



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2014-15/254

DBOD.No.BP.BC.42/21.04.141/2014-15

October 7, 2014

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir,

**Fourth Bi-monthly Monetary Policy Statement, 2014-15 –
SLR Holdings under Held to Maturity Category**

Please refer to paragraph 25 of the Fourth Bi-monthly Monetary Policy Statement, 2014-15 (extract enclosed) announced on September 30, 2014.

2. In terms of our [circular No.DBOD.No.BP.BC.30/21.04.141/2014-15 dated August 5, 2014](http://www.rbi.org.in/circular/DBOD.No.BP.BC.30/21.04.141/2014-15) on 'Monetary Policy Statement 2014-15 – SLR Holdings under Held to Maturity Category', with effect from August 9, 2014, banks were permitted to exceed the limit of 25 per cent of total investments under HTM category provided the excess comprised only SLR securities, and the total SLR securities held in the HTM category was not more than 24.00 per cent of their NDTL as on the last Friday of the second preceding fortnight.

3. In order to further develop the government securities market and enhance liquidity, it has been decided to bring down the ceiling on SLR securities under the HTM category from 24 per cent of NDTL to 22 per cent in a graduated manner. Accordingly it is advised that:

(i) Banks are permitted to exceed the limit of 25 per cent of total investments under HTM category provided:

a. the excess comprises only of SLR securities, and

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

- b. the total SLR securities held in the HTM category is not more than 23.50 per cent with effect from January 10, 2015, 23.0 per cent with effect from April 4, 2015, 22.5 per cent with effect from July 11, 2015 and 22.0 per cent with effect from September 19, 2015, of their DTL 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 as indicated in paragraph 3 above, it has been decided to allow such shifting of the excess securities at the beginning of January, July and September 2015. This may be in addition to the shifting permitted at the beginning of the accounting year, i.e., April 2015. Such 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 paragraph 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

Extract from Fourth Bi-monthly Monetary Policy Statement 2014-15 announced on September 30, 2014

25. In order to further develop the government securities market and enhance liquidity, it has been decided to:

- bring down the ceiling on SLR securities under the HTM category from 24 per cent of NDTL to 22 per cent in a graduated manner *i.e.* 23.5 per cent with effect from the fortnight beginning January 10, 2015, 23.0 per cent with effect from the fortnight beginning April 4, 2015, 22.5 per cent with effect from the fortnight beginning July 11, 2015 and 22.0 per cent with effect from the fortnight beginning September 19, 2015.

Withdrawn