FDI–FPI-FII

RAKESH SAINI

Experienced Self Employed with a demonstrated history of working in the financial services industry.

Certified Mutual Fund Distributor at National Institute of Securities Markets (NISM)

Certified Mutual Fund Advisor at India Stock Market (BSE NSE)

Bachelor of Commerce (B.com) at Rajasthan University

Investment Advisory

Mutual Fund Advisory

Income Tax Advisory

GST Advisory

05/12/2017

FDI vs FPI vs FII

Foreign Direct Investment (FDI):-

A **foreign direct investment** (**FDI**) is an investment in the form of a controlling ownership in a business in one country by an entity based in another country.

Broadly, foreign direct investment includes "mergers and acquisitions, building new facilities, reinvesting profits earned from overseas operations, and intra company loans". In a narrow sense, foreign direct investment refers just to building new facility, and a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor.

The motive is to start a business in another country.

Foreign Portfolio Investment (FPI):-

A portfolio investment is a grouping of assets such as stocks, bonds, and cash equivalents. Portfolio investments are held directly by an investor or managed by financial professionals. In economics, **foreign portfolio investment** is the entry of funds into a country where foreigners deposit money in a country's bank or make purchases in the country's stock and bond markets, sometimes for speculation.

Portfolio investments typically involve transactions in securities that are highly liquid, i.e. they can be bought and sold very quickly. A portfolio investment is an investment made by an investor who is not involved in the management of a company. This is in contrast to direct investment, which allows an investor to exercise a certain degree of managerial control over a company. Equity investments where the owner holds less than 10% of a company's shares are classified as portfolio investment.

Portfolio investments typically involve transactions in securities that are highly liquid, i.e. they can be bought and sold very quickly. A portfolio investment is an investment made by an investor who is not involved in the management of a company. This is in contrast to direct investment, which allows an investor to exercise a certain degree of managerial control over a company. Equity investments where the owner holds less than 10% of a company's shares are classified as portfolio investment.

Foreign Institutional Investor (FII):-

An **institutional investor** is an entity which pools money to purchase securities, real property, and other investment assets or originate loans. Institutional investors include banks, hedge funds, REITs, investment advisors and mutual funds. Operating companies which invest excess capital in these types of assets may also be included in the term. Activist institutional investors may also influence corporate governance by exercising voting rights in their investments. Although institutional investors appear to be more sophisticated than retail investors, it remains unclear if professional active investment managers can reliably enhance risk adjusted returns by an amount that exceeds fees and expenses of investment management.

Source - Google