



ECONOMY- CRR/SLR CHEAT SHEET

	CRR (Cash Reserve Ratio)	SLR (Statutory Liquidity Ratio)
Definition	Percentage of a bank's total deposits to be maintained in reserves with RBI	Percentage of net demand and time liabilities that banks must maintain in safe and liquid assets
Current Percentage	Approximately 4.50% (as of the latest data-2024 April; subject to change)	Approximately 18.00%
Under Which Act	RBI Act, 1934	Banking Regulation Act, 1949
Purpose	To ensure liquidity and solvency of banks	To restrict the leverage of banks and ensure their solvency and liquidity
Impact on Money Supply	Reduces the money supply as banks have less money to lend	Reduces money supply as more money is locked in safe assets
Main Assets Considered	Cash reserves solely with RBI	Cash, gold, and government securities
Penalties for Non-compliance	Banks have to pay a penalty on the shortfall at a higher interest rate	Banks might be penalized with a higher interest rate on their borrowings from RBI
Frequency of Maintenance	Daily basis	On a fortnightly average

"Economic Defenses Up: Arm Yourself with CRR and SLR Knowledge Before UPSC Takes You to the Limit."



| Clear your doubts now.