

What's New

News Flash



December 2017

Increase in investment limits in Government Securities by FPIs

The Reserve Bank of India (RBI) had announced a Medium Term Framework (MTF) for investment limits in Government Securities by Foreign Portfolio Investors (FPI) in September 2015 which provided, amongst other matters:

1. phase-wise increase in limits till March 2018 - to reach 5% of the outstanding stock in Central Government Securities (G-Secs) and 2% of the outstanding stock in State Development Loans (SDLs); and
2. increase in limits to be allocated in the ratio of 75:25 for Long Term and General categories for both G-Secs and SDLs.

In light of the MTF, the RBI has issued a circular on December 12, 2017 increasing the investment limits in Government securities applicable to FPIs for the quarter January - March 2018. The existing limits, revised limits and utilisation are:

(in billion)

Category	Limits upto December 31, 2017		Increase in limits effective from January 1, 2018		Revised limits effective upto March 31, 2018		Limits Utilised as on December 13, 2017 ^
	INR	USD	INR	USD	INR	USD	
G-Secs - General	1,897	29.64	16	0.25	1,913	29.89	98.40%
G-Secs - Long Term FPIs *	603	9.42	48	0.75	651	10.17	83.14%
SDLs - General	300	4.69	15	0.23	315	4.92	17.01%
SDLs - Long Term FPIs *	93	1.45	43	0.67	136	2.12	0

In October 2017, the RBI had, in its statement on development and regulatory policies, mentioned that FPI's interest in India has grown significantly and a detailed review of current regulations on FPI debt investment shall be undertaken which would be applicable from April 2018 onwards.

One may get guidance on the new FPI debt investment framework in the next RBI's Bi-monthly policy release scheduled on February 7, 2018.

You may click [here](#) to access a copy of the RBI Circular issued on December 12, 2017 for your ready reference.

* Long Term FPIs - Sovereign Wealth Funds, Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks
^ Source: NSDL web-site

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