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

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001
फोन/Phone: 022 2266 0502

July 02, 2019

RBI to conduct longer term Variable Rate Reverse Repo Auctions

The Reserve Bank modulates the system liquidity from time to time and undertakes liquidity operations as per requirement. The liquidity in the system has remained largely in surplus during June 2019 and the amount of surplus has progressively increased in the past few days. In particular, as on July 1, 2019, the Reserve Bank had absorbed on a net basis an amount of ₹ 1021.50 billion (₹ 1.02 lakh crores) from the system.

The buildup of transient liquidity in the past few weeks has led to the movement of both durable and transient liquidity in the same direction. This necessitates absorption of transient liquidity over a slightly longer period while continuing to meet the durable liquidity requirements for the FY 2019-20 on a consistent basis.

Based on an assessment of these evolving transient and durable liquidity conditions, the Reserve Bank has decided to conduct longer term Variable Rate Reverse Repo auctions to absorb a part of the surplus liquidity for longer duration.

Accordingly, Reserve Bank will conduct a Variable Rate Reverse Repo auction of ₹ 250 billion (₹ 25,000 crore) for 63-day tenor on July 03, 2019. The auction will be conducted as per the revised guidelines on Term Repo Auctions issued on [February 13, 2014](#). Other details of the auction will be communicated separately. The position will be reviewed, and if required, additional longer term variable rate reverse repo auctions may also be considered.

As spelt out during the [second Bi-Monthly Monetary Policy Press Conference on June 6, 2019](#), it is reiterated that the Reserve Bank will ensure that there is adequate durable liquidity in the system.