



RBI/2013-14/ 556

A.P. (DIR Series) Circular No.118

April 07, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign investment in India in Government Securities

Please refer to paragraph 24 of first bi-monthly Monetary Policy statement, 2014-15.

2. Attention of AD Category-I banks is invited to [A.P.\(DIR Series\) Circular No.94 dated April 1, 2013](#) read with [A.P.\(DIR Series\) Circular No.111 dated June 12, 2013](#) and [A.P.\(DIR Series\) Circular No.112 dated March 25, 2014](#), in terms of which the present limit for investment in Government Securities by SEBI registered FII, QFI, long term investors and FPIs registered in accordance with SEBI guidelines stands at USD 30 billion. Out of the above limit, a sub-limit of USD 5.5 billion is available for investment in Treasury Bills (T-bills). Further, in terms of [A.P. \(DIR Series\) Circular No.99 dated January 29, 2014](#), a sub-limit of USD 10 billion for investment in Government dated securities within the total limit of USD 30 billion is available to long term investors registered with SEBI – viz. Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds and foreign Central Banks.

3. On a review, to encourage longer term flows, it has now been decided that foreign investment by all eligible investors including RFPIs shall henceforth be permitted only in Government dated securities having residual maturity of one year and above and existing investments in T-bills and Government dated securities of less than one year residual maturity shall be allowed to taper off on maturity/ sale.

The revised position in respect of the investment limit in Government dated securities is given below:

Instrument/s	Limit	Eligible Investors	Remarks
Government dated securities – Securities having residual maturity of one year and above.	USD 30 billion	RFPs (including existing FIIs and QFIs) and Long term investors registered with SEBI – SWFs, Multilateral Agencies, Pension/ Insurance / Endowment Funds and foreign Central Banks.	Existing investment in T-bills and Government dated securities of less than one year residual maturity shall be allowed to taper off on maturity/sale. No fresh investment in T-bills and Government dated securities of less than one year residual maturity allowed.

4. Necessary operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Government securities 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