

RBI Sets FPI Investment Limits for Debt in FY 2025-26

The Reserve Bank of India (RBI) vide its **RBI/2025-26/20 A.P. (DIR Series) Circular No. 01 dated April 03, 2025**, has announced investment limits for Foreign Portfolio Investors (FPIs) in debt instruments for the financial year 2025-26.

As per the circular, the limits for FPI investment in Government Securities (G-Secs), State Government Securities (SGSs), and corporate bonds remain unchanged at 6%, 2%, and 15%, respectively, of the outstanding stock of these securities. The Fully Accessible Route (FAR) will continue to govern investments in specified securities.

For the fiscal year, the incremental G-Sec limit has been evenly split between the 'General' and 'Long-term' sub-categories. Meanwhile, all additional limits for SGSs have been allocated to the 'General' sub-category.

The revised investment limits for FPIs in these categories will be implemented in two phases: April-September 2025 and October-March 2026, with gradual increases across all categories.

Additionally, the circular specifies that FPIs can sell Credit Default Swaps (CDS) up to 5% of the total outstanding corporate bond stock, translating to a new limit of ₹2,93,612 crore for 2025-26. Authorized Dealer (AD) Category-I banks have been directed to inform their clients of these updates.

The guidelines have been issued under the Foreign Exchange Management Act (FEMA), 1999, and serve to regulate foreign investments in India's debt market while maintaining financial stability.

Link - <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12829&Mode=0>