



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2016-17/72

A.P. (DIR Series) Circular No. 4

September 30, 2016

To,

All Authorised Persons

Madam/Sir

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

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, 2000 notified vide [Notification No. FEMA.20/2000- RB dated May 3, 2000](#), as amended from time to time. The limits for investment by foreign portfolio investors (FPI) in Government securities were last increased in terms of the Medium Term Framework (MTF) announced vide [A.P. \(DIR Series\) Circular No. 55 dated March 29, 2016](#).

2. As announced in the MTF, the limits for investment by FPIs in Central Government Securities for the next half year are proposed to be increased in two tranches, each of Rs. 100 billion from October 3, 2016 and January 2, 2017 respectively.

3. As in the previous half-year, the limits for State Development Loans (SDLs) are proposed to be increased in two tranches, each of Rs.35 billion, from October 3, 2016 and January 2, 2017 respectively.

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4. The total increase in limits over the next two quarters would, accordingly, be as under:

	Central Government securities			State Development Loans	INR Billion Aggregate
	For All FPIs	Additional for Long Term FPIs	Total	For all FPIs (including Long Term FPIs)	
Existing Limits	1440	560	2000	140	2140
Revised limits with effect from October 3, 2016	1480	620	2100	175	2275
Revised limits with effect from January 2, 2017	1520	680	2200	210	2410

5. As regards the transfer of unutilized portion of “Long Term FPI” category to “All FPIs” category, a separate communication will follow.

6. All other existing conditions, including the security-wise limits, investment of coupons being permitted outside the limits and investments being restricted to securities with a minimum residual maturity of three years, will continue apply.

7. The operational guidelines relating to allocation and monitoring of limits will be issued by the Securities and Exchange Board of India (SEBI).

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

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

Yours faithfully

(T. Rabi Sankar)  
Chief General Manager