

December 8, 2008

All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers

Dear Sir,

Liquidity Adjustment Facility – Repo and Reverse Repo Rates

As already announced on December 6, 2008, the Reserve Bank, on a review of the evolving macroeconomic and monetary/liquidity conditions, has decided to reduce the fixed repo rate under the Liquidity Adjustment Facility (LAF) by 100 basis points from 7.5 per cent to 6.5 per cent and the reverse repo rate by 100 basis points from 6 per cent to 5 percent with effect from December 8, 2008.

2. Accordingly, the daily reverse repo and repo auctions, including special term repo auctions, under LAF would be conducted at the revised rates with effect from December 8, 2008.

3. All other terms and conditions of the current LAF Scheme remain unchanged.

Yours faithfully

(Chandan Sinha)
Chief General Manager