

Liquidity Support to Primary Dealers

IDMC.PDRS.No. 87 /03.64.00/2001-02

05 July 2001

All Primary Dealers

Dear Sir,

Liquidity Support to Primary Dealers

Please refer to paragraph 2 of our circular IDMC.No.4135/03.64.00/2000-01 dated April 19, 2001 on 'Scheme for Liquidity Support to Primary Dealers'. Clause (a) of paragraph 2 of the said circular states that Level-1 Liquidity Support has been split into normal facility and backstop facility. While the normal facility is available at Bank Rate (BR), backstop facility is available at a Daily Variable Rate (DVR) as announced by RBI on day-to-day basis.

It has now been decided that in case of default in repayment of Liquidity Support availed of by a Primary Dealer within the stipulated period of 90 days, penal rate of interest as indicated below would be applicable with immediate effect: -

Liquidity Support	Penal Rate beyond 90th day till date of repayment
1. Normal Facility	BR + 5 percentage points
2. Backstop Facility	DVR + 3 percentage points

All other terms and conditions of our aforesaid circular shall remain unchanged.

Yours faithfully,

Chandan Sinha
General Manager