From 99 to 90: Why RBI Eased the Daily CRR Count

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Why in the news

The RBI's circular to all scheduled banks on 27 November 2026 says the daily minimum CRR maintenance will now be 90% instead of 99%, effective from the reporting fortnight beginning 1 December 2026. Notably, it was the circular of 9 October 2026 that had raised this floor from 90% to 99% — when the banking system was in a liquidity surplus; it is now in deficit. The reversal within a month and a half tracks the system's changed liquidity position.

Basics: **Cash Reserve Ratio (CRR)**: scheduled banks must keep a fixed percentage of their net demand and time liabilities (NDTL) as cash with the RBI; it earns no interest. **Minimum daily maintenance**: while meeting the fortnightly average CRR requirement, how little may be kept on any single day — this is what has fallen from 99% to 90%. **Liquidity deficit**: when the banking system needs to borrow from the RBI; the opposite is a liquidity surplus. **Variable Rate Repo (VRR) auction**: the RBI's way of lending short-term funds to banks. **WACR**: the weighted average call rate — the overnight interbank borrowing rate.

What changed and what did not

Changed: the minimum daily maintenance — how far below the requirement a bank may slip on a given day while still meeting the fortnightly average. From 16 October 2026 this floor was 99% of the required CRR; from 1 December 2026 it will be 90%.

Unchanged: the CRR rate itself — it stays at 3.0% of NDTL (after the phased cut effective 29 November 2025). So calling this a 'CRR cut' would be wrong; it is a relaxation in the daily maintenance count, giving banks flexibility in day-to-day cash management.

Sequence of events

Date	Step	Background
From 29 November 2025	CRR rate at 3.0% of NDTL after phased cuts	Direction of supporting liquidity
5–7 October 2026	MPC raised the repo rate by 25 bps to 5.50%; stance 'calibrated tightening'	Inflation rose to 4.8% (August 2026)
9 October 2026	Minimum daily CRR maintenance raised from 90% to 99% (from the 16 October fortnight)	Liquidity was then in surplus
27 November 2026	Minimum daily maintenance cut back from 99% to 90% (from the 1 December fortnight)	Liquidity has swung into deficit

The numbers behind the move

According to press reports, the banking system's liquidity deficit widened from ₹32,216 crore on 25 November 2026 to ₹47,641 crore on 26 November. The weighted average call rate (WACR) touched 5.76% on 27 November — above the RBI's marginal standing facility (MSF) rate of 5.75%; WACR normally hovers near the policy repo rate of 5.50%. The same day, banks bid ₹1.35 lakh crore against the ₹75,000 crore on offer at the RBI's three-day VRR auction; the RBI allotted ₹75,006 crore at a weighted average rate of 5.66%. These signals show banks are pressed for overnight funds.

How the relaxation works

An example. Suppose a bank's fortnightly average CRR requirement works out to ₹100 a day. At the 99% floor it had to keep at least ₹99 every day — a wiggle room of just ₹1. At the 90% floor it may drop to ₹90 on a given day, provided the fortnightly average still equals ₹100. In tight-cash days the bank gets nine times more breathing space, while the average condition stays the same. Banks thus depend less on costly overnight borrowing.

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Exam relevance

Prelims facts: the circular's date (27 November 2026), the effective date (the fortnight beginning 1 December 2026), the floor (99%→90%), the unchanged CRR rate (3.0% of NDTL), and October's opposite move (90%→99%) — these are confusion points on which a question can turn.

Mains angle: the two tiers of monetary policy — rate decisions (repo) and liquidity management (CRR maintenance, VRR/SDF/MSF) — how they work separately; the fit between a 'calibrated tightening' stance and liquidity relaxation.

Related concepts: the LAF corridor (SDF 5.25% — repo 5.50% — MSF 5.75%), WACR's importance as the operating target — pcsmantra's repo-rate article already covers these.

Way forward

Worth tracking: the direction of WACR and the liquidity deficit through the 1 December fortnight; the frequency and size of VRR auctions.

Policy signals: if the deficit persists, further term-liquidity steps (such as longer-tenor repo auctions) are possible; the floor can move again if surplus returns — the October–November swing shows exactly that.

Conclusion

The RBI's circular of 27 November 2026 is daily flexibility, not a rate cut: the CRR rate stays at 3.0%, while the daily count relaxes from 99% to 90%. For the exam, remember three things — what changed, why it changed (liquidity deficit, WACR above MSF), and from when (the fortnight beginning 1 December 2026).

Mains practice question

Question 1. "In monetary policy, rate decisions and liquidity management are distinct but mutually complementary tools." Analyse in the light of the RBI's recent steps. (250 words, 15 marks)

Answer outline

Introduction: brief context of the 27 November 2026 circular (minimum daily CRR maintenance 99%→90%, from 1 December).

Body: The distinction: the rate side (repo 5.50%, 'calibrated tightening' — controlling inflation) versus the liquidity side (CRR maintenance, VRR, the MSF/SDF corridor — availability of funds in the market). Complementarity: in a liquidity deficit, WACR crossing above MSF weakens transmission; the maintenance relaxation and VRR try to pull WACR back near the repo rate. Example: October (99% amid surplus) versus November (90% amid deficit) — state-dependent use. Limit: this is not a permanent liquidity injection; a structural deficit would need more tools.

Conclusion: end on a flexible, two-way liquidity framework as a strengthening of policy transmission.

Frequently asked questions (FAQ)

Short answer: On 27 November 2026 the RBI cut the minimum daily CRR maintenance from 99% to 90% (from the fortnight beginning 1 December 2026); the CRR rate is unchanged at 3.0% — the step gives banks day-to-day cash flexibility amid a liquidity deficit.

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Q1. Does this mean the CRR has been cut?

No. The CRR rate remains 3.0% of NDTL. The change is in the floor on how little must be kept each day — from 99% to 90%; the fortnightly average condition is as before.

Q2. Why did the RBI do this?

The banking system is in a liquidity deficit: the deficit was about ₹47,641 crore on 26 November 2026 and the WACR, at 5.76%, was running above the MSF rate; banks' daily cash needs have risen.

Q3. Has this step been taken before?

Yes, in the opposite direction — on 9 October 2026, amid a liquidity surplus, the same floor was raised from 90% to 99%; the tool works both ways.

Sources

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