



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/2021-22/191

DOR.MRG.REC.98/21.04.141/2021-22

March 31, 2022

Dear Sir / Madam,

Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 - Amendment

Please refer to the [Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021](#) – ‘Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021’ (hereinafter referred as ‘Master Direction’).

2. In terms of Section 9 of the Master Direction *ibid*, investments classified under HTM shall be carried at acquisition cost, with the premium over the face value being amortised over the tenor of the instrument. It is expected that the acquisition of such instruments shall be at the fair value of the security at the time of its acquisition. This instruction also applies to re-capitalisation bonds received from the Government of India towards banks’ recapitalisation requirement and held in the investment portfolio (cf. Section 6 of the Master Direction *ibid*).

3. It is clarified that investments in special securities received from the Government of India towards bank’s recapitalisation requirement from FY 2021-22 onwards shall be recognised at fair value / market value on initial recognition in HTM. The fair value / market value of these securities shall be arrived on the basis of the prices / YTM of similar tenor Central Government securities put out by Financial Benchmarks India Pvt. Ltd. (FBIL). Any difference between the acquisition cost and fair value arrived as above shall be immediately recognized in the Profit and Loss Account.

Applicability

4. This circular is applicable to all Commercial Banks (excluding Regional Rural Banks).



5. The relevant sections of the Master Direction are being amended to reflect the aforementioned changes. These instructions come into force with immediate effect.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

Withdrawn