

**RBI/2005-06/343**  
**RPCD.RRB.BC.No.71/03.05.34/2005-06**

March 31, 2006

***The Chairmen***  
***All Regional Rural Banks/Sponsor Banks***

Dear Sir,

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

Please refer to our circular RPCD.RRB.BC.No.20/03.05.34/2005-06 dated July 15, 2005 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 2005-06 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 2006-07. Accordingly, RRBs will have the freedom to classify their entire investment portfolio of SLR securities under 'Held to Maturity' for the financial year 2006-07 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.