

Date

4th March 2020

Banking Awareness

Topic of the News

RBI received Rs 1.71 trillion in LTRO

Title of the News

Current context

Current context: The Reserve Bank of India (RBI) has **received RS 1.71 trillion** in the **third Long-Term Repo Operation (LTRO)** conducted for an amount of **Rs 25,000 crore**

- The LTRO is a tool under which **RBI provides one-year to three-year money to banks** at the **prevailing repo rate**, accepting **government securities** with matching or higher tenure as the collateral.
- Unlike liquidity adjustment facility (**LAF**) and marginal standing facility (**MSF**), that offers banks money for a duration of 1-28 days, the **LTRO supplies liquidity to banks for their 1-3 years needs**.
- LTROs are aimed at quickening the monetary policy transmission by helping banks to reduce their lending rates
- RBI said that, it has received **66 bids in the LTRO of three-year tenor**, which has reversal date on 1st March 2023.
- The total bids imply a **bid to cover ratio of 6.9**, which is the amount of bids received relative to the notified amount
- On 9th March 2020, the RBI will conduct another LTRO for three-year tenor worth Rs 25,000 crore
- RBI has already
- **conducted two LTROs for Rs 25,000 crore each** on 17th and 24th February 2020

Key Points –
Minimum
(6-7 Points)

i.e
Highlights

Static Part (if any)

MCOs

Question: The Long-Term Repo Operation (LTRO) conducted by the Reserve Bank of India (RBI) provides liquidity to banks for _____

- 1-2 years
- 1-3 years**
- 1-4 years
- 1-5 years

Source

Source: <https://economictimes.indiatimes.com/markets/bonds/rbi-gets-rs-1-71-lakh-crore-bids-for-rs-25000-crore-ltro/articleshow/74444105.cms>

<https://www.livemint.com/news/india/rbi-receives-rs-1-71-trillion-in-ltro-11583154924469.html>