

8.3.7.1 Illustration to determine if a portfolio qualifies as a Long Term Debt Funds

Step 1: Calculate the average maturity of the portfolio for each of the 20 quarter ended dates starting from quarter ended June 2014 to quarter ended March 2019 as shown below

Computation of average maturity of the portfolio for the quarter ended 30th June, 2014		
Securities	Market value of investments (in Rs.)	Residual maturity (in years)
Security 1	1000	2.8
Security 2	1500	5.5
Security 3	2500	6.5
Security 4	1800	7.5
Total market value	=SUM of all the above (A)	
Portfolio Average Maturity		= (1000x2.8 + 1500x5.5 + 2500x6.5 + 1800x7.5)/A

Step 2: Calculate the average of the 20 quarter-ended average maturities as shown below and hence determine if the portfolio qualifies to be a long term debt portfolio or not

Determination of eligible long-term debt portfolios using Average Maturity of portfolios for 20 quarters		
Quarter ended	Average Maturity for Portfolio 1	Average Maturity for Portfolio 2
	(in yrs)	(in yrs)
31-Mar-15	6	4
30-Jun-15	6.5	5
30-Sep-15	5.8	3.7
31-Dec-15	5.5	4.7
31-Mar-16	6.2	4.5
30-Jun-16	-	-
30-Sep-16	-	-
31-Dec-16	-	-
31-Mar-17	-	-
30-Jun-17	-	-
30-Sep-17	-	-
31-Dec-17	-	-
31-Mar-18	-	-
30-Jun-18	-	-
30-Sep-18	8	3
31-Dec-18	7.5	4
31-Mar-19	8.5	5
30-Jun-19	8	7
30-Sep-19	7.5	2
31-Dec-19	6	2
Average maturity for the 20 quarter-end dates	=AVERAGE of all the above	=AVERAGE of all the above
Eligibility of portfolio as Long Term Debt Funds	Eligible (since >= 3 years)	Not Eligible (since < 3 years)

For the purpose of calculation of weighted average maturity of HTM portfolio, book value (net of provisions and write-offs) should be considered. Average maturity over the 20 quarter ending dates from June 2014 to March 2019/ since inception whichever is later must be considered

Calculate average maturity up to 2 decimals