



# In connection with developing the market for rupee denominated bonds overseas, RBI decides to permit banks to issue Perpetual Debt Instruments (PDI) qualifying for inclusion as Additional Tier 1 capital and debt capital instruments qualifying for inclusion as Tier 2 capital, by way of rupee denominated bonds overseas.

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Reserve Bank of India (RBI) has informed that as part of the package of measures announced on August 25, 2016 for development of fixed income and currency markets, in connection with developing the market for rupee denominated bonds overseas, it has been decided, to permit banks to issue Perpetual Debt Instruments (PDI) qualifying for inclusion as Additional Tier 1 capital and debt capital instruments qualifying for inclusion as Tier 2 capital, by way of rupee denominated bonds overseas. It was also decided to allow banks to issue rupee denominated bonds overseas under the extant framework of incentivizing issuance of long term bonds by banks for financing infrastructure and affordable housing.

RBI has taken measures to deepen the corporate bond market. Some of the recent measures to boost liquidity are mentioned below

- Foreign Portfolio Investors (FPIs) have been permitted to invest in unlisted corporate bonds.
- Partial Credit Enhancement ceiling by banks has been raised from 20% to 50% of the issue size.
- FPIs have been provided direct access to secondary market trading in corporate bond market without involving brokers.
- Brokers authorized as market makers are allowed to participate in corporate bond repo market.

This was stated by Shri Santosh Kumar Gangwar, Minister of State in the Ministry of Finance in written reply to a question in Lok Sabha today.

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