

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1788
ANSWERED ON:12.12.2003
REPO RATE
JYOTIRADITYA MADHAVRAO SCINDIA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India had cut the repo-rate by 50 basic points to 4.5percent with effect from August 25, 2003 following the decline in inflation, impact of good monsoon, and increase in forex reserves to a record \$85,415 billion;
- (b) if so, whether the inflation rate has since moved; and
- (c) the manner in which the repo-rate has since been adjusted?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

- (a) Yes, Sir. The Reserve Bank of India had reduced both the one-day and fourteen dayrepo rate under the Liquidity Adjustment Facility (LAF) from 5.0 percent to 4.5 percenton August 25, 2003 in view of the prevailing macro-economic and overall monetary conditions.
- (b) and (c) The annual inflation rate, based on Whole Sale Price Index (WPI) on a point topoint basis, has fluctuated within the range of 3.825.39 percent during the period August 23, 2003 upto November 22, 2003. The repo rate has remained at 4.5 percent since August 25,2003.