

**Reserve Bank of India announces
Monetary Easing Measures to lower
Interest Rates**

April 1, 2000

On a review of liquidity and market conditions, Reserve Bank of India today announced the following measures:

- (i) A reduction in Bank Rate by 1.0 percentage point from its present level of 8.0 per cent to 7.0 percent as at the close of business of April 1, 2000;
- (ii) A reduction in Cash Reserve Ratio (CRR) by 1 percentage point from its present level of 9.0 per cent to 8.0 per cent in two stages by 0.5 percentage point each effective from fortnights beginning April, 8 and April 22, 2000, respectively;
- (iii) A reduction in Repo Rate by 1.0 percentage point from its present level of 6.0 per cent to 5.0 per cent, effective from April 3, 2000; and
- (iv) A reduction in Savings deposit rate of scheduled commercial banks from its present level of 4.5 per cent to 4.0 per cent, effective from April 1, 2000.

2. As a consequence of the reduction in the Bank Rate, the interest rates on advances from Reserve Bank of India by way of several facilities, including the export credit refinance, to scheduled commercial banks and primary (urban) co-operative banks would be reduced by one percentage point (i.e., 100 basis points). Other facilities where such a reduction would be affected are: Collateralised Lending Facility (CLF), Additional Collateralised Lending Facility (ACLF), Liquidity Support to Primary Dealers, advances to State Financial Corporations and Ways and Means Advances and Overdraft to Government of India and State Governments.

3. The reduction in CRR by 1.0 percentage point will augment lendable resources of the banking system as a whole by about Rs.7,200 crore.

4. Detailed operating instructions/directives are being issued separately.

**Alpana Killawala
General Manager**

Press Release : 1999-2000/1330