

STATE LEVEL BANKERS COMMITTEE, ODISHA

संदर्भ सं/Lt No-SLBC/ODI/ 93/2019-20

दिनांक / Date: 22.05.2019

To

All the Members of State Level Members Committee, Odisha

Dear Sir / Madam,

**Sub: SLBC notification regarding relief measures to be taken by the Banks in the affected districts of cyclone "FANI".**

**Ref. – Decision of the 1<sup>st</sup> Special Task Force held on 16.05.2019.**

A meeting of the 1<sup>st</sup> Special Task Force was held on 16.05.2019 where following points were discussed and adopted the relief measures to be implemented by Banks with immediate effect. These shall be implemented by all the Scheduled Commercial Banks, Small Finance Banks, RRBs & Co-operative Banks operating in Odisha.

The measures adopted for Scheduled Commercial Banks , Small Finance Banks & RRBs are based on the guidelines contained in the RBI master direction no. FIDD.CO.FSD.BC No.9/05.10.001/2018-19 dated October 17, 2018 and FIDD.CO.FSD.BC No.10/05.10.001/2018-19 dated October 17, 2018 respectively (copy enclosed). Similarly, the measures adopted for Co-operative Banks are based on the guidelines contained in the NABARD circular no. 91/DoR-31/2019 dated April 01, 2019 (Copy enclosed). We request Co-operative Banks to kindly follow the instructions as given in the NABARD circular.

The summary of relief measures under Credit Portfolio recommended for districts affected by cyclone "FANI" is given below

**A. Short term Production Credit (Crop Loans)**

1. Conversion to term loan (principal amount as well interest due for repayment in 2019) if the account is not overdue as on date of notification of cyclone "FANI" by State Govt. i.e. May 10, 2019.
2. Repayment period of the restructured loan depends upon the severity of the crop loss assessed. A maximum repayment period of 2 years (including one year moratorium) if assessed crop loss is between 33% and 50%. In case of loss more than 50%, extended repayment period of 5 years (including one year moratorium).
3. In all restructured loans, one year moratorium period will be considered.
4. No additional security/ guaranteewill be insisted upon for such restructuring.

STATE LEVEL BANKERS COMMITTEE, ODISHA

5. Fresh Crop Loan based on scale of finance & cultivation area as per extant guidelines.
6. Rate of Interest and margin shall be as per individual bank's policies.
7. No Penal interest on current dues and waiver of penal interest in restructured loan.
8. No Compounding of interest during moratorium period (1 year).
9. No compounding of interest on the fresh loan for one year
10. The restructured portion of loan shall be treated as Standard asset.
11. The fresh loan also shall be classified as standard asset.
12. Insurance claim (if any) should be adjusted to the rescheduled loan.

**B. Long Term (Investment) Credit to Agriculture**

1. Where only crop is damaged, but no productive asset damaged
  - Moratorium for one year
  - Extending repayment period by one year & rescheduling instalments current dues accordingly.
  - Instalments defaulted wilfully in previous years not eligible for rescheduling
2. Where both crop and productive assets are damaged
  - Moratorium for one year
  - Fresh crop loan as per item (A) above
  - Need based term loan repair /acquisition of the damaged productive asset
  - Rescheduling period based on overall repaying capacity of borrower vis-à-vis his total liability (including fresh loan) less subsidies received. (Maximum extension by 5 years)
  - Instalments defaulted wilfully in previous years not eligible for rescheduling
3. No additional security or guarantee to be insisted for fresh loan/rescheduling
4. Rate of Interest and margin shall be as per individual bank's policies
5. No Penal interest on current dues and waiver of penal interest in restructured loan
6. No Compounding of interest during moratorium period (1 year)
7. No compounding of interest on the fresh loan for one year
8. The restructured portion of loan shall be treated as Standard asset
9. The fresh loan also shall be standard asset
10. Insurance claim (if any) should be adjusted to the rescheduled loan

STATE LEVEL BANKERS COMMITTEE, ODISHA

**C. Credit to Agriculture allied activities dairy/fishery/poultry & other animal husbandry**

(Both Term loan & Working Capital short term loan)

1. Where there is no damage to livestock or other productive assets
  - Moratorium for one year.
  - Extension of repayment period by one year and rescheduling instalments/currentdues accordingly
  - Instalments defaulted wilfully in previous years not eligible for rescheduling
  - Need based working capital loan may be granted as per banks assessment
2. Where livestock& other productive assets are damaged
  - Moratorium for one year
  - Loan to be rescheduled
  - Need based term loan & working capital limit for repair /acquisition of the damagedproductive asset and running cost may be granted based on the viability of therehabilitated farms as per bank's assessment
  - Rescheduling for a period based on overall repaying capacity of borrower vis-à-vishis total liability (including fresh loan). (Maximum extension by 5 years)
  - Instalments defaulted wilfully in previous years not eligible for rescheduling
3. No additional security or guarantee to be insisted for fresh loan/rescheduling
4. Rate of Interest and margin shall be as per individual bank's policies
5. No Penal interest on current dues and waiver of penal interest in restructured loan
6. No Compounding of interest during moratorium period (1 year)
7. No compounding of interest on the fresh loan for one year
8. The restructured portion of loan shall be treated as Standard asset
9. The fresh loan also shall be standard asset
10. Insurance claim if any should be adjusted to the rescheduled loan

