

RBI/2010-2011/501 FMD.MOAG. No.58/01.01.01/2010-11

May 3, 2011

All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers

Dear Sir,

<u>Liquidity Adjustment Facility – Repo and Reverse Repo Rates</u>

As announced today in the <u>Annual 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 6.75 per cent to 7.25 per cent with immediate effect.

- 2. Further, as announced in the Policy, the reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, will stand at 6.25 per cent with immediate effect.
- 3. All other terms and conditions of the current LAF Scheme will remain unchanged.
- 4. Please acknowledge receipt.

Yours sincerely

(G. Mahalingam) Chief General Manager