

RBI/ 2005-06/403 FMD.MOAG. No. 5/.01.01.01/2005-06

June 8, 2006

All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers

Dear Sir,

## LIQUIDITY ADJUSTMENT FACILITY - REPO AND REVERSE REPO RATES

In view of the current macroeconomic and overall monetary conditions, the Reserve Bank of India has decided to increase the reverse repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points to 5.75 per cent from 5.50 per cent, with immediate effect.

- 2. Simultaneously, the repo rate under the LAF, which continues to be linked to the reverse repo rate with a spread of 100 basis points, is also being increased by 25 basis points to 6.75 percent, with immediate effect.
- 3. The revised rates are effective from June 9, 2006. All other terms and conditions of the current LAF scheme will remain unchanged.
- 4. Please acknowledge receipt by e-mail to <a href="mailto:cgmfmd@rbi.org.in">cgmfmd@rbi.org.in</a>.

Yours faithfully

(Mridul Saggar) Director

वित्तीय बाजार विभाग, केन्द्रीय कार्यालय, 22 वी मंजिल, शहिद भगत सिंह मार्ग, फोर्टमुंबर्ह - 400 001, भारत फोन : 22661859 फैक्स सं : 22630090 ई-मेल आइडी : <cgmfmd@rbi.org.in>