

July 15, 2005

The Chairmen
All Regional Rural Banks/Sponsor Banks

Dear Sir/Madam,

Valuation of investment in SLR/Approved Securities by Regional Rural Banks (RRBs)

Please refer to our circular RPCD.RRB.BCNo.83//03.05.34/2003-04 dated May 20, 2004 on the above subject.

2. The matter has been reviewed and it has been decided that the exemption granted to RRBs up to the financial year 2004-05 from 'mark to market' norms in respect of their investments in SLR securities be extended by one more year i.e. for the financial year 2005-06. Accordingly, RRBs will have the freedom to classify their entire investment portfolio of SLR securities under 'Held to Maturity' for the financial year 2005-06 with valuation on book value basis and amortisation of premium, if any, over the remaining life of securities.
3. Please acknowledge receipt to the respective Regional Office.

Yours faithfully,

(G. Srinivasan)
Chief General Manager.