



# भारतीय रिज़र्व बैंक

## RESERVE BANK OF INDIA

[www.rbi.org.in](http://www.rbi.org.in)

RBI/2018-19/176  
A.P. (DIR Series) Circular No. 33

April 25, 2019

To

All Authorised Persons

Madam / Sir

### **Investment by Foreign Portfolio Investors (FPI) in Debt - Review**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 notified vide [Notification No. FEMA 20\(R\)/2017-RB dated November 07, 2017](#), as amended from time to time and the relevant directions issued thereunder. A reference is also invited to [AP \(DIR Series\) Circular No. 22 dated April 6, 2018](#), [AP \(DIR Series\) Circular No.31 dated June 15, 2018](#), and AP (DIR Series) Circular No. 26 dated March 27, 2019 on FPI investments in debt instruments.

2. As a measure to broaden access of non-resident investors to debt instruments in India, Foreign Portfolio Investors (FPI) are now permitted to invest in municipal bonds.
3. FPI investment in municipal bonds shall be reckoned within the limits set for FPI investment in State Development Loans (SDLs).
4. All other existing conditions for investment by FPIs in the debt market remain unchanged.
5. AD Category-I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
6. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ([Notification No. FEMA 20\(R\)/2017-RB dated November 07, 2017](#)) have been notified by the [Government on April 18, 2019](#) and are annexed to this circular.

7. 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 / approvals, if any, required under any other law.

Yours faithfully

(T. Rabi Sankar)  
Chief General Manager