

## **ABSTRACT**

The Foreign Institutional Investors (FIIs) have emerged as important players in the Indian equity market in the recent past. This paper makes an attempt to develop an understanding of the trading behaviour of FIIs and its effect on the Indian equity market by analysing daily and monthly data. From our analysis we find that there is strong evidence of FIIs chasing trends and adopting positive feedback trading strategies at the aggregate level on a daily basis. The results of our analysis also indicate that there is a strong Herding behaviour after the 2008 financial crisis period taken in the paper for study compared to the period before it, both of which tell about the nature of FIIs trading behaviour, instinct and their strategies.