

SMI Markets: **India**

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Relaxation of FII Investment in Long-Term Corporate Debt in the Infrastructure Sector

In an update to our previous newflash, the Government of India has liberalised Foreign Institutional Investor (FII) investments in long-term corporate debt in the infrastructure sector. The total FII investment ceiling is set at USD 25 billion, of which USD 3 billion allocated to Qualified Foreign Investors subscribing to Mutual Fund Debt Schemes investing in the infrastructure sector.

To further encourage FII investment:

- USD 5 billion is allocated for FII investments in long-term infrastructure bonds that have initial maturities of five years or more, and residual maturities of one year at the time of first purchase by FIIs. These investments are subject to a lock-in period of one year, during which FIIs cannot sell to domestic investors but can trade with other FIIs.
- The remaining USD 17 billion is allocated for investments in long-term infrastructure bonds with minimum initial maturities of five years or more, and residual maturities of three years at the time of first purchase by FIIs. The lock-in period is three years, during which FIIs cannot sell to domestic investors but can trade with other FIIs.

The official announcement is available here: [FII Investment in Long-Term Corporate Debt in Infrastructure Sector Liberalised](#).

Market Information Impact

India

This information affects the data contained in the Market Entry Requirements sections of the Securities Market Information Service.

Related Flash: [India to Permit QFI Investment in Mutual Funds - Update, 11/08/2011 \(click to view\)](#)

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