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Azadi Ka
Amrit Mahotsav

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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आज़ादी का
अमृत महोत्सव

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RBI/2022-23/87
A.P. (DIR Series) Circular No.07

July 07, 2022

To
All Authorised Persons

Madam/Sir,

Investment by Foreign Portfolio Investors (FPI) in Debt - Relaxations

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the paragraph 3 of the [press release on "Liberalisation of Forex Flows" dated July 06, 2022](#) regarding relaxations in the regulatory regime under the Medium-Term Framework. A reference is also invited to:

- the 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; and
- the [A.P. \(DIR Series\) Circular No. 31 dated June 15, 2018](#) (hereinafter, Directions), as amended from time to time.

2. In terms of paragraphs 4(b)(i) and 4(b)(ii) of the Directions, short-term investments by an FPI in government securities (Central Government securities, including Treasury Bills and State Development Loans) and corporate bonds shall not exceed 30% of the total investment of that FPI in any category. It has been decided that investments by FPIs in government securities and corporate bonds made between July 08, 2022 and October 31, 2022 (both dates included) shall be exempted from the limit on short-term investments till maturity or sale of such investments.

3. In terms of paragraph 4(b)(ii) of the Directions, FPI investments in corporate bonds were subject to a minimum residual maturity requirement of one year. It has been decided to allow FPIs to invest in commercial papers and non-convertible debentures with an original maturity of up to one year, during the period between July 08, 2022 and October 31, 2022 (both dates included). These investments shall be exempted from the limit on short-term investments till maturity or sale of such investments.

वित्तीय बाज़ार विनियमन विभाग, केंद्रीय कार्यालय भवन, नौवीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001. भारत

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए



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.
6. These Directions shall be applicable with immediate effect.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager