



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2015-16/348

A.P. (DIR Series) Circular No. 55

March 29, 2016

To,

All Authorised Persons

Madam/ Sir,

Investment by Foreign Portfolio Investors (FPI) in Government Securities

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. 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 19 dated October 6, 2015](#).

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, i.e., by Rs. 105 billion from April 4, 2016 and by Rs.100 billion from July 5, 2016 respectively.

3. As in the previous half-year, the limits for State Development Loans (SDL) are proposed to be increased in two tranches, each of Rs.35 billion, from April 4, 2016 and July 5, 2016 respectively.

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

(₹ in billion)					
	Central Government securities			State Development Loans	Aggregate
	For all FPIs	Additional for Long Term FPIs	Total	For all FPIs (including Long Term FPIs)	
Existing Limits	1354	441	1795	70	1865
Revised limits with effect from April 4, 2016	1400	500	1900	105	2005
Revised limits with effect from July 5, 2016	1440	560	2000	140	2140

5. Further, keeping in view the extent of utilization of the limits for Central Government securities by long term and other investors, it has been decided that any limit remaining unutilised by the long term investors at the end of a half-year would be made available as additional limit to the investors in the open category for the following half-year. Accordingly, the limits for the long term investors remaining unutilized at the end of half year ending Sept 30, 2016 will be released for investment under the open category in October, 2016.

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 to apply.

7. Further 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 / approvals, if any, required under any other law.

Yours faithfully,

(R. Subramanian)

Chief General Manager