



ECONOMY- Repo/Rev CHEAT SHEET

" Repo the Rewards of Knowledge, Reverse Your UPSC Worries."

	Repo Rate	Reverse Repo Rate	MSF (Marginal Standing Facility)
Definition	The rate at which the RBI lends short-term funds to commercial banks	The rate at which the RBI borrows money from commercial banks	Rate at which banks can borrow funds overnight from the RBI against government securities
Current Percentage	Approximately 6.50% (as of the latest data; subject to change)	Approximately 6.00% (as of the latest data; subject to change)	Approximately 6.65% (as of the latest data; subject to change)
Under Which Act	RBI Act, 1934	RBI Act, 1934	RBI Act, 1934
Purpose	To control inflation and regulate the money supply	To absorb liquidity from the banking system	To provide banks with a safety valve against unexpected liquidity shocks
Impact on Money Supply	Increases money supply when rates are cut, decreases when rates are hiked	Decreases money supply when rates are increased, vice versa	Acts as a ceiling of the liquidity adjustment facility (LAF) corridor, influencing money supply
Main Assets Considered	Government securities primarily	Does not involve specific assets; it's more about absorbing excess liquidity	Government securities primarily
Penalties for Non-compliance	No specific penalties but indicative of monetary policy stance	No specific penalties but indicative of monetary policy stance	No specific penalties but frequent access might indicate financial distress in banks
Frequency of Maintenance	As per monetary policy review cycles	As per monetary policy review cycles	Overnight facility, used in emergencies

