

**Selective Credit Controls on advances  
against Sugar – Minimum Margins on  
levy/free sale/buffer stock of sugar**

Reserve Bank of India  
Central Office  
Department of Banking Operations & Development Centre - 1,  
World Trade Centre  
Cuffe Parade, Colaba, Mumbai - 400 005

DBOD DIR.No. 53/13.08.01/2000-2001

November 27, 2000

All Regional Rural Banks (RRBs)  
and Local Area Banks (LABs)

Dear Sirs,

Selective Credit Controls on advances  
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Please refer to our circular DBOD No. DIR BC 126/13.08.01/97 dated October 21, 1997, in terms of which the minimum margin on levy sugar was 10 per cent while free sale sugar was subject to margin of 15 per cent and the margin on buffer stock was zero per cent.

2. On a review of market conditions and with a view to providing flexibility to banks in prescribing margins, it has been decided to withdraw the existing prescriptions under Selective Credit Control on free sale sugar. Now, margin in respect of free sale sugar will be decided by the banks based on their commercial judgement. The existing margin of 10 per cent in respect of levy stock and zero margins in respect of buffer stocks will continue without change. An amending directive dated October 10, 2000 is enclosed.

3. Please acknowledge receipt.

Yours faithfully,

(P.V.Subba Rao)  
Chief General Manager

DBOD.No.Dir.BC. 30/13.08.01/2000-01

October 10, 2000

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In exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949, and in partial modification of its directive DBOD No. Dir. BC.38/C/218-87 dated March 31, 1987 as amended from time to time, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that, with effect from October 10, 2000, the prescription regarding margin on free sale sugar shall be withdrawn. Accordingly, banks shall be free to decide margin in respect of free sale sugar based on their commercial judgement. However, the prescribed margin of 10 per cent in respect of levy stock of sugar and zero margin in respect of buffer stocks of sugar will continue without any change.

**(D. P. Sarda)**  
**Executive Director**