

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:617  
ANSWERED ON:25.11.2005  
INCREASE IN REPO RATE  
Vallabbhaneni Shri Balashowry

**Will the Minister of FINANCE be pleased to state:**

- (a) whether recently Reserve Bank of India has increased the fixed reserve repo rate ;
- (b) if so, the details thereof; and
- (c) the likely impact on the cost of credit ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) : In view of the current macroeconomic and overall monetary conditions, Reserve Bank of India has increased the fixed reverse repo rate by 25 basis points under the Liquidity Adjustment Facility (LAF) effective from October 26, 2005 to 5.25 per cent from 5.00 per cent.

(c) The Repo-rates do not have linear impact on the cost of credit, which is also affected by various factors including Bank Rate, Repo Rates, Cash Reserve Ratio

(CRR) etc. The Reserve Bank of India takes these monetary measures keeping in view the overall stance of monetary policy consistent with emphasis on price stability, provision of appropriate liquidity to meet genuine credit needs and support export and investment demand in the economy.