



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

RBI/2013-14/142  
FMD.MOAG. No. 80/01.01.001/2013-14

July 16, 2013

All Scheduled Commercial Banks (excluding RRBs) and Standalone Primary Dealers

Dear Sir,

### **Liquidity Adjustment Facility**

As you are aware, Reserve Bank of India announced various measures yesterday to address the exchange rate volatility. As a part of the measures, it has been decided that the overall allocation of funds under the LAF will be limited to one per cent of the Net Demand and Time Liabilities (NDTL) of the banking system, reckoned as Rs.75,000 crore for this purpose. The allocation to individual banks will be made in proportion to their bids, subject to the overall ceiling. This change in LAF will come into effect from July 17, 2013.

2. It is advised that the scheduled commercial banks (excluding RRBs) and standalone primary dealers should ensure that sufficient amount of eligible collateral securities are available in their RC account at the time of bid submission to cover their bids.

3. Presently, additional LAF repo is conducted on reporting Fridays. Under the revised arrangement, the cap of Rs 75,000 crore will apply to the combined allocation of funds through morning and the additional LAF repo auctions. Accordingly, if the allotted amount in morning repo auction amounts to Rs 75,000 crore, then there would be no evening repo auction on that day.

4. All other terms and conditions of the current LAF scheme will remain unchanged.

5. Please acknowledge receipt.

Yours sincerely

(G. Mahalingam)  
Principal Chief General Manager