



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2019-20/150

A.P. (DIR Series) Circular No.18

January 23, 2020

To

All Authorised persons

Madam / Sir,

**Investment by Foreign Portfolio Investors (FPI) in Debt**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](#), as amended from time to time, and the relevant directions issued thereunder. A reference is also invited to the [A.P. \(DIR Series\) Circular No. 31 dated June 15, 2018](#) (hereinafter, Directions) read with [A.P. \(DIR Series\) Circular No. 19 dated February 15, 2019](#).

2. On a review, the following changes are made to the Directions: -

- a) In terms of paragraph 4(b) (i) of the Directions, short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in either Central Government Securities (including Treasury Bills) or State Development Loans. This short-term investment limit is hereby increased from 20% to 30%.
- b) In terms of paragraph 4(b) (ii) of the Directions, short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in corporate bonds. This short-term investment limit is hereby increased from 20% to 30%.
- c) FPI investments in Security Receipts are currently exempted from the short-term investment limit (paragraph 4 (b)(ii)) and the issue limit (paragraph 4(f)(iii)). These exemptions shall also extend to FPI investments in the following securities:
  - i. Debt instruments issued by Asset Reconstruction Companies; and
  - ii. Debt instruments issued by an entity under the Corporate Insolvency Resolution Process as per the resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016

3. The [updated Directions](#) are attached.

4. These directions are 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

(Saswat Mahapatra)  
Deputy General Manager (O-i-C)