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

RBI/2014-15/320
DBR.BP.BC.No.50 / 08.12.014 / 2014-15 **November 27, 2014**

All Scheduled Commercial Banks
(excluding RRBs)
Dear Sir,

Issue of Long Term Bonds by Banks – Financing of Infrastructure and Affordable Housing

Please refer to our circular DBOD.BP.BC.No.25/08.12.014/2014-15 dated July 15, 2014 on the captioned subject. In continuation of the same, banks are advised as under:

2. In order to provide liquidity to retail investors in such bonds, it has been decided that banks can extend loans to individuals against long-term bonds issued by them under the provisions of the above-mentioned circular. Boards of the banks should lay down a policy in this regard prescribing suitable margins, purpose of the loan and other safeguards. Further, such loans should be subject to a ceiling, say, Rs.10 lakh per borrower, and tenure of loan should be within the maturity period of the bonds. It is also clarified that banks are not permitted to lend against such bonds issued by other banks.

3. Further, in the formula for 'Eligible Credit (EC)' as given in paragraph 7 of the above-mentioned circular dated July 15, 2014, 'B' (one of the two factors of EC) has been explained as Outstanding 'standard' loans to Infrastructure sector (project loans) and affordable housing on the date of issuance of the bonds. On a review, it has been decided that 'B' should be read as Outstanding 'standard' loans to the Infrastructure sector (project loans) and affordable housing on the date of reporting to RBI (reporting Fridays for reserve requirements and March 31 of a year for computing priority sector obligation). Other instructions in this regard remain unchanged.

Yours faithfully,

(Sudarshan Sen)
Chief General Manager-in-Charge

बैंकिंग विनियमन विभाग, केन्द्रीय कार्यालय, 12 वीं मंजिल, केन्द्रीय कार्यालय भवन, शहीदभगत सिंह मार्ग, मुंबई - 400001
फैक्स सं. / FAX NO.22705691 टेलीफोन सं ./ TELEPHONE No. 22661602

DEPARTMENT OF BANKING REGULATION, CENTRAL OFFICE, 12th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400 001 E-mail : cgmicdbodco@rbi.org.in