

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 2776**

ANSWERED ON TUESDAY, MARCH 17, 2026/ 26 PHALGUNA, 1947 (SAKA)

**LIQUIDITY SHORTAGE IN THE BANKING SYSTEM**

2776. SHRI NARAIN DASS GUPTA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of banking system liquidity from January 2024 to December 2025, including surplus/deficit levels, month- wise;
- (b) the key factors behind the liquidity crunch, including FPI outflows, maturing forward transactions and tax outflows;
- (c) the liquidity infusion measures by RBI and their effectiveness;
- (d) whether additional liquidity beyond ₹20 crore is planned in due course; and
- (e) the impact on credit availability, interest rates and economic growth and steps taken to mitigate these challenges?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) to (e): Reserve Bank of India (RBI) endeavours to maintain sufficient liquidity in the banking system to ensure that the productive requirements of the economy are met and transmission to market rates remains robust. As part of the Monetary Policy Framework, it manages liquidity through different instruments. The banking liquidity being kept in deficit or in surplus mode is a design feature of the liquidity management framework and may not reflect, or depend upon, the monetary policy stance. If financial conditions warrant a situation of liquidity surplus, the framework may be used flexibly, with variable rate operations to ensure stability of the interest rates. Thus, liquidity operations may take into consideration the prevailing conditions, based on which the required tools may be used to achieve the objectives of liquidity management framework.

The RBI has been managing liquidity proactively and aims to ensure that the banking system has sufficient liquidity to meet the productive needs of the economy and to support the effective transmission of monetary policy. While managing liquidity proactively, RBI has been adjusting for unexpected fluctuations in government balances, changes in currency in circulation, foreign exchange interventions, and other temporal factors.

As per the information provided by RBI, the month-wise figures of average daily banking system liquidity, measured through Net Liquidity Adjustment Facility (LAF), during the period January 2024 to December 2025, are annexed.

With respect to the details of banking system liquidity from January 2024 to December 2025, for the period January 2024 to June 2024, there were liquidity crunch, with increase in currency in circulation, and relatively higher government cash balances maintained with the RBI during the period, being the key factors. After remaining in surplus from July to November 2024, average system liquidity came to deficit mode during December 2024 to March 2025. The deficit during this period was attributed to FPI outflows (FPI outflow of \$18.9 billion during October 01, 2024, to March 31, 2025), forex operations (net sale of USD by the RBI during the period October 01, 2024 to March 31, 2025 to check rupee volatility, amounted to liquidity outflow of around ₹3.62 lakh crore) and a significant pickup in currency in circulation since January 2025 (currency in circulation increased by ₹1,71,160 crore during the period January 01, 2025 to March 31, 2025). The proactive and durable liquidity management by the RBI, including liquidity injection measures comprising CRR reduction, OMO (Open Market Operation) purchases, Regular Term VRRs (Variable Rate Repo), Forex Swaps, transferring surplus to Govt. etc., has resulted in a continued surplus system liquidity since April 2025.

RBI's proactive liquidity management ensures that the banking system has sufficient durable liquidity to ensure timely and adequate credit availability to the productive sectors of the economy. The transmission of the recent repo rate cuts (125 bps during Feb 2025-Dec 2025) to lending rates on fresh and outstanding loans has been broad-based. The pace of transmission varies across sectors due to varying proportion of credit portfolios linked to fixed and floating interest rates and differential spreads charged by banks.

The year-on-year (y-o-y) non-food credit growth, as in January 2026, has been 14.4 per cent. While agriculture and industrial credit expanded at 11.4 per cent and 12.1 per cent, respectively, the credit to services sector and to personal loan segment was higher at 15.5 per cent and 14.9 per cent, respectively.

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Annexure referred in Part(a) of the Rajya Sabha Unstarred Question No. 2776 dated 17.3.2026 regarding Liquidity shortage in the banking system

<b>Net Liquidity Adjustment Facility (Amount in ₹ Crore)</b>	
<b>Month</b>	<b>Net Absorption (+)/ Injection (-) Monthly Average</b>
Jan-24	-2,04,109
Feb-24	-1,78,441
Mar-24	-29,323
Apr-24	29,328
May-24	-1,28,617
Jun-24	-45,406
Jul-24	1,11,657
Aug-24	1,59,320
Sep-24	1,08,706
Oct-24	1,57,466
Nov-24	1,46,104
Dec-24	-60,363
Jan-25	-1,94,605
Feb-25	-1,57,600
Mar-25	-1,14,640
Apr-25	1,47,969
May-25	1,79,837
Jun-25	2,81,592
Jul-25	3,11,661
Aug-25	2,94,278
Sep-25	1,56,400
Oct-25	94,618
Nov-25	1,89,213
Dec-25	82,046

*Source: Reserve Bank of India*

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