

RBI announces OMO for sale, purchase of govt securities worth Rs 10k cr

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The RBI will conduct a simultaneous purchase and sale of government securities under open market operation (OMO) for an aggregate amount of Rs 10,000 crore on Thursday.

The RBI had announced, on August 25, simultaneous purchase and sale of government securities under OMO for an aggregate amount of Rs 20,000 crore in two tranches of Rs 10,000 crore each.

"The first auction was conducted on August 27, 2020, and the second auction is scheduled for September 03, 2020," the central bank said in a statement.

It would sell three securities totalling Rs 10,000 crore and also purchasing an equal number of securities of the same amount.

The Reserve Bank of India (RBI) as part of its measures to foster orderly market conditions has also announced that it will conduct additional special open market operation, involving the simultaneous purchase and sale of government securities for an aggregate amount of Rs 20,000 crore in two tranches of Rs 10,000 crore each.

The auctions will be conducted on September 10 and September 17.

The RBI remains committed to conduct further such operations as warranted by market conditions, it said while announcing the measures earlier in the day.

Simultaneous purchase and sale of government securities under OMOs, popularly known as Operation Twist, involves purchasing G-Sec of longer maturities and selling an equal amount of G-Sec of shorter maturities.