

## Money Market Developments

### Repo Operations

4.37 The Reserve Bank continued with the scheme of 3-4 day fixed rate repos in Central Government Securities. The repo rate continued to be at 6.00 percent since March 2, 1999. The daily average outstanding amount of fixed rate repos in the current financial year stood at Rs. 214 crore upto December, 1999, (as against a corresponding amount of Rs. 3713 crore for the whole of 1998-99) indicating easy liquidity condition in the market.

### Call Money Market

4.38 The facility given to entities to route their call money transactions through PDs (initially

available upto end December, 1999) was extended upto June, 2000. During the current financial year, there was a sudden spurt in call money rates around the middle of August, 1999 when it touched 25-35 percent mainly on account of panic reaction by some borrowing banks. Subsequently, call rates moved up (Fig. 4.5) on account of outflow of funds arising from advance tax payments and auction of Government securities. However, owing to the reopening of purchase window by RBI for Treasury Bills in October, 1999 and also the comfortable liquidity situation facilitated by the 1 percentage point CRR reduction in November, 1999, call money rates have generally ruled around 8.0 percent since mid-November, 1999.

