



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

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RBI/2012-13/465  
A.P. (DIR Series) Circular No.94

April 01, 2013

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in India by  
SEBI registered FIIs in Government Securities and 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) and long term investors 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.80 dated January 24, 2013](#) in terms of which the present limit for investments by FIIs and long term investors in Government securities is USD 25 billion and for corporate debt is USD 51 billion (including sub-limit of USD 25 billion each for bonds of infrastructure sector and non-infrastructure sector and USD 1 billion for QFIs in non-infrastructure sector).

3. On a review, to simplify the existing limits, it has now been decided to merge the existing debt limits into two broad categories as under:

- (i) **Government Debt limit:** Government securities of USD 25 billion by merging the existing sub-limits under Government securities [(a)USD 10 billion for investment by FIIs in Government securities including Treasury Bills and (b) USD

15 billion for investment In Government dated securities by FIIs and long term investors]; and

(ii) **Corporate Debt Limit:** Corporate debt of USD 51 billion by merging the existing sub-limits of Corporate debt [(a) USD 1 billion for Qualified Foreign Investors (QFIs), (b) USD 25 billion for investment by FIIs and long term investors in non-infrastructure sector and (c) USD 25 billion for investment by FIIs/QFIs/long term investors in infrastructure sector].

4. A summary of revised position is given below:

Instrument/s	Limit	Eligible Investor	Remarks
Government securities including Treasury Bills	USD 25 billion	FIIs, QFIs 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 Treasury Bills only upto USD 5.5 billion within the limit of USD 25 billion.
Eligible instruments as referred to in Schedule 5 of Notification No. FEMA 20 /2000-RB dated 3rd May 2000.	USD 51 billion	FIIs, QFIs, Long terms investors registered with SEBI - SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks .	Eligible Investors may invest in Commercial Papers only upto USD 3.5 billion within the limit of USD 51 billion.

5. The Non-Resident Indians were not subject to any limit for investment in Government Securities as well as corporate debt. They will continue to be regulated as per extant guidelines.

6. The above changes will come into effect from April 1, 2013. The operational guidelines in this regard will be issued by SEBI.

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7. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
8. Reserve Bank of India has since amended the relevant Regulations vide [Notification No. FEMA.272/2013-RB dated March 26, 2013](#), notified vide G.S.R.No.195(E) dated April 01, 2013.
9. 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**