

February 23, 2004

The Chairman /CEOs of all  
State and Central Co-operative Banks

**Dear Sir,**

**Prudential guidelines on  
investment in non-SLR debt securities**

Please refer to our circular RPCD.CO.RF.BC.No.93/07.37.02/2001-02 dated May 6, 2002 regarding investment portfolio of banks. As you are aware, State Co-operative Banks and District Central Co-operative Banks are permitted to invest their genuine non-SLR surplus funds in certain avenues subject to the terms and conditions laid down from time to time. Paragraph 133 of the Statement on Monetary and Credit Policy for the year 2002-03 emphasized that banks should observe further prudence in order to contain the risk arising out of their non-SLR investment portfolio.

2. SEBI has since advised the guidelines required to be complied with by listed companies making issue of debt securities on a private placement basis and listed on a stock exchange, vide circular SEBI/MRD/SE/AT/36/2003/30/9 dated September 30, 2003.

3. In order to contain the risks arising out of non-SLR investment portfolio of banks, in particular through private placement, the guidelines on banks' investment in non-SLR debt securities are furnished in the Annexure. These guidelines come into force with immediate effect and have to be fully complied with by March 31, 2004.

4. You are advised to place the contents of this circular together with its enclosures before the Board of your bank.

5. Please acknowledge receipt to our concerned Regional Office.

**Yours faithfully,**

**(C.S. Murthy)**  
**Chief General Manager In-charge**

Encls: As above

Endt RPCD.RF.No.801/07.02.03/2003-04 of date

Copy forwarded for information to:

1. As per mailing list
2. The Chief General Manager, NABARD, DOS, C-24, 'G'Block P.B.No.8121, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

**(P.K.Bahinipati)**  
**General Manager**

***Co-ops-Non-SLR-Cir (A)***