All Banks and
All India Financial Institutions,

Dear Sir,

Prudential Norms for Classification, Valuation and
Operation of Investment Portfolio by banks –
Valuation of State Development Loans

Please refer to paragraph 2 of the Statement on Developmental and Regulatory
Policies, issued as part of the second Bi-monthly Monetary Policy Statement for
2018-19 dated June 06, 2018, wherein it was announced that securities issued by
each state government should be valued based on observed prices.

2. It has now been decided that securities issued by each state government,
i.e., State Development Loans (SDLs), shall be valued in a manner which would
objectively reflect their fair value based on observed prices/yields.

3. Financial Benchmarks India Pvt. Ltd. (FBIL) shall make available prices for
valuation of SDLs based on the above principles with effect from September 30,
2018 which should be used for valuation of SDLs from that date.

4. Till then banks shall continue to value SDLs as detailed in the circular

Yours faithfully

(Saurav Sinha)
Chief General Manager-in-Charge