



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI Announces Measures to Improve Liquidity Conditions

Starting with the Mid-Quarter Review of September 2013, the Reserve Bank of India (RBI) began a calibrated withdrawal of exceptional measures undertaken since July 2013. This was done with a view to normalising liquidity conditions. Accordingly, the marginal standing facility (MSF) rate was reduced by 75 basis points from 10.25 per cent to 9.5 per cent. Furthermore, open market purchase operations of Rs. 9,974 crore were conducted today to inject liquidity into the system. On a review of evolving liquidity conditions and in continuation of this calibrated unwinding, it has been decided to:

- (a) Reduce the marginal standing facility (MSF) rate by a further 50 basis points from 9.5 per cent to 9.0 per cent with immediate effect.
- (b) Provide additional liquidity through term repos of 7-day and 14-day tenor for a notified amount equivalent to 0.25 per cent of net demand and time liabilities (NDTL) of the banking system through variable rate auctions on every Friday beginning October 11, 2013. The notified amount and tenor of the term repo auctions will be announced prior to the dates of the auctions.

Detailed guidelines regarding term repos are being issued separately.

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Alpana Killawala
Principal Chief General Manager