

though it has moderated over the same period. Reflecting the migration of surplus liquidity from the overnight window to longer tenors, the effective reverse repo rate - the weighted average rate of the fixed rate reverse repo and the VRRRs of longer maturity - increased from 3.37 per cent as at end-August 2021 to 3.87 percent as on February 4, 2022.

20. It may be recalled that while instituting the revised liquidity management framework on [February 6, 2020](#), the daily fixed rate repo and the four 14-day term repos within a reporting fortnight were withdrawn. In view of the pandemic and related work from home and social distancing protocols, the MSF and the fixed rate reverse repo windows were made operational throughout the day, instead of only at end of the day under normal circumstances. This passive mode of liquidity management worked well through pandemic conditions in ensuring adequate provision/absorption of liquidity as warranted by the evolving market conditions.

21. With the progressive return of normalcy, including transient demand for liquidity from the RBI, it is logical to restore the revised liquidity management framework in order to make it more flexible and agile. Accordingly, four decisions have been taken. First, variable rate repo operations of varying tenors will henceforth be conducted as and when warranted by the evolving liquidity and financial conditions within the cash reserve ratio (CRR) maintenance cycle. Second, variable rate repos (VRRs) and variable rate reverse repos (VRRRs) of 14-day tenor will operate as the main liquidity management tool based on liquidity conditions and will be conducted to coincide with the CRR maintenance cycle. Third, these main operations will be supported by fine-tuning operations to tide over any unanticipated liquidity changes during the reserve maintenance period. Auctions of longer maturity will also be conducted as warranted. Fourth, with effect from March 1, 2022, the Fixed Rate Reverse Repo and the MSF operations will be available only during 17.30-23.59 hours on all days and not during 09.00-23.59 hours, as instituted from March 30, 2020 to deal with the pandemic situation. Market participants are advised to shift balances out of the fixed rate reverse repo into VRRR auctions and avail the automated sweep-in and sweep-out (ASISO) facility in the e-Kuber portal for operational convenience<sup>1</sup>.

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<sup>1</sup> To provide greater flexibility to banks in managing their day-end CRR balances, the RBI has provided an optional automated sweep-in and sweep-out (ASISO) facility in August 2020 under which banks are able to pre-set a specific (or range) amount that they wish to maintain at the end of the day. Any shortfall or excess balances maintained by banks will automatically trigger marginal standing facility (MSF) or reverse repo bids, as the case may be, under the ASISO facility.