

RBI/2007-08/205
DBOD.No.BP.BC.56/21.04.141/2007-08

December 06,2007

The Chairman/Chief Executive Officer
All Scheduled Commercial Banks
(excluding Local Area Banks and Regional Rural Banks)

Dear Sir,

Prudential Norms for Classification, valuation and operation of investment portfolio by banks

Please refer to our Master Circular DBOD.No.BP.BC.15/21.04.141/2007-08 dated July 2, 2007 on the captioned subject.

2. As per para 1.2.14 of the circular, banks must not invest in unrated non-SLR securities. Further, as per para 1.2.17 banks' investment in unlisted non-SLR securities should not exceed 10 per cent of its total investment in non-SLR securities as on March 31 of the previous year.

3. In order to encourage the banks to increase the flow of credit to infrastructure sector, it has been decided that the banks may invest in unrated bonds of companies engaged in infrastructure activities within the ceiling of 10% for unlisted non-SLR securities.

Yours faithfully,

(Prashant Saran)
Chief General Manager-In-Charge.