Difference between FDI and FII- All you need to know

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Introduction:

Foreign Direct Investment (FDI) and Foreign Institutional Investment or, Investors (FII) are two different forms of investment tools for investing in a foreign country. Many of us are generally confused about FDI and FII. FDI basically means to invest in a foreign company and to acquire controlling ownership in that company and on the other hand FII means investing in the foreign stock market.
FDI is given preference over FII because it helps in the economic growth of the country.

Foreign Direct Investment (FDI):

When any foreign organisation or, institution of one nation makes an investment in an organisation or, institution of another country then this is called as Foreign Direct Investment. This investment can be in various sectors like electricity, drinking water, road, factory, healthcare, properties, insurance etc. It is called direct investment because the Investors get a substantial amount of administrative control over the foreign company.
Those poor countries where the availability of finance or, funds for their development and growth is quite low can avail the required financial support from the developed countries having good financial condition.

Foreign Institutional Investment/Investors (FII):

The companies of a country that invest in the financial market i.e. the Stock market of a foreign country are known as Foreign Institutional Investment. The companies who invests through FII in another country needs to be registered with the Securities and Exchange Board of that country.

Difference Between FDI and FII:

	FDI	FII
1.	Foreign Direct Investment.	Foreign Institutional Investment or, Investors.
2.	When any organisation of one nation makes an investment in any organisation of another country, it is known as FDI.	When any organisation of any country makes an investment in the Stock market of another country, it is known as FII.
3.	FDI brings long term capital.	FII brings long term capital as well as short term capital.
4.	Entry and exit is difficult in case of FDI.	Entry and exit is very easy in FII.
5.	In FDI transfer of funds, technology, resources, strategies, new concept are done from the developed countries to the developing one.	In FII only funds are transferred from one country to another.
6.	FDI helps in developing infrastructure, increasing job opportunities and also plays a key role in the economic development of the country.	FII does not play any role in the economic development of the country.

7.	Through FDI, there is administrative control in the company.	Through FII, there is no any control in the company.
8.	FDI includes complex procedures and also don't gives an easy way in making money quickly.	Through stock markets investors can make money quickly under FII.
9.	Results in increase in GDP.	Results in increase in capital of the country.

FDI in different sectors:

Agriculture and animal husbandry	100%
Print media	26%
Defence	100%
Broadcasting	100%
e-Commerce	100%
Railway	100%
Private Sector Banks	74%
Public Sector Banks	20%
Insurance	49%
White Label ATM	100%
NBFC	100%

Conclusion:

Keeping above points in mind we can say that both FDI and FII are two completely different forms of investment. Both have their pros and cons. However FDI is preferred over FII because it not only brings capital but also brings the latest technology, better infrastructure, better management and job opportunities.