



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

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RBI/2019-20/175

DOR.BP.BC.No.42/21.04.141/2019-20

March 17, 2020

All Scheduled Commercial Banks

Dear Sir/Madam,

**Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)**

Please refer to our [circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018](#) on the captioned subject.

2. Some banks have enquired whether IFR, forming part of General Provisions and Loss Reserves, can be reckoned as Tier II capital only to the extent of 1.25% of total credit risk weighted assets.

3. It is clarified that there is no such ceiling for IFR.

Yours faithfully,

**(Saurav Sinha)**  
Chief General Manager-in-Charge