

**CREDIT CONTROL AND OTHER MEASURES  
DECEMBER 1997**

**Selected circular issued by the Reserve Bank of India during December 1997 is reproduced below.**

Ref. UBD. No. DS.PCB.Cir.25/13.05.00/97-98  
dated December 4, 1997

**All Primary Co-operative Banks,**

**'Bill' finance for settlement of dues of SSI suppliers**

It has been decided that banks should advise their corporate borrowers that they should, with effect from January 1, 1998, finance their domestic credit purchases from

SSI units, as also from SSI and others taken together, at least to the extent of 25 per cent, by way of acceptance of bills drawn on them by their suppliers. This requirement should be stipulated as one of the covenants for sanction of working capital credit limits. Banks should monitor compliance with this requirement by devising a suitable Quarterly return to be submitted along with other returns in the information system designed by them. Non-compliance with the above stipulation in any quarter should attract additional interest; the additional (penal) interest rate may be determined by banks. Loan policy documents of banks should be modified to incorporate these requirements.