



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 21, 2025

Amendments to Liquidity Coverage Ratio (LCR) Framework

The Reserve Bank issued a [draft circular on July 25, 2024](#) on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of Haircuts on High Quality Liquid Assets (HQLA) and Run-off Rates on Certain Categories of Deposits'. The draft circular proposed certain amendments to the LCR framework and invited comments from banks and stakeholders.

2. The feedback received has been carefully examined and the final guidelines have been issued by the Reserve Bank [today](#). With the issuance of these guidelines, a bank shall:

- assign additional run-off rates of 2.5 per cent to internet and mobile banking enabled retail and small business customer deposits.
- adjust the market value of Government Securities (Level 1 HQLA) with haircuts in line with margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

3. In addition, the final guidelines also rationalise the composition of wholesale funding from 'other legal entities'. Consequently, funding from non-financial entities like trusts (educational, charitable and religious), partnerships, LLPs, etc. shall attract a lower run-off rate of 40 per cent as against 100 per cent currently.

4. The Reserve Bank has undertaken an impact analysis of the above measures based on data submitted by banks, as on December 31, 2024. It is estimated that the net impact of these measures will improve the LCR of banks, at the aggregate level, by around 6 percentage points as on that date. Further, all the banks would continue to meet the minimum regulatory LCR requirements comfortably. Reserve Bank is sanguine that these measures will enhance the liquidity resilience of banks in India, and further align the guidelines with the global standards in a non-disruptive manner.

5. To give the banks adequate time to transition their systems to the new standards for LCR computation, the revised instructions shall become applicable w.e.f. **April 01, 2026**.

Press Release: 2025-2026/145

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