

RBI/2008-2009/341
FMD.MOAG. No. 32/01.01.01/2008-09

January 2, 2009

All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers

Dear Sir,

Liquidity Adjustment Facility – Repo and Reverse Repo Rates

On a review of current global and domestic macroeconomic situation, the Reserve Bank has decided to reduce the fixed repo rate under the Liquidity Adjustment Facility (LAF) by 100 basis points from 6.5 per cent to 5.5 per cent and the reverse repo rate by 100 basis points from 5 per cent to 4 percent with immediate effect.

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 January 5, 2009.

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

Yours faithfully

(Chandan Sinha)
Chief General Manager