GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION No. 1317

ANSWERED ON MONDAY, JULY 27, 2026/SHRAVANA 5, 1948 (SAKA)

WITHDRAWALS BY FPIS FROM THE INDIAN STOCK MARKETS

†1317. SHRI RAKESH RATHOR:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken cognizance of large-scale withdrawals of investment by Foreign Portfolio Investors (FPIs) from the Indian stock markets recently, if so, the details thereof;

(b) if so, the details thereof during the last ten years, year-wise;

(c) whether the Government has made any assessment regarding the reasons for such withdrawals and their impact on the stock market, the exchange rate of the Indian Rupee, investor confidence and the economy;

(d) if so, the details thereof;

(e) whether it is a fact that the continuous withdrawal of foreign investments has resulted in substantial losses to small investors, if so, the details thereof; and

(f) the concrete steps taken by the Government to restore the confidence of foreign investors and to ensure that the Indian capital market remain stable and attractive?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

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(a) and (b):

The details of Foreign Portfolio Investors (FPIs) inflow and outflow for past 10 years are as under:

Financial Year	**In INR Crore**		
	Gross Purchase	**Gross Sale**	**Net Investment**
2015 - 16	13,24,417.54	13,42,593.00	-18,175.30
2016 - 17	15,07,027.70	14,58,617.00	48,411.03

Financial Year	In INR Crore		
	Gross Purchase	Gross Sale	Net Investment
2017 - 18	17,28,360.00	15,83,679.00	1,44,680.80
2018 - 19	16,40,810.00	16,79,741.00	-38,931.10
2019 - 20	19,05,517.03	19,33,046.14	-27,529.12
2020 - 21	23,20,288.77	20,53,189.10	2,67,099.66
2021 - 22	23,87,375.71	25,09,615.83	-1,22,240.13
2022 - 23	23,42,193.53	23,83,130.48	-40,936.95
2023 - 24	36,17,496.63	32,78,432.06	3,39,064.57
2024 - 25	49,16,814.46	48,96,794.80	20,019.66
2025 - 26	44,64,817.84	46,17,508.88	-1,52,691.04

Source: NSDL

(c) and (d):

The change in FPI net investment from the Indian stock market have been driven by mix of domestic and global factors such as geopolitical tensions, uncertainties surrounding trade tariffs, global investor sentiments, currency movements and portfolio rebalancing by global funds across emerging markets. The recent foreign portfolio outflows from Indian equities are part of a broader pattern noticed in emerging markets and not altogether specific to India.

Despite FPI outflows, overall investor sentiment remains intact, as evidenced by the holdings of domestic institutional investors (DIIs), particularly mutual funds, in listed Indian companies. FPIs too have shown confidence in Indian stock market consistently over the years. Gross purchase by FPI has almost doubled from Rs 23,87,375.71 crore in FY 2021-22 to Rs 44,64,817.84 crore in FY 2025-26.

The Government closely tracks the trends in key economic parameters, including exchange rate movements. Furthermore, various domestic and global factors influence the exchange rate of the Indian Rupee (INR), including movements in the Dollar Index, trends in capital flows, interest rates, crude oil prices, and the current account deficit. At present, the macroeconomic fundamentals of the Indian economy remain strong. Real GDP has consistently grown at over 7 per cent during the last three years. Economic growth continues to be supported by robust domestic demand, healthy corporate balance sheets and prudent fiscal management. The high-frequency indicators for the first quarter of 2026-27 also point to sustained momentum in economic activity and domestic demand, indicating the continued resilience of the Indian economy.

(e) and (f):

Retail investor participation is influenced by various factors, including general market sentiment, geopolitical situation, prevailing economic conditions, and investor perception of risk and reward. The gains or losses of retail/small investors vary from investor to investor depending upon their investment profile. The steps taken by the Government, RBI and SEBI to further enhance the confidence of foreign investors are as under:

(i) Individual PROIs (Persons Resident Outside India) have been allowed to invest in equity instruments/shares of listed Indian companies through the Portfolio Investment Scheme (PIS) without FPI registration.

(ii) The limit for foreign portfolio investment in equity shares of listed companies on the stock exchange has been increased for all individual PROIs (including NRIs and OCIs) from 5% to 10% and cumulatively from 10% to 24%.

(iii) Based on the review macro-prudential controls applicable on FPI investment in corporate bonds through the General Route the short-term limit, and the concentration limit were withdrawn with effect from May 8, 2025.

(iv) With a view to ensuring predictability about the availability of investment limits under the Voluntary Retention Route (VRR) and to further increase ease of doing business, it was decided to reckon VRR investments in Central Government securities including T-bills, State Government Securities and corporate debt securities under the respective investment limit for the General Route with effect from April 01, 2026; and to permit FPIs that have availed retention periods longer than the minimum retention period stipulated for VRR to partially or fully liquidate their portfolio after the end of the minimum retention period.

(v) With effect from June 5, 2026, to facilitate foreign investment in Government securities, the FPI investment framework was further simplified. The suite of specified securities under the Fully Accessible Route (FAR) was expanded to include all new issuances of Government securities in the 15-year, 30-year and 40-year tenors and all new issuances of Sovereign Green Bonds in FAR-eligible tenors of 5, 7, 10, 15, 30 and 40 years. Additionally, the requirement for FPIs to comply with the short-term investment limit, security-wise limit and concentration limit for investments in Government securities under the General Route were withdrawn. The separate sub-categories of investment limits, namely 'general' and 'long-term', were also merged into a single investment limit each for Central Government securities and State Government securities.

(vi) Netting of funds for transactions done by FPIs in cash market has been permitted to improve operational efficiency and reduce cost of funding.

(vii) A "Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI)" framework has been introduced for objectively identified and verifiably low risk FPIs.

(viii) SEBI (FPI) Regulations, 2019 were amended to inter-alia provide flexibility to FPIs based in IFSCs in India and regulated by IFSCA.

(ix) A portal- 'India Market Access' (www.indiamarketaccess.in) has been developed to serve as a streamlined and consolidated source of regulatory and procedural information for FPIs.

(x) With an objective to enhance ease of doing business through a risk-based approach and optimum regulation, certain relaxations from onboarding and ongoing compliances have been facilitated to FPIs that exclusively invest in Government Securities (G-Secs).

(xi) In order to enhance operational efficiency and respond to concerns raised by FPIs, SEBI has introduced measures to speed up the availability of sale proceeds for FPIs.

(xii) SEBI has established a dedicated FPI Outreach Cell with focus on direct engagement with FPIs.