

RBI/2004/209

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

Dear Sir/Madam,

Valuation of investment in SLR/Approved Securities by RRBs

Please refer to our circulars Nos.RPCD.RRB.BC.48 &66/03.05.34/2002-03 dated 25 November 2002 and 23 January 2003 respectively 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 2003-04 from 'mark to market' norms in respect of the SLR securities be extended for one more year i.e. for the financial year 2004-05. Accordingly, the entire investment portfolio of SLR securities may be classified under 'Held to maturity' for the financial year 2004-05 with valuation on book value basis and amortisation of premium, if any, over the remaining life of securities.

3. Please acknowledge receipt.

Yours faithfully,

(G. Srinivasan)
Chief General Manager.