

RBI/2011-2012/126 FMD.MOAG. No.61/01.01.01/2011-12

July 26, 2011

All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers

Dear Sir,

Liquidity Adjustment Facility – Repo and Reverse Repo and Marginal Standing Facility Rates

As announced in the <u>First Quarter Review of Monetary Policy 2011-12</u>, it has been decided to increase the repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 7.50 per cent to **8.00 per cent** with immediate effect.

2. Consequent to the above increase in the repo rate, the reverse repo rate under the LAF will stand automatically adjusted to 7.00 per cent and the Marginal Standing Facility (MSF) rate to 9.00 per cent with immediate effect.

3. All other terms and conditions of the current LAF and MSF Schemes will remain unchanged.

4. Please acknowledge receipt.

Yours sincerely

(G. Mahalingam) Chief General Manager