



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI No. 2014-15/163

DBOD.No.BP.BC.30 /21.04.141/2014-15

August 5, 2014

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir,

**Monetary Policy Statement 2014-15 –
SLR Holdings under Held to Maturity Category**

Please refer to paragraph 11 of the Third Bi-Monthly Monetary Policy Statement, 2014-15 (extract enclosed) announced on August 5, 2014 relating to banks' total holdings of SLR securities in the held to maturity (HTM) category.

2. In terms of our [circular No. DBOD.BP.BC.No. 41/21.04.141/2013-14 dated August 23, 2013](#) on 'Investment portfolio of banks – Classification, Valuation and Provisioning', banks were permitted to exceed the limit of 25.00 per cent of total investments under the HTM category provided the excess comprised only SLR securities and the total SLR securities held in the HTM category was not more than 24.50 per cent of their NDTL as on last Friday of the second preceding fortnight, till further instructions.

3. In consonance with the calibrated reduction in the SLR and in order to enable banks' greater participation in financial markets, the above ceiling for SLR holdings in HTM category is being brought down to 24 per cent of NDTL with effect from the fortnight beginning August 9, 2014. Accordingly, it is advised that with effect from August 9, 2014, banks are permitted to exceed the limit of 25 per cent of total investments under HTM category provided the excess comprises only SLR

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बैंक डिन्दी में भी पत्राचार का स्वागत करता है । डिन्दी आसान है, इसका प्रयोग बढ़ाइये ।

securities, and the total SLR securities held in the HTM category is not more than 24.00 per cent of their NDTL as on the last Friday of the second preceding fortnight.

4. As per extant instructions, banks may shift investments to/from HTM with the approval of the Board of Directors once a year and such shifting will normally be allowed at the beginning of the accounting year. In order to enable banks to shift their excess SLR securities from the HTM category to AFS/HFT category in compliance with the instructions indicated in paragraph 3 above, it has been decided to allow one more such shifting by August 9, 2014. Such one-time transfer to AFS/HFT category would be excluded from the 5 per cent cap prescribed for value of sales and transfers of securities to/from HTM category under para 2.3 (ii) of the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.

Yours faithfully

(Sudarshan Sen)
Chief General Manager - in – Charge

Withdrawn

Extract from Third Bi-Monthly Monetary Policy Statement, 2014-15 By Dr. Raghuram G. Rajan, Governor announced on August 5, 2014

11. In consonance with the calibrated reduction in the SLR, it is necessary to enhance liquidity in the money and debt markets so that financial intermediation expands apace with a growing economy. Currently, banks are permitted to exceed the limit of 25 per cent of total investments under the held to maturity (HTM) category provided the excess comprises only SLR securities, and banks' total holdings of SLR securities in the HTM category is not more than 24.5 per cent of their NDTL as on the last Friday of the second preceding fortnight. In order to enable banks greater participation in financial markets, this ceiling is being brought down to 24 per cent of NDTL with effect from the fortnight beginning August 9, 2014.

Withdrawn