



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-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

April 10, 2017

RBI Working Paper Series No.7/2017
What Explains Call Money Rate Spread in India?

Reserve Bank of India placed on its website today a Working Paper* titled "[What Explains Call Money Rate Spread in India?](#)" by Sunil Kumar, Anand Prakash and Krishna M Kushawaha under the Reserve Bank of India Working Paper Series.

The study focuses on various drivers of overnight inter-bank rate spread under the new liquidity management framework during July 2013 to December 2016. Applying OLS with Newey-West estimator and various GARCH models to daily data, the study finds that liquidity conditions *viz.*, deficit, distribution and uncertainty impact the call money rate spread adversely. A moderation in the impact of liquidity uncertainty has, however, been noticed after the introduction of fine-tuning liquidity management operations in September 2014. Other factors, *viz.*, the quarter-end phenomenon and structural changes in the liquidity management framework have also been found impacting the call money rate spread.

* The Reserve Bank of India introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the Reserve Bank and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not of the Reserve Bank of India. Comments and observations may kindly be forwarded to authors. Citation and use of such papers should take into account its provisional character.

Press Release : 2016-2017/2725

Ajit Prasad
Assistant Adviser