


भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

November 29, 2010

RBI Further Relaxes Liquidity Easing Measures

In order to provide further liquidity comfort, the Reserve Bank of India has decided to:

- Conduct Second Liquidity Adjustment Facility (SLAF) on a daily basis at 4.15 p.m. up to January 28, 2011.
- Allow Scheduled Commercial Banks to avail of additional liquidity support under the Liquidity Adjustment Facility (LAF) to the extent of up to 2.0 per cent of their net demand and time liabilities (NDTL) as on the reporting Friday of the second preceding fortnight. For any shortfall in Statutory Liquidity Ratio (SLR) maintenance up to January 28, 2011 arising out of availment of this facility, banks may seek waiver of penal interest on a fortnightly basis purely as an *ad hoc*, temporary measure. The liquidity support availed under this facility would, however, need to be reported on a daily basis.

It may be recalled that in the [Second Quarter Review \(SQR\) of Monetary Policy, 2010-11](#) announced on November 2, 2010, the Reserve Bank had stated that *“even though a liquidity deficit is consistent with anti-inflation stance, excessive deficit in liquidity can be disruptive both, to financial markets and to credit growth in the banking system. To ensure that economic activity is not disrupted by liquidity constraints, the liquidity deficit needs to be contained within a reasonable limit.”*

In line with the stance of monetary policy set out in the SQR, the Reserve Bank took a number of steps including open market operations (OMO) and re-introduced temporary measures on November 9, 2010; the SLAF on a daily basis at 4.15 p.m. and additional liquidity support to SCBs under the LAF to the extent of up to 1.0 per cent of their NDTL as on the reporting Friday of the second preceding fortnight up to December 16, 2010. These measures were intended to provide liquidity comfort arising out of frictional liquidity pressures reflected in the LAF window of the Reserve Bank. The liquidity pressure has, however, continued. The liquidity injected by the Reserve Bank through its LAF window since November 8, 2010 has averaged over ₹1,00,000 crore.

Alpana Killawala
Chief General Manager

Press Release : 2010-2011/753

Related Notification	
30 Nov, 2010	Shortfall in Maintenance of SLR – Additional Liquidity Support under LAF