

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2008-09/473

RPCD.CO.RF.BC.No. 104 /07.37.02/2008-09

May 7, 2009

All State Co-operative Banks (StCBs) and
District Central Co-operative Banks (DCCBs)

Dear Sir,

Investment Portfolio of Banks – Transactions in Securities

Please refer to our circular RPCD No. RF. BC. 17 / A.4 – 92/93 dated September 4, 1992 read with circulars RPCD NO. BC.154/07.02.08/94-95 dated May 23, 1995 and [RPCD.CO.RF.BC.14/07.02.03/2005-06](#) dated July 13, 2005 on the captioned subject.

2. As per extant instructions, securities are held in the permanent category for the purpose of SLR compliance or for yield or capital growth purposes and are usually intended to be held till maturity. Banks are not expected to sell securities in the permanent category freely but if they do so, any loss on such transactions has to be written off and any gain should be first taken to Profit and Loss Account and thereafter be appropriated to the Capital Reserve Account. The inter-changing of investments from permanent to current category and vice versa is to be done with the prior authorisation of the Board of Directors.

3. The matter has since been reviewed and it has been decided that banks may shift investments to / from permanent category with the approval of their Board of Directors only once a year. Such shifting may normally be allowed at the beginning of the accounting year. No further shifting to / from permanent category will be allowed during the remaining part of that accounting year.

4. The contents of this circular may be placed before the Board of your bank.

5. Please acknowledge receipt to our concerned Regional Office.

Yours faithfully,

(B P Vijayendra)
Chief General Manager

Rural Planning & Credit Department, Central Office, Central Office Building, 13th Floor, Post Box no. 10014, Mumbai -400 001

Tel No: 91-22-22661602 Fax No: 91-22-22621011/22658273/22658276 email - <
cgmicrpcd@rbi.org.in >