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ABSTRACT:

This study investigate the determinants of foreign portfolio investment flow in Pakistan. The Panel data analysis technique is used to study the relationship between variables and fixed effect model is used for the period of ten years (2002 to 2011). Microstructure variables are used as explanatory variables include current ratio, asset turnover, dividend yield, leverage, firm size, return on equity and earnings per share. Foreign portfolio investment is used as dependent variables. The results of the study shows that FPI is significantly related with asset turnover, firm size and return on equity. This means that in Pakistan investor has interest in large firm having high return on equity and the companies who can utilize their asset efficiently to generate their revenue.