



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**  
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RBI/2025-26/205

A.P. (DIR Series) Circular No. 21

February 06, 2026

To

All Authorised Dealer Category-I banks

Madam / Sir,

**Voluntary Retention Route – Imparting predictability and increasing ease of doing business**

Please refer to Paragraph 15 of the [Statement on Developmental and Regulatory Policies](#) announced as a part of the [Bi-monthly Monetary Policy Statement for 2025-26 dated February 06, 2026](#), on the Voluntary Retention Route (VRR) for FPI investments in debt instruments. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified, *vide* [Notification No. FEMA. 396/2019-RB dated October 17, 2019](#) and the [Master Direction - Reserve Bank of India \(Non-resident Investment in Debt Instruments\) Directions, 2025 dated January 07, 2025](#) (hereinafter “Master Direction”), as amended from time to time.

2. On a review, it has been decided to make the following changes to the regulatory framework governing investments under the VRR:

- a) The investment limits under the VRR shall be subsumed under the investment limit for FPI investments under the General Route. Accordingly, all investments through VRR in Central Government securities (including Treasury Bills), State Government Securities and corporate debt securities shall be reckoned under the investment limit for the respective securities under the General Route; and
- b) FPIs that have availed retention periods longer than the minimum retention period stipulated in the Directions shall have the option of liquidating their

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portfolio, fully or partly, and exiting the VRR after the end of the minimum retention period.

**3.** These Directions shall come into force with effect from April 01, 2026. All existing investments under VRR on April 01, 2026, shall be transferred to the respective investment limits under the General Route. The amendments being made to the Master Direction are placed at [Annex](#) herewith.

**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,

(Dimple Bhandia)  
Chief General Manager



## Annex

Sr. No	Existing Directions	Revised/Additional Directions
In paragraph 4.2 of Part – 2, under the section ‘Note’, after the existing clause (d), a new clause (e) shall be inserted.		
(i)	-	(e) Investments in Central Government securities (including Treasury Bills), State Government Securities and corporate debt securities through the Voluntary Retention Route shall be reckoned under the investment limit for Central Government securities (including Treasury Bills), State Government Securities and corporate debt securities respectively under the General Route.
In paragraph 5.3 of Part – 3, the existing words shall be substituted, and its existing foot note no. 5 shall be omitted.		
(ii)	<p>₹2,50,000 crore<sup>5</sup> or higher, as may be notified by the Reserve Bank. The investment limit may be released in one or more tranches.</p> <p><i>Footnote:</i> <sup>5</sup>Any investment limit allotted under VRR-Govt. or VRR-Corp. in terms of the Directions issued under <a href="#">A.P. (DIR Series) Circular No. 21 dated March 01, 2019</a>, shall be deemed as investment limit</p>	Investments under VRR shall be subject to the investment limit stipulated for FPI investments under the General Route as specified in paragraph 4.2 of these Directions.



Sr. No	Existing Directions	Revised/Additional Directions
	under the overall limit in terms of para 5.3 of the Directions.	
In Part – 3, after the existing clause (ii) in paragraph 5.5 the following new clause (iii) shall be inserted, namely: -		
(iii)	-	(iii) An FPI that had availed investment limit for a retention period exceeding the minimum retention period stipulated in terms of paragraph 5.3(ii) of these Directions may opt to liquidate its portfolio fully or partly and exit after the end of the said minimum retention period.