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January 20, 2022

**RBI to conduct Overnight Variable Rate Repo auction under LAF on
January 20, 2022**

As stated in [Governor's statement of December 8, 2021](#) the Reserve Bank has been rebalancing the surplus liquidity in the system by shifting it out of the fixed rate overnight reverse repo window into the variable rate reverse repo (VRRR) auctions of longer maturity. Overall, this rebalancing has proceeded on a pre-announced glidepath and has evolved satisfactorily.

The Reserve Bank will continue to rebalance liquidity conditions in a non-disruptive manner while maintaining adequate liquidity to meet the needs of the productive sectors of the economy. With larger than anticipated collections under the goods and services tax (GST), system liquidity has tightened in this week. This is also reflected in the hardening of overnight money market rates, and in amounts under the fixed rate reverse repo of the liquidity adjustment facility (LAF). Accordingly, it has been decided to conduct a Variable Rate Repo auction on January 20, 2022, Thursday, as under:

Sl. No.	Notified Amount (₹ crore)	Tenor (day)	Window Timing	Date of Reversal
1	50,000	1	1:00 PM to 2:30 PM	January 21, 2022 (Friday)

2. The operational guidelines for the auction are Given in [Annexure](#).

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(Yogesh Dayal)
Chief General Manager

Operational Guidelines:

- 1) The auction will be conducted on CBS (e-Kuber) platform.
- 2) The minimum bid amount for the auction would be Rupees one crore and multiples thereof. The allotment would be in multiples of Rupees one crore.
- 3) Banks would be required to place their bids in percentage terms up to two decimal places. Banks can place multiple bids.
- 4) Successful bids will get accepted at their respective bid rates.
- 5) Bids at or below the repo rate will be rejected.
- 6) Once the bidding time is over, all the bids would be arranged in descending order of the rates quoted and the cut-off rate would be arrived at the rate corresponding to the notified amount of the auction. Successful bidders would be those who have placed their bids at or above the cut-off rate. All bids lower than the cut-off rate would be rejected.
- 7) There will be provision of pro-rata allotment should there be more than one successful bid at the cut-off rate.
- 8) RBI will, however, reserve the right to (i) inject marginally higher amount than the notified amount due to rounding effects and (ii) inject less than the notified amount without assigning any reasons therefor.
- 9) The reversal of the above auction would take place at the 'start of day' on the date of reversal.
- 10) The eligible collateral and the applicable haircuts will remain the same as for LAF.
- 11) All other terms and conditions as applicable to LAF operations will also be made applicable to the above auction mutatis mutandis. These conditions will, however, be subject to review on a periodic basis.