

Northern India Textile Mills' Association

PHD House, Sector 31 A, Chandigarh-160 031

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**Shri Rajnish Kumar,
Chairman,
State Bank Of India,
Corporate Centre,
State Bank Bhavan,
Madam Cama Road,
Nariman Point, Mumbai - 400021**

Date: 14, June, 2018

Subject: Change in Computation Method of Drawing Power

Ref: Circular No. CCO/PPD-ADV/128/2017-18 dated 15.03.2018 issued by Credit Policy & Procedure Department

Respected Sir,

The Northern India Textile Mills' Association, popularly known as NITMA is an apex association of North India serving the interest of textile units. All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx 50,000 crores (USD 8 Billion). It was formed in 1958 and represents industry for all policy matters and disseminates information apart from conducting conferences, exhibitions, seminars & workshops.

Our members are being intimated about Bank's instructions contained in the above said circular regarding revision in method of arriving at available Drawing Power instead of existing at present.

Untill now as assessed during appraisal for sanction of working capital facility of all sorts, your borrower were allowed to retain acceptable level of sundry creditors/unpaid stock creditors. Over and above of the same, used to be deducted while arriving at Drawing Power available to them.

Now our association members connected with SBI understand from their branches that as per recent change in Bank's guidelines, permissible level of sundry creditors, as assessed at the time of appraisal, has been done away and effective 01-07-2018, entire amount of sundry creditors will be deducted for arriving at Drawing Power available to the unit/borrower.

Sir, this is quite uncalled for as at the time of arriving at ABF (during appraisal), it is being worked out after considering a level of sundry creditors. Bank's decision to completely exclude the sundry creditors will not only hit the trade and industry but will also damage the same causing the irreparable damage. Trade and Industry is already reeling under recession from last couple of years and such a move will further jeopardise the financial health of your borrower.

We do appreciate that a few elements have created a mess of banking sector but because of the same, Bank can not penalise other honest and loyal customers associated with Bank.

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In the light of above, it is requested that the revised instructions issued be withdrawn and the level of sundry creditors as computed while arriving at ABF be permitted to continue as per existing system.

Expecting your prompt action and favour.

Thank You.

With kind regards



Rajiv Garg
President