



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2017-18/70

DBR.No.Ret.BC.90/12.02.001/2017-18

October 4, 2017

All Commercial Banks,
Primary (Urban) Co-operative Banks (UCBs)
State and Central Co-operative Banks (StCBs/CCBs)

Madam/Dear Sir,

**Section 24 and Section 56 of the Banking Regulation Act, 1949 –
Maintenance of SLR and holdings of SLR in HTM category**

Please refer to our [circulars DBR.No.BP.BC.65/21.04.141/2015-16 dated December 10, 2015](#) and [DBR.No.Ret.BC.71/12.01.001/2016-17 dated June 7, 2017](#) on the captioned subject.

2. As announced in the [Fourth Bi-monthly Monetary Policy Statement, 2017-18 on October 04, 2017](#), it has been decided to reduce the SLR requirement of banks from 20.0 per cent of their Net Demand and Time Liabilities (NDTL) to 19.5 per cent from the fortnight commencing October 14, 2017. A copy of the relative notification DBR.No.Ret.BC.91/12.02.001/2017-18 dated October 4, 2017 is [attached](#).

3. Currently, the banks are permitted to exceed the limit of 25 per cent of the total investments under HTM category, provided the excess comprises of SLR securities and total SLR securities held under HTM category are not more than 20.5 per cent of NDTL. In order to align this ceiling on the SLR holdings under HTM category with the

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mandatory SLR, it has been decided to reduce the ceiling from 20.5 per cent to 19.5 per cent in a phased manner, i.e. 20 per cent by December 31, 2017 and 19.5 per cent by March 31, 2018.

4. As per extant instructions, banks may shift investments to/from HTM with the approval of the Board of Directors once a year, and such shifting will normally be allowed at the beginning of the accounting year. In order to enable banks to shift their excess SLR securities from the HTM category to AFS/HFT to comply with instructions as indicated in paragraph 3 above, it has been decided to allow such shifting of the excess securities and direct sale from HTM category. This would be in addition to the shifting permitted at the beginning of the accounting year, i.e., in the month of April. Such transfer to AFS/HFT category as well as sale of securities from HTM category, to the extent required to reduce the SLR securities in HTM category in accordance with the regulatory instructions, would be excluded from the 5 per cent cap prescribed for value of sales and transfers of securities to/from HTM category under paragraph 2.3 (ii) of the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.

Yours faithfully,

(S.S. Barik)
Chief General Manager-in-Charge



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NOTIFICATION

In exercise of the powers conferred by sub-section (2A) of Section 24 read with Section 51 and Section 56 of the Banking Regulation Act, 1949 (10 of 1949) and in partial modification of the [Notification Ref.DBR.No.BC.73/12.02.001/2016-17 dated June 7, 2017](#), the Reserve Bank hereby specifies that:

With effect from October 14, 2017, every commercial bank, primary (urban) co-operative bank, state co-operative bank and central co-operative bank shall maintain in India assets (referred to as 'SLR assets' in the above Notification) the value of which shall not, at the close of business on any day, be less than 19.5 per cent of their total net demand and time liabilities in India as on the last Friday of the second preceding fortnight, valued in accordance with the method of valuation specified by the Reserve Bank from time to time.

All other instructions contained in the Notification dated June 7, 2017, referred to above, shall continue to apply.

(Sudarshan Sen)
Executive Director