PREFACE

Credit is the essence of monetary management; the very soul of it. Credit plays heroic role in the settlement of monetary and business transactions of all kinds, and thus represents a powerful force for good or evil. It is thus universally accepted that the creation and distribution of credit under the existing intricate economic organisation, should be subjected to some form of regulation or control. Social and economic outcomes of wide fluctuations in the purchasing power of money and business activity during past forty years have further emphasised the need of credit control in one form or the other.

Control of credit is generally accepted as the main function of a Central Bank. It is the function which embraces the most important questions of Central banking policy and the one through which practically all other functions are united and made to serve a common purpose. Credit control is the principal means by which a Central Bank fulfils the three objectives: exchange stabilisation, price stabilisation, and economic stabilisation. The Central Bank, as the principal monetary authority, is primarily responsible for the exercise of powers of credit control. The present thesis aims at examining the working of various credit control measures taken by the Reserve Bank of India from time to time, their effectiveness or otherwise, conditions found in India for their operation. India seeks for a socialistic pattern of society and to that end is knocking at the door of rapid industrialisation. Indian money market is not
well organised. The purpose of this study is to give a comparative study of the working of credit controls in India and abroad, and in that light to draw valuable suggestions and conclusions that may ensure an effective control over credit in this country.

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