



May 2025

The Reserve Bank of India eases norms for short-term investments by Foreign Portfolio Investors under the general route

The Reserve Bank of India (“**RBI**”), *vide* its notification dated May 8, 2025 (“**Notification**”), has provided significant relaxations relating to investments by Foreign Portfolio Investors (“**FPIs**”) in corporate debt securities under the general route.

Under the Notification, the RBI has immediately withdrawn the short-term investment limit and concentration limit applicable on investments made by FPIs in corporate debt securities under the general route. Earlier, the FPIs were permitted to invest only up to: (a) 30% of their total investments in short-term corporate debt securities (i.e., corporate debt securities with a residual maturity of up to 1 (one) year); and (b) 15% of the prevailing investment limit for corporate debt securities for long-term FPIs (i.e., Sovereign Wealth Funds, Multilateral Agencies, Pension/Insurance/Endowment Funds and foreign Central Banks), and 10% of the prevailing investment limit for corporate debt securities for other FPIs.

RBI has also revised the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 to incorporate this revision.

Conclusion

The relaxations provided by the RBI simplifies the regulatory framework and provides FPIs with a greater flexibility to structure their investments. This change is also expected to promote foreign inflows in the Indian corporate debt security market.

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