



RBI/2018-19/152

A.P. (DIR Series) Circular No. 26

March 27, 2019

To,

All Authorised Persons

Madam / Sir

**Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework**

Attention of Authorised 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, 2017 notified vide [Notification No. FEMA.20\(R\)/2017-RB dated November 07, 2017](#), as amended from time to time and the relevant directions issued thereunder. A reference is also invited to [AP \(DIR Series\) Circular No. 22 dated April 6, 2018](#) on the captioned subject.

**2. Revision of investment Limits for 2019-20**

- The limit for FPI investment in Central Government securities (G-secs), State Development Loans (SDLs) and corporate bonds shall be 6%, 2%, and 9% of outstanding stocks of securities, respectively, in FY 2019-20.
- The allocation of increase in G-sec limit over the two sub-categories – 'General' and 'Long-term' – has been set at 50:50 for the year 2019-20. The entire increase in limits for SDLs has been added to the 'General' sub-category of SDLs.
- In terms of para 3 (g) of the [circular dated April 06, 2018](#), the coupon reinvestment arrangement for G-secs shall be extended to SDLs.

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए



3. Accordingly, the revised limits for the various categories, after rounding off, would be as under (Table 1):

<b>Table 1 - Revised Limits for FPI Investment in Debt - 2019-20 (Rupees billion)</b>						
	<b>G-Sec - General</b>	<b>G-Sec - Long Term</b>	<b>SDL - General</b>	<b>SDL - Long Term</b>	<b>Corporate Bonds</b>	<b>Total Debt</b>
Current Limit	2,233	923	381	71	2,891	6,499
Revised Limit for the HY Apr-Sep, 2019	2,347	1,037	497	71	3,031	6,983
Revised Limit for the HY Oct 2019-March, 2020	2,461	1,151	612	71	3,170	7,465

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. 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/approval, if any, required under any other law.

Yours faithfully

(T. Rabi Sankar)  
Chief General Manager