

October 20, 2008

All Scheduled Commercial Banks (excluding RRBs)
and Primary Dealers

Dear Sir,

Liquidity Adjustment Facility – Repo and Reverse Repo Rates

In order to alleviate emerging pressures in the context of the indirect impact of global liquidity constraint, the Reserve Bank of India has decided to reduce the fixed repo rate under the Liquidity Adjustment Facility (LAF) by 100 basis points to 8.0 per cent from 9.0 per cent with immediate effect. Accordingly, the special term repo and the repo under the Second LAF would be conducted at the revised rate of 8.0 per cent with effect from October 20, 2008. From October 21, 2008 onwards, all repos under LAF would be conducted at 8.0 per cent.

2. The reverse repo rate under LAF remains unchanged at 6.00 per cent.
3. All other terms and conditions of the current LAF Scheme remain unchanged.

Yours faithfully

(Chandan Sinha)
Chief General Manager