



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

RBI/2010-11/401

IDMD. PCD.No. 26/14.03.05/2010-11

February 10, 2011

All Standalone Primary Dealers

Dear Sir,

**Investment in non-Government Securities- Non-Convertible Debentures (NCDs) of maturity up to one year by standalone Primary Dealers (PDs)**

Please refer to [paragraph 5.8.2](#) of the Master Circular RBI/2010-11/81 IDMD.PDRD. 01/03.64.00/2010-11 dated July 1, 2010 which, *inter alia*, advised the PDs that they should not invest in non-Government securities of original maturity of less than one-year, other than the Commercial Papers and Certificates of Deposits which are covered under the RBI guidelines.

2. We also draw your attention to circulars [IDMD.DOD.10/11.01.01\(A\)/2009-10 dated June 23, 2010](#) and [IDMD.PCD.No.24/14.03.03/2010-11 dated December 6, 2010](#) containing directions on Issuance of Non-Convertible Debentures (NCDs) which, *inter alia*, allowed PDs to invest in NCDs with original or initial maturity up to one year issued by the corporates [including Non-Banking Financial Companies (NBFCs)] subject to the approval of the statutes governing them and after obtaining regulatory approval.

3. In this connection, we advise that henceforth PDs are permitted to invest in NCDs with original or initial maturity up to one year issued by the corporates (including NBFCs). However, their investments in such unlisted NCDs should not exceed 10 per cent of the size of their non-G-Sec portfolio on an on-going basis.

4. While investing in such instruments, PDs should be guided by the extant prudential guidelines in force and instructions given in the circulars *ibid*.

Yours faithfully

(K.K. Vohra)  
Chief General Manager