

Daily CRR Maintenance Requirement

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Why in news?

Recently, the Reserve Bank of India (RBI) has raised the minimum daily cash reserve ratio (CRR).

- **Cash Reserve Ratio (CRR)** - The specific percentage of a commercial bank's Net Demand and Time Liabilities (NDTL) that must be kept as liquid cash reserves with the central bank.
- **Overall CRR rate** - The total CRR remains unchanged at 3% of a bank's Net Demand and Time Liabilities (NDTL).
- **New Daily CRR requirement** - Scheduled commercial banks must maintain at least 99% of that 3% CRR on every single day of the fortnight, while the fortnightly average must still meet the full 100% requirement.
- The move follows a review of the current liquidity condition in the banking system and will help reduce the banking system liquidity, which stood at a surplus of around 3.88 lakh crore rupees.
- **Existing framework** - Banks are required to maintain at least 90% of their prescribed CRR on a daily basis during a reporting fortnight, while ensuring that the average daily balance is not below the prescribed CRR.
- **Reason for the change** - The banking system is currently experiencing a liquidity surplus of around Rs. 3.88 lakh crore; this move aims to keep liquidity conditions tighter on a day-to-day basis.
- It follows RBI's review of liquidity conditions in the banking system.
- **Expected impact** - The revised requirement will reduce banks' flexibility to dip below their prescribed reserve requirement on individual days.
- The impact on individual banks will depend on their existing reserve positions and liquidity management.



Reference

[AIR | RBI Raises Daily CRR Maintenance Requirement for Banks](#)

