



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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June 28, 2022

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks

All Local Area Banks and Regional Rural Banks

All All-India Financial Institutions

All Non-Banking Financial Companies

Provisioning Requirement for Investment in Security Receipts (SRs)

Please refer to clause 77 of the [Master Direction – Reserve Bank of India \(Transfer of Loan Exposures\) Directions, 2021](#) (“MD-TLE”).

2. In order to provide a glide path to the entities which were kept out of the ambit of [circular “Guidelines on Sale of Stressed Assets by Banks” dated September 1, 2016](#) and ensure smooth implementation of clause 77 of the MD-TLE, it is advised as under in respect of valuation of investments in SRs outstanding on the date of issuance of MD-TLE (September 24, 2021):

- a) The difference between the carrying value of such SRs and the valuation arrived at as on the next financial reporting date after the date of issuance of MD-TLE, in terms of clause 77 of the MD-TLE, may be provided over a five-year period starting with the financial year ending March 31, 2022 - i.e. from FY2021-22 till FY2025-26.
- b) Subsequent valuations of investments in such SRs on an ongoing basis shall, however, be strictly in terms of the provisions of MD-TLE.

3. All lending institutions shall put in place a board approved plan to ensure that the provisioning made in each of the financial years in compliance of clause 2(a) above is not less than one fifth of the required provisioning on this count.

4. Valuation of investments in SRs made after the issuance of MD-TLE shall be strictly in terms of the provisions thereunder.

5. All other provisions of the MD-TLE shall continue to be applicable, as hitherto.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager