

RBI extends enhanced borrowing limit under MSF till Sep 30

By: PTI

Published: June 27, 2020 6:20 PM

On March 27, the minimum daily maintenance of the CRR was reduced from 90 per cent of the prescribed CRR to 80 per cent till June 26, 2020.



Banks may continue to access overnight funds under the MSF against their excess SLR holding.

Amid the ongoing economic woes created by the coronavirus pandemic, the Reserve Bank has decided to extend the enhanced borrowing facility provided to the banks to meet their liquidity shortages till September 30. The RBI, as a temporary measure, had increased the borrowing limit of scheduled banks under the marginal standing facility (MSF) scheme from 2 per cent to 3 per cent of their Net Demand and Time Liabilities (NDTL) with effect from March 27, 2020.

Under the MSF, banks can borrow overnight funds at their discretion by dipping into the Statutory Liquidity Ratio (SLR). This relaxation, which was granted till June 30, 2020, has now been extended till September 30. "On a review, it has now been decided to extend this enhanced limit till September 30, 2020," the Reserve Bank of India (RBI) said in a circular.

RELATED NEWS

Lockdown helps boost employee productivity as commuters avoid traffic clogged Mumbai roads

DCB Bank plans to raise up to Rs 1,000 crore via equity, debt instruments

No plans to sell non-core assets during this fiscal: PNB Chief

Banks may continue to access overnight funds under the MSF against their excess SLR holding, it added. The marginal standing facility rate currently stands at 4.25 per cent. The RBI has also extended the relaxation on the minimum daily maintenance of the Cash Reserve Ratio (CRR) at 80 per cent for a further period of three months till September 25, 2020.

On March 27, the minimum daily maintenance of the CRR was reduced from 90 per cent of the prescribed CRR to 80 per cent till June 26, 2020. This was done in view of the continuing of

hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements.



Subscribe to FE Daily Newsletter for latest updates on markets, business, money, infra & more, right in your mailbox

Subscribe

Get live [Stock Prices](#) from [BSE](#), [NSE](#), [US Market](#) and latest NAV, portfolio of [Mutual Funds](#), calculate your tax by [Income Tax Calculator](#), know market's [Top Gainers](#), [Top Losers](#) & [Best Equity Funds](#). Like us on [Facebook](#) and follow us on [Twitter](#).
