

Government of India
Ministry of Finance
Department of Economic Affairs
Capital Markets Division

PRESS RELEASE

Subject: Review of Limits for Foreign Institutional Investors' (FIIs) investment in Government Securities and corporate debt

1. Currently, FIIs can invest up to USD 5 billion and USD 15 billion in Government securities and corporate bonds respectively.
2. The policy has been reviewed in the context of India's evolving macroeconomic situation, its increasing attractiveness as an investment destination and need for additional financial resources for India's infrastructure sector while balancing its monetary policy. It has now been decided to:
 - i. increase the current limit of FII investment in Government Securities by US \$ 5 billion raising the cap to US \$ 10 billion and the incremental limit of US \$ 5 billion be invested in securities with residual maturity of over five years; and,
 - ii. increase the current limit of FII investment in corporate bonds by US \$ 5 billion raising the cap to US \$ 20 billion and the incremental limit of US \$ 5 billion be invested in corporate bonds with residual maturity of over five years issued by companies in infrastructure sector.
3. The enhancement of the FII investment cap would provide avenues for increased FII investments in debt securities, help investment in infrastructure sector and the development of Government securities and corporate bond markets in the country.

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Dated 23rd September 2010

The Press Information Bureau is requested to give wide publicity to this Press Release.


(Dr. Thomas Mathew)

Joint Secretary to the Government of India

**Press Information Officer
Press Information Bureau
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New Delhi**

Copy for information and necessary action to:

- 1) Shyamala Gopinath, Deputy Governor, Reserve Bank of India, Central Office, Mumbai-400001
- 2) Shri C B Bhawe, Chairman, Securities and Exchange Board of India, Mumbai
- 3) The Director (Technical), NIC, North Block, New Delhi for placing the press release on MOF's website


(Dr. Thomas Mathew)

Joint Secretary to the Government of India