



**RESERVE BANK OF INDIA**  
**Foreign Exchange Department**  
**Central Office**  
**Mumbai - 400 001**

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**RBI/2013-14/494**  
**A.P. (DIR Series) Circular No.104**

**February 14, 2014**

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in India by SEBI registered FII, QFI and long term investors in Corporate Debt**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs), SEBI registered Qualified Foreign Investors (QFIs) and long term investors registered with SEBI may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.94 dated April 1, 2013](#), in terms of which the present limit for investment by SEBI registered FIIs, QFIs and long term investors in Corporate debt stands at USD 51 billion. Out of the above limit of USD 51 billion, a sub-limit of USD 3.5 billion is available for investment by eligible investors in Commercial Paper (CP). This sub-limit is being presently utilised only to the extent of around 58% of the limit put in place by SEBI.

3. On a review, to encourage long term investors, it has now been decided, to reduce, with immediate effect, the existing Commercial Paper sub-limit of USD 3.5 billion by USD 1.5 billion to USD 2 billion. The balance USD 1.5 billion shall, however, continue to be part of the total Corporate debt limit of USD 51 billion and will be available to eligible foreign investors for investment in Corporate debt.

The revised position is given below:

<b>Instruments</b>	<b>Limit</b>	<b>Eligible Investors</b>	<b>Remarks</b>
Corporate Debt including Commercial Papers	USD 51 Billion	FII's, QFI's and Long terms investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.	Eligible Investors may invest in Commercial Papers only upto USD 2 billion within the limit of USD 51 billion.

4. The operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Corporate debt remain unchanged.
6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(Rudra Narayan Kar)**  
**Chief General Manager-in-Charge**