



KAMARAJ IAS ACADEMY
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RBI Enhances Investment Limits for NRIs and OCIs

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The Reserve Bank of India (RBI) has announced an increase in investment limits for Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) under the Portfolio Investment Scheme (PIS). ?

The decision was announced as part of the June 2026 Monetary Policy measures.

The enhanced limits are aimed at attracting higher foreign portfolio investments.

The move is expected to deepen India's capital markets and improve market liquidity.

Certain investment facilities have also been extended to Persons Resident Outside India (PROIs).

Investments can be made without requiring registration as a Foreign Portfolio Investor (FPI) under specified conditions.

Why is it Important?

Encourages greater participation of the Indian diaspora in India's economic growth.

Helps attract foreign capital and strengthen domestic financial markets.

Supports India's objective of becoming a major global investment destination.

Enhances liquidity and broadens the investor base in Indian stock markets.

Non-Resident Indian (NRI)

An Indian citizen residing outside India for employment, business, education, or other purposes indicating an indefinite stay abroad.

Governed by provisions of the Foreign Exchange Management Act (FEMA), 1999.

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Overseas Citizen of India (OCI)

A foreign citizen of Indian origin who is registered as an OCI cardholder.

OCI cardholders enjoy several economic and educational benefits in India.

They are not granted political rights such as voting or contesting elections.

Portfolio Investment Scheme (PIS)

Introduced by RBI to facilitate investment by NRIs and OCIs in Indian stock markets.

Investments are made through designated bank branches.

Governed under FEMA regulations.

Foreign Exchange Management Act (FEMA), 1999

Replaced the Foreign Exchange Regulation Act (FERA), 1973.

Came into force on 1 June 2000.

Administered by the RBI and Government of India.

Regulates foreign exchange transactions and external trade payments.

Securities and Exchange Board of India (SEBI)

Established: 1988

Statutory Status: 1992

Headquarters: Mumbai

Chairman: Tuhin Kanta Pandey

Regulator of India's securities and capital markets.

Exam Focus Points (Quick Revision Notes):

RBI increased investment limits for NRIs and OCIs.

Scheme ? Portfolio Investment Scheme (PIS)

Objective ? Increase foreign participation in Indian capital markets

Related Law ? FEMA, 1999

Market Regulator ? SEBI

SEBI Headquarters ? Mumbai

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FEMA Replaced ? FERA, 1973

FEMA Effective From ? 1 June 2000

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