



**भारतीय रिज़र्व बैंक**

**RESERVE BANK OF INDIA**

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इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

June 25, 2012

### **RBI announces Further Liberalisation Measures for Capital Account Transactions**

The Reserve Bank of India (RBI), in consultation with the Government of India has decided to introduce the following measures with immediate effect:

It has been decided to allow Indian companies in manufacturing and infrastructure sector and having foreign exchange earnings to avail of external commercial borrowing (ECB) for repayment of outstanding Rupee loans towards capital expenditure and/or fresh Rupee capital expenditure under the approval route. The overall ceiling for such ECBs would be USD 10 billion.

The existing limit for investment by Securities and Exchange Board of India (SEBI) registered foreign institutional investors (FIIs) in Government securities (G-Secs) has been enhanced by a further amount of USD 5 billion. This would take the overall limit for FII investment in G-Secs from USD 15 billion to USD 20 billion. In order to broad base the non-resident investor base for G-Secs, it has also been decided to allow long term investors like Sovereign Wealth Funds (SWFs), multilateral agencies, endowment funds, insurance funds, pension funds and foreign central banks to be registered with SEBI, to also invest in G-Secs for the entire limit of USD 20 billion. The sub-limit of USD 10 billion (existing USD 5 billion with residual maturity of 5 years and additional limit of USD 5 billion) would have the residual maturity of three years.

The terms and conditions for the scheme for FII investment in infrastructure debt and the scheme for non-resident investment in Infrastructure Development Funds (IDFs) have been further rationalised in terms of lock-in period and residual maturity.

Further, Qualified Foreign Investors (QFIs) can now invest in those mutual fund (MF) schemes that hold at least 25 per cent of their assets (either in debt or in equity or both) in infrastructure sector under the current USD 3 billion sub-limit for investment in mutual funds related to infrastructure.

The operational/ regulatory guidelines for the above measures under Foreign Exchange Management Act (FEMA), 1999 are being issued separately.

**Alpana Killawala**  
Chief General Manager

**Press Release : 2011-2012/2057**

<b>Related Notifications</b>	
<b>Jun 25, 2012</b>	<a href="#">Foreign investment in India by SEBI registered FIIs in Government securities and SEBI registered FIIs and QFIs in infrastructure debt</a>
	<a href="#">External Commercial Borrowings (ECB) – Repayment of Rupee loans</a>