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# Govt allows power sector bonds to be counted as HTM debt: Bankers

By Reuters | Updated: Mar 17, 2016, 04.02 PM IST

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NEW DELHI/MUMBAI: The Reserve Bank of India allowed banks to count the debt they hold from state electricity utilities as part of their "held-to-maturity" (HTM) bonds, three bankers who received a letter from the central bank told Reuters on Thursday.



These bonds will now be counted as HTM even if it pushes the debt held under the category above the current 21.5 percent ceiling, the bankers said.

HTM refers to the portion of bond requirements that lenders are allowed to hold until they mature if they so choose without needing to mark-to-market them to daily price movements.

The distinction is important for banks as it will shield these illiquid bonds from any potential mark to market loss should the yields rise.

Under the so-called UDAY power scheme, the government is pushing states to guarantee the debt held by their regional electricity utilities.

Part of the scheme would push banks that have lent to these state utilities into converting the loans into bonds, with states assuming the interest payments and redemptions.

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