

# RBI's Long Term Repo Operations

February 10, 2020

**Source:** *RBI & Livemint*

It has been decided that from the fortnight beginning on February 15, 2020, the **Reserve Bank shall conduct term repos of one-year and three-year tenors of appropriate sizes for up to a total amount of ₹ 1,00,000 crore at the policy repo rate.**

## **Aim**

The RBI move is aimed at **providing cheaper money to banks at the repo rate and, thus, improve liquidity in the banking system.**

## **Current status of Repo operations**

Currently, the repo operations are of short-term, usually of overnight, wherein banks can borrow money from the RBI at the prevailing repo rate.

## **Key highlights**

- As announced in the statement on 'Developmental and Regulatory Policies' on February 6, 2020, it has been decided to conduct Long Term Repo Operations (LTROs) for one-year and three-year tenors for up to a total amount of ₹1 lakh crore at the policy repo rate, the RBI said in a release
- In this connection, the **3-year repo operations for an amount of ₹25,000 crore will be conducted on February 17.** While the 1-year repo operation will be conducted for the same amount on February 24.
- These LTROs will be in addition to the existing liquidity adjustment facility (LAF) and marginal

standing facility (MSF) operations

- RBI has stated that LTR0s will be conducted on the CBS (E-KUBER) platform. The operations would be conducted at a fixed rate
- The Reserve Bank has also mentioned that Banks would be required to place their requests for the amount sought under LTR0 during the window timing at the prevailing policy repo rate. Bids below or above policy rate will be rejected