**D. MSME (Including trade)**

**1. Restructuring of existing loans**

- One year moratorium for all loans to Micro, Small enterprises (consideringthe severity of the loss , medium enterprises may be covered )
- Extension of repayment period by one year and rescheduling instalments& currentdues accordingly

STATE LEVEL BANKERS COMMITTEE, ODISHA

- Instalments defaulted wilfully in previous years not eligible for rescheduling
- 2. Fresh loans**
- Need based fresh loans may be extended based on the case to case assessment of requirement, and repayment capacity of individual borrowers, by individual banks
  - The primary consideration for extending credit for rehabilitation shall be the viability of the unit after rehabilitation
3. Security, Rate of Interest and margin shall be as per individual bank's policies
  4. No Penal interest on current dues and waiver of penal interest in restructured loan
  5. No Compounding of interest during moratorium period (1 year)
  6. No compounding of interest on the fresh loan for one year
  7. The restructured portion of loan shall be treated as Standard asset
  8. The fresh loan also shall be standard asset
  9. Insurance claim if any should be adjusted to the rescheduled loan

**E. HOUSING LOANS**

**1. Restructuring of existing loans**

- Need based moratorium of one year & rescheduling instalments accordingly
- Instalments defaulted wilfully in previous years not eligible for rescheduling

**2. Fresh Loans**

- Top up loan for repair/renovation/refurnishing up to 25% of the sanctioned limit
  - Repayment period 5 years after moratorium
  - Rate of interest as applicable to housing loan
  - Margin may be waived
  - Continuing security taken for housing loan
  - One year moratorium for the fresh loan
3. No Penal interest on current dues and waiver of penal interest in restructured loan
  4. No Compounding of interest during moratorium period (1 year)
  5. No compounding of interest on the fresh loan for one year
  6. The restructured portion of loan shall be treated as Standard asset
  7. The fresh loan also shall be standard asset
  8. Insurance claim if any should be adjusted to the rescheduled loan

#### **F. OTHER LOANS**

##### **1. Restructuring of existing loans**

- One year moratorium for other loans of the calamity affected borrowers
- Extending repayment period by one year & rescheduling instalments accordingly
- Instalments defaulted wilfully in previous years not eligible for rescheduling

##### **2. Fresh loans**

- Need based fresh loans may be extended based on the case to case assessment of requirement, and repayment capacity of individual borrowers, by individual banks
3. Security, Rate of Interest and margin shall be as per individual bank's policies
  4. No Penal interest on current dues and waiver of penal interest in restructured loan
  5. No Compounding of interest during moratorium period (1 year)
  6. No compounding of interest on the fresh loan for one year
  7. The restructured portion of loan shall be treated as Standard asset
  8. The fresh loan also shall be standard asset
  9. Insurance claim if any should be adjusted to the rescheduled loan

#### **G. FRESH CONSUMPTION LOANS**

1. Fresh consumption loans up to Rs.10,000/- may be granted on need basis
2. Repayable in 30months
3. Security and Margin may be waived
4. Interest rate at individual bank's rates
5. As alternative to consumption loan, instant OD limit in PMJDY accounts up to Rs.10000 may be considered.

#### **H. General Terms**

1. No Penal interest on current dues and waiver of penal interest in restructured loan
2. No Compounding of interest during moratorium period (1 year)
3. No compounding of interest on the fresh loan for one year
4. The restructured portion of loan shall be treated as Standard asset
5. The fresh loan also shall be standard asset
6. Insurance claim (if any) should be adjusted to the rescheduled loan
7. **Specific Request for restructuring/rescheduling must be obtained from the borrower.**
8. **Instalments defaulted wilfully/ non-cooperative borrowers in previous years not eligible for rescheduling**

STATE LEVEL BANKERS COMMITTEE, ODISHA

9. **The restructuring should not be mindless and expected cash flow unit-wise need to be considered.**
10. **The banks need to keep in view that the restructuring should not lead to camouflaging of existing stressed assets.**
11. In the case of short terms loans only current dues are eligible for rescheduling
12. Wherever eligible fresh loans may be granted under DIR scheme

Banks may also initiate the following measures at their discretion to alleviate the condition of the affected people in the cyclone "FANI".

- i) Relaxation on Know Your Customer (KYC) Norms.
- ii) Waiving of ATM fees
- iii) Increasing ATM withdrawal limits
- iv) Waiving of fees towards overdraft/early withdrawal penalty on time deposits/late fee for credit card/other loan instalment payments etc.
- v) Giving option to credit card holders to convert their outstanding balance to EMIs repayable in 1-2 years.

With regards,

Yours faithfully,



**(P.K.C. Dash)**

**Convener, SLBC, Odisha**

Encl. – As stated above.

C.C – The Special Secretary-cum-Director, Institutional Finance, Govt. of Odisha for kind information.

C.C – The Dy. General Manager, FIDD, RBI, Bhubaneswar for kind information.