

November 17, 2008

All Scheduled Commercial Banks (excluding RRBs)
and Primary Dealers

Dear Sir,

SPECIAL FIXED RATE REPO UNDER LIQUIDITY ADJUSTMENT FACILITY

Please refer to our circular FMD.MOAG. No. 29/01.01.01/2008-09 dated November 3, 2008 allowing banks to avail liquidity support under the LAF at the extant repo rate through relaxation in the maintenance of SLR to the extent of up to 1.5 per cent of their NDTL and apportioning such accommodation between Mutual Funds (MFs) and Non-Banking Financial Companies (NBFCs) flexibly as per their business requirements.

2. As announced on November 15, 2008, the special term repo facility will continue till end-March 2009. Banks can avail of this facility either on incremental or on rollover basis (within their 1.5% of NDTL entitlement) exclusively for meeting the liquidity requirements of MFs and NBFCs.

3. Accordingly, Reserve Bank shall conduct the special fixed rate term repo of 14 days' tenor daily till end-March 2009 up to a *cumulative* amount of Rs 60,000 crore on outstanding basis. As hitherto, the details of the repo including the rate, the notified amount and the date of reversal shall be announced each day through a press release.

4. The other terms and conditions for the special repo would remain as notified by our earlier circulars on the Liquidity Adjustment Facility.

Yours faithfully,

(Chandan Sinha)
Chief General Manager