



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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July 17, 2013

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir,

Special Repo Window for Liquidity Requirement of Mutual Funds

As announced today, Reserve Bank of India will be opening a Special Repo window for a notified amount of Rs. 25,000 crore with a view to enabling banks to meet the liquidity requirement of mutual funds.

2. The special repo window will be in addition to the repo/reverse repo auctions conducted under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) available to the scheduled commercial banks (excluding RRBs).

3. The tenor of the special repo will be three days (excluding the intervening Saturdays and holidays). The rate of interest on amount availed under the special repo will be 10.25 per cent. The first special repo operation for 3-days will be conducted on July 18, 2013 (Thursday) between 2.30PM and 3.00PM with reversal on July 23, 2013 (Tuesday). The second special repo operation will be conducted on July 23, 2013 with reversal on July 26, 2013 (Friday). Subsequent operations will be conducted accordingly at interval of three days (excluding the intervening Saturdays and holidays). The eligible banks may place their bids electronically on the CBS platform during the time bidding window is kept open. The bidding process, settlement and reversal of special repo would be similar to the existing system being followed in case of LAF-Repo and MSF.

4. The total allocation of funds under the special repo will be limited to Rs.25,000 crore. Accordingly, the allocation to individual banks will be made in proportion to their bids, subject to the overall ceiling. It should be strictly ensured that the funds availed under this facility are used exclusively for meeting the liquidity requirements of mutual funds.

5. It is further advised that banks availing the additional liquidity support through the special repo window can seek waiver of penal interest for any shortfall in maintenance of SLR up to 0.5 per cent of their NDTL. This waiver will be available to banks in addition to the two per cent waiver allowed under MSF.

6. The special repo window facility is being made available for a temporary period till further notice.

7. Please acknowledge receipt.

Yours sincerely

(G. Mahalingam)
Principal Chief General Manager