# Abstract

# *The Transmission of Monetary Policy Within Banks: Evidence from India*

Abhiman Das
IIM Ahmedabad and Reserve Bank of India

**Prachi Mishra**
IMF and Reserve Bank of India

Nagpurnanand Prabhala
CAFRAL and University of Maryland, College Park

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Between 1996 and 2013, India's central bank injected or drained liquidity from banks through changes in cash reserve requirements. We analyze the lending responses to these quantitative tools of monetary policy using branch level lending data. We focus on the within¬-bank variation across different branches of the same bank. We estimate an empirical specification with interactive bank-year and region-year fixed effects in order to control for variation between banks stressed in prior work. We show that the intra-bank variation explains the majority of variation in lending. Importantly, the effect of monetary policy on branch lending depends on branch level asset, liability, and organizational variables. Branches that are larger, make loans with smaller ticket size, make shorter-term loans, are deposit-rich, have fewer non-performing assets, and have greater managerial capacity respond more to monetary policy. There is some evidence that transmission effects are more sluggish in state-owned banks.

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