

## **STATE LEVEL BANKERS' COMMITTEE, PUDUCHERRY**

### **Minutes of the Special SLBC Meeting Conducted on 19.12.2024**

The Special State Level Bankers' Committee (SLBC) was convened on 19.12.2024 at the Chief Secretariat, Puducherry, as directed by the Hon'ble Lt. Governor, to address the issues related to Cyclonic Storm Fengal, which affected Puducherry, Yanam region of Puducherry district and Karaikal district during 30/11/2024 & 01/12/2024.

Shri Shiv Bajrang Singh, Chairman of SLBC, UT of Puducherry, presided the meeting through VC mode, along with other following noted dignitaries.

- Dr. Muthamma, I.A.S, Secretary to Government (Planning and Research)
- Shri. A. Kulothungan, I.A.S, District Collector,
- Shri. Rakesh Srivastav, Chief General Manager, RBI, Chennai,
- Shri. Siddharthan RV, DDM, NABARD,
- Shri V Chandrasekaran, GM (FI & Rural Banking/SLBC/RRB), CO, Indian Bank
- Shri. Venkatesan M, FGM, Indian Bank, FGMO Chennai,
- Shri. Vengata Subramanian M, Zonal Manager, Puducherry (SLBC Convenor)

Senior Executives/Officials of various banks, Insurance companies & Government Departments also participated in the meeting.

#### **Declaration of Cyclone**

The Department of Revenue and Disaster Management, Government of Puducherry, has issued a Government Order vide G.O. No. M.23 dated 05.12.2024, declaring Puducherry and Yanam region in Puducherry district and Karaikal district, as natural calamity-affected areas on account of the devastating damages caused by Cyclonic Storm Fengal during 30.11.2024 & 01.12.2024.

In this regard, the SLBC Sub Committee meeting was held on 18.12.2024 at 04.00 p.m. at Conference Hall, Indian Bank Zonal Office, Puducherry and discussed on the relief measures to be provided to borrowers in Puducherry and Yanam region in Puducherry district and Karaikal district.



Following the subcommittee meeting, the SLBC chalked out relief package aimed at supporting agricultural advances, MSME units and other types of loans, including housing, vehicle, education and consumption.

The detailed relief packages as discussed in the subcommittee meeting have been presented in this special SLBC meeting for approval. On approval, the same will be forwarded to the RBI, Chennai for further approval. SLBC Chairman and Secretary to Govt advised the members to give more focus on following points before start of agenda wise discussion.

### **Declaration of Crop Loss**

- The Government of Puducherry to coordinate with concerned Insurance companies to survey all farmers/crops & develop methodology to estimate crop loss by adopting uniform approach for declaring losses, at block or taluk level and complete the exercise in shortest time possible.
- The agreement between the Government of Puducherry and insurance companies should be referred to for determining eligible claims under crop insurance.
- Insurance companies shall expedite the claim process to enable faster settlements and streamline procedures for affected farmers.

### **Categorization of Insurance Claims**

Insurance claims should be categorized into two groups:

- a) **Death Claims:** To be processed under government schemes such as PMSBY (Pradhan Mantri Suraksha Bima Yojana) and PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana) on a village-wise basis for efficient claim identification and settlