


	<b>प्रेस प्रकाशनी PRESS RELEASE</b>
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### **RBI Announces Further Measures for Liquidity Management and Improving Credit Flow**

Dr. D. Subbarao, Governor, Reserve Bank of India, met select bankers from the public and the private sector including foreign banks, today to review the current liquidity and credit situation and to get their views on the way forward. The meeting was held in the Reserve Bank of India, Central Office, Mumbai. Deputy Governors, Dr. Rakesh Mohan, Shri V. Leeladhar and Smt. Usha Thorat and Executive Director Shri Anand Sinha were present. Based on this review, it has decided to take the following further measures:

(i) On November 1, 2008, the Reserve Bank introduced a special refinance facility under Section 17(3B) of the Reserve Bank of India Act, 1934 under which all scheduled commercial banks (excluding RRBs) are provided refinance from the Reserve Bank equivalent to up to 1.0 per cent of each bank's NDTL as on October 24, 2008 at the LAF repo rate up to a maximum period of 90 days. During this period, refinance can be flexibly drawn and repaid. It is clarified that this facility can be rolled over. It has also been decided to continue this facility up to June 30, 2009.

(ii) On October 15, 2008, the Reserve Bank allowed banks to avail liquidity support under the LAF through relaxation in the maintenance of SLR to the extent of up to 1.5 per cent of their NDTL for the purpose of meeting the funding requirements of NBFCs and MFs. It has now been decided to expand this facility to enable banks to accommodate the funding needs of housing finance companies (HFCs). Banks may apportion the total accommodation allowed above between MFs, NBFCs and HFCs flexibly as per their business needs. The end date for this facility, which is currently March 31, 2009, has been extended to June 30, 2009. There have been queries as to whether this facility can be used for existing exposures. It is clarified that access to this facility is intended for fresh credit to MFs/NBFCs/HFCs and for renewal/rollover, on maturity, of existing facilities.

(iii) On November 7, 2008, in the context of the global developments and in order to provide flexibility to Indian banks in managing their short-term funding requirements at their overseas offices, the Reserve Bank decided to provide forex liquidity to Indian public and private sector banks having foreign branches or subsidiaries, through forex swaps of tenors up to three months. It has been decided that this facility, which is available on request, will be made available up to June 30, 2009.

(iv) In view of the difficulties being faced by exporters on account of the weakening of external demand, it has been decided to extend the period of entitlement of the first slab of post-shipment rupee export credit, currently available at a concessional interest rate ceiling of the benchmark prime lending rate (BPLR) minus 2.5 percentage points, from 90 days to 180 days with effect from December 1, 2008.

**Alpana Killawala**  
Chief General Manager

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