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RBI to conduct two VRRR auctions worth Rs 1.5 trillion on Tuesday

Treasury executives say liquidity surplus continues to be sizeable

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Last Updated at March 22, 2022 02:23 IST



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The first auction of Rs 1 trillion will have tenor of three days.

Another VRRR auction for 28 days will be for Rs 50,000 crore. Thus, the date of reversal (April 19), will flow into the next financial year. [RBI](#) conducted an eight-day VRRR auction on March 17, absorbing about Rs 57,000 crore.

Treasury executives said the liquidity surplus in the banking system continues to be sizeable and [RBI](#) has restored the revised liquidity management framework to rebalance the quantum of surplus.

Under this framework, it is using variable-rate repo (VRR) and VRRR as the main liquidity management tools.

CARE Ratings — in its weekly review — said the banking system's liquidity surplus narrowed sharply in the holiday-truncated week ended March 17.

This can be attributed to outflows towards advance tax payments as well as outflows from the system towards financial year-end payment settlement.

The average banking system liquidity surplus, at Rs 5.78 trillion, declined in the week ended March 18 compared to Rs 7.24 trillion in the previous week.

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Digital Editor

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First Published: Mon, March 21 2022. 23:32 IST

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