भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2016-17/265
A.P.(DIR Series) Circular No. 43 March 31, 2017

To,

All Authorised Persons

Madam / Sir,

Investment by Foreign Portfolio Investors 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 (FPIs) in Government securities were last increased in terms of Medium Term Framework (MTF) announced vide A.P. (DIR Series) Circular No. 4 dated September 30, 2016.

2. The limits for investment by FPIs in Central Government Securities and State Development Loans (SDLs) for the quarter April-June 2017 are proposed to be increased by Rs. 110 billion and Rs. 60 billion respectively.

3. The total increase in limits over the next quarter would, accordingly, be as under:

Rs. Billion

	Central Government securities			**State Development Loans**	**Aggregate**
	For all FPIs- General Category	**Additional for Long Term FPIs**	**Total**	**For all FPIs (including Long Term FPIs)**	
Existing Limits	1520	680	2200	210	2410
Revised limits for quarter April-June, 2017	1565	745	2310	270	2580

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The revised limits will be effective from April 1, 2017.

4. The limits for the long term investors remaining unutilized at the end of March 2017 will be released for investment under the general category in April 2017.

5. 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.

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

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

8. 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