



Investment by Foreign Portfolio Investors in Government Securities

In continuation to the circular dated 30 September 2016 issued by Reserve Bank of India, the Securities and Exchange Board of India (SEBI) has also issued circular IMD/FPIC/CIR/P/2016/107 dated 3 October 2016 revising the investment limits in Government Securities. The gist of the circular is as below:

- SEBI has decided to enhance the limits for Foreign Portfolio Investors' (FPI) investment in Government Securities, for the next half year, as follows:
 - Limit for FPIs in Central Government Securities shall be revised to INR 1,480 billion on 3 October 2016 and INR 1,520 billion on 2 January 2017 respectively;
 - Limit for Long Term FPIs [Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks] in Central Government securities shall be enhanced to INR 620 billion on 3 October 2016 and INR 680 billion on 2 January 2017 respectively;
 - Limit for investment by all FPIs in State Development Loans (SDLs) shall be enhanced to INR 175 billion on 3 October 2016 and INR 210 billion on 2 January 2017 respectively.
- Accordingly, the revised FPI debt limits would be as follows:

Type of Instrument	Revised Upper Cap with effect from 03 October 2016 (INR billion)	Revised Upper Cap with effect from 02 January, 2017 (INR billion)
Government Debt (all FPIs)	1,480	1,520
Government Debt – Long Term FPIs	620	680
State Development Loans (all FPIs)	175	210
Total	2,275	2,410

- The incremental limits for Long Term FPIs shall be available for investment on tap with effect from 3 October 2016 and 2 January 2017 respectively;
- The incremental limits of INR 35 billion each for investment by FPIs in SDLs shall be available for investment on tap with effect from 3 October 2016 and 2 January 2017 respectively;

- A separate communication will be issued with regard to transfer of unutilized limits from Government Debt – Long Term category to Government debt category; and
- All other existing terms and conditions shall continue to apply.

Source: <http://www.sebi.gov.in>

www.kpmg.com/in

Ahmedabad

Commerce House V, 9th Floor,
902 & 903, Near Vodafone House,
Corporate Road,
Prahlad Nagar,
Ahmedabad – 380 051
Tel: +91 79 4040 2200
Fax: +91 79 4040 2244

Bengaluru

Maruthi Info-Tech Centre
11-12/1, Inner Ring Road
Koramangala, Bangalore 560 071
Tel: +91 80 3980 6000
Fax: +91 80 3980 6999

Chandigarh

SCO 22-23 (1st Floor)
Sector 8C, Madhya Marg
Chandigarh 160 009
Tel: +91 172 393 5777/781
Fax: +91 172 393 5780

Chennai

No.10, Mahatma Gandhi Road
Nungambakkam
Chennai 600 034
Tel: +91 44 3914 5000
Fax: +91 44 3914 5999

Delhi

Building No.10, 8th Floor
DLF Cyber City, Phase II
Gurgaon, Haryana 122 002
Tel: +91 124 307 4000
Fax: +91 124 254 9101

Hyderabad

8-2-618/2
Reliance Humsafar, 4th Floor
Road No.11, Banjara Hills
Hyderabad 500 034
Tel: +91 40 3046 5000
Fax: +91 40 3046 5299

Kochi

Syama Business Center
3rd Floor, NH By Pass Road,
Vytilla, Kochi – 682019
Tel: +91 484 302 7000
Fax: +91 484 302 7001

Kolkata

Unit No. 603 – 604,
6th Floor, Tower – 1,
Godrej Waterside,
Sector – V, Salt Lake,
Kolkata 700 091
Tel: +91 33 44034000
Fax: +91 33 44034199

Mumbai

Lodha Excelus, Apollo Mills
N. M. Joshi Marg
Mahalaxmi, Mumbai 400 011
Tel: +91 22 3989 6000
Fax: +91 22 3983 6000

Noida

6th Floor, Tower A
Advant Navis Business Park
Plot No. 07, Sector 142
Noida Express Way
Noida 201 305
Tel: +91 0120 386 8000
Fax: +91 0120 386 8999

Pune

703, Godrej Castlemaine
Bund Garden
Pune 411 001
Tel: +91 20 3050 4000
Fax: +91 20 3050 4010

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