

March 30, 2007

All Scheduled Commercial Banks (excluding RRBs)  
and Primary Dealers

Dear Sir,

**LIQUIDITY ADJUSTMENT FACILITY – REPO AND REVERSE REPO RATES**

In the light of the current macroeconomic, monetary and anticipated liquidity conditions, and with a view to containing inflation expectations, the Reserve Bank of India has announced monetary measures today. In accordance with the measures announced, the fixed repo rate under the Liquidity Adjustment Facility (LAF) has been increased by 25 basis points to 7.75 per cent from 7.50 per cent, with effect from March 31, 2007.

2. The reverse repo rate under LAF remains unchanged at 6.00 per cent.

3. The modified arrangements regarding LAF announced on March 2, 2007 vide our circular FMD.MOAG.No.12/01.01.01/2006-07 dated March 2, 2007 will continue until further notice. All other terms and conditions for LAF remain as notified by our earlier circulars FMD.No. 10/01.01.01./2006-07 dated January 31, 2007 and FMD.MOAG.No.13/01.01.01/2006-07 dated March 30, 2007.

4. Please acknowledge receipt by e-mail.

Yours faithfully

(Chandan Sinha)  
Chief General Manager