

July 2, 2010

All Scheduled Commercial Banks (excluding RRBs)
and Primary Dealers

Dear Sir,

Liquidity Adjustment Facility – Repo And Reverse Repo Rates

On an assessment of the current macroeconomic situation, it has been decided to take the following monetary policy measures as a part of the calibrated exit from the expansionary monetary policy:

- to increase the repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 5.25 per cent to 5.50 per cent with immediate effect.
 - to increase the reverse repo rate under the LAF by 25 basis points from 3.75 per cent to 4.00 per cent with immediate effect.
2. Also, on the basis of an assessment of the current liquidity situation, it has been decided to conduct the second LAF (SLAF) on a daily basis up to July 16, 2010.
 3. All other terms and conditions of the current LAF Scheme will remain unchanged.
 4. Please acknowledge receipt.

Yours sincerely

(P. Krishnamurthy)
Chief General Manager

Related Press Release/Notification	
July 02, 2010	<u>RBI announces Monetary Policy and Liquidity Management Measures</u>
July 02, 2010	<u>Standing Liquidity Facilities for Banks and Primary Dealers</u>