

Global Liquidity and Foreign Portfolio Flows to India: An Empirical Assessment

In this paper, Amarendra Acharya, Prakash Salvi and Sunil Kumar examine the role of global liquidity as a driver of external financial flows into India. They find that the influence of global liquidity conditions

is stronger on foreign portfolio investment flows to India than on foreign direct investment and external commercial borrowings. Furthermore, the liquidity channel of transmission of accommodative monetary policies of the advanced economies to India is found to be more pronounced, while the portfolio balance channel and the confidence channel do not exhibit any statistically significant impact on portfolio flows into India.