

RBI to infuse ₹12,000-cr liquidity by purchasing government bonds

PRESS TRUST OF INDIA

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The Reserve Bank of India will infuse liquidity into the market by purchasing government bonds of around ₹12,000 crore in an auction on Thursday.

“Based on an assessment of prevailing liquidity conditions and also of the durable liquidity needs going forward, the RBI has decided to conduct purchase of the government securities under Open Market Operations for an aggregate amount of ₹12,000 crore on October 25,” the RBI said.

The purchase will happen

through multi-security auction using the multiple price method, it said.

As part of the OMOs, the RBI will purchase government securities maturing in 2020 bearing interest rate of 8.12 per cent, 2022 (8.20 per cent), 2024 (8.40 per cent), 2026 (6.97 per cent) and 2031 (6.68 per cent).

This is part of the RBI’s liquidity infusion of a total of ₹36,000 crore this month, to be held in three phases, through purchase of government bonds to meet the festival season demand for funds.

The purchase, to happen later this week, is the last

tranche, as the previous two were conducted in the second and third week of October.

The RBI said it will decide on the quantum of purchase of individual securities, and can accept offers for less than the aggregate amount of ₹12,000 crore.

It also said that it can accept or reject any, or all the offers either wholly or partially, without assigning any reason.

Eligible participants can submit their offers in electronic format on the Reserve Bank of India Core Banking Solution (e-Kuber) system between 10.30 am and 12 noon on October 25.