

FX Swap to Help Manage Liquidity Efficiently and Mitigate Rise in Interest Rates; Real Impact to be known by 2022

Brickwork Ratings, Mumbai, 15 May 2019: The Reserve Bank of India (RBI) introduced a new liquidity management tool in the form of dollar-rupee swap in March 2019 to meet the durable liquidity needs of the system. This is an addition to its many liquidity management tools like Liquidity Adjustment Facility (LAF) and Open Market Operations (OMOs).

BWR expects longer duration FX swap auctions like this could help manage liquidity efficiently and mitigate rise in interest rates. Further, the exact impact of these measures in the longer term will be known when the reverse leg of the swap unfolds. BWR expects RBI to conduct one or two such auctions until December 2019.

You can download the full report titled “FX Swap to help faster transmission of RBI Monetary Policy; Real impact to be known by 2022” [here](#)

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