To,

All Authorised Persons

Madam / Sir

Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework

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, 2017 notified vide Notification No. FEMA.20(R)/2017-RB dated November 07, 2017, as amended from time to time and the relevant directions issued thereunder. A reference is also invited to AP (DIR Series) Circular No. 22 dated April 6, 2018 on the captioned subject.

2. Revision of investment Limits for 2019-20

   a. The limit for FPI investment in Central Government securities (G-secs), State Development Loans (SDLs) and corporate bonds shall be 6%, 2%, and 9% of outstanding stocks of securities, respectively, in FY 2019-20.

   b. The allocation of increase in G-sec limit over the two sub-categories – ‘General’ and ‘Long-term’ – has been set at 50:50 for the year 2019-20. The entire increase in limits for SDLs has been added to the ‘General’ sub-category of SDLs.

   c. In terms of para 3 (g) of the circular dated April 06, 2018, the coupon reinvestment arrangement for G-secs shall be extended to SDLs.
3. Accordingly, the revised limits for the various categories, after rounding off, would be as under (Table 1):

<table>
<thead>
<tr>
<th></th>
<th>G-Sec - General</th>
<th>G-Sec - Long Term</th>
<th>SDL - General</th>
<th>SDL - Long Term</th>
<th>Corporate Bonds</th>
<th>Total Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Limit</td>
<td>2,233</td>
<td>923</td>
<td>381</td>
<td>71</td>
<td>2,891</td>
<td>6,499</td>
</tr>
<tr>
<td>Revised Limit for the HY Apr-Sep, 2019</td>
<td>2,347</td>
<td>1,037</td>
<td>497</td>
<td>71</td>
<td>3,031</td>
<td>6,983</td>
</tr>
</tbody>
</table>

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

5. 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