

October 13, 2008

All Scheduled Commercial Banks  
(Except RRBs and LABs)

Dear Sirs,

**(i) Disbursal of loans against sanctioned limits**  
**(ii) Restructuring of dues of the Small and Medium Enterprises (SMEs)**

It has come to our notice that in view of somewhat tight liquidity conditions in the domestic markets in the recent past, some of the banks have been averse to disbursing working capital limits and term loans (including short-term loans) to their clients against the sanctioned limits even in cases where the drawing power is available in the client's account and all the terms and conditions of the sanction of the loan stand complied with.

2. In view of the improved liquidity in the markets, the banks concerned are advised to review all such cases and permit drawal of sanctioned limits, guided by their usual commercial judgment.

3. Further, in terms of our circular DBOD. No. BP.BC.No.37/21.04.132/2008-09 dated August 27, 2008, the prudential guidelines on restructuring of advances have been issued. It is understood that some of the banks have not been undertaking the restructuring of dues of the SMEs, where warranted. The banks concerned are, therefore, also advised to consider restructuring the dues of the SMEs, under the guidelines, on merits of the case.

Yours faithfully,

(Prashant Saran)  
Chief General Manager-in-Charge