



Revision of Investment limit in Government Securities and State Development Loans for Foreign Portfolio Investors

The Reserve Bank of India (RBI) vide its Circular No. RBI/2017-18/68 dated 28 September 2017 has announced a revision in Medium Term Framework (MTF) limits for Foreign Portfolio Investors (FPIs) in Central Government securities (G-secs) and State Development Loans (SDL). In this regard, Securities and Exchange Board of India (SEBI) has also issued circular IMD/FPIC/CIR/P/2017/113 dated 4 October 2017 regarding the allocation and monitoring of FPI debt investment limits in Government securities.

The gist of the above circulars are as below:

- Limit for general FPIs in G-secs shall be enhanced from INR 1,877 billion to INR 1,897 billion.
- Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in G-secs shall be enhanced from INR 543 billion to INR 603 billion.
- Limit for general FPIs in SDL shall be enhanced from INR 285 billion to INR 300 billion.
- Limit for Long Term FPIs in SDL shall be enhanced from INR 46 billion to INR 93 billion.
- The chart depicting the revised limits available to FPIs for investment in G-secs and SDL is as follows:

Type of Instrument	Existing Limits (INR billion)	Additional Limit (INR billion)	Revised Limits (INR billion) w.e.f. 3 October 2017
Government Debt - General	1,877	20	1,897
Government Debt - Long Term FPIs	543	60	603
State Development Loans - General	285	15	300
State Development Loans - Long term FPIs	46	47	93
Total	2,751	142	2,893

This circular shall come into effect from 28 September 2017.

Source: www.rbi.org.in and www.sebi.gov.in

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