of foreign investment for direct participation of FPI's in capital as well as equity markets is not maintained separately by the Government or SEBI.

f) SEBI carries out various financial education and investor awareness activities for the purpose of protection of the interests of investors in securities as well as the regulation and development of securities markets. The financial education and investor awareness activities by SEBI seeks to equip and build investors' competencies on following areas :

- a) Basic investing principles and financial concepts
- b) Key features of products structure and fees and potential risk of investment products and suitability of investment products based on individual risk appetite.
- c) Buying and selling process of investment products viz. account opening, KYC process etc.
- d) Investors' rights and responsibilities
- e) Complaint handling and grievance redressal procedures
- f) Common features of investment scams including Ponzi schemes and caution against such un-solicited investment schemes

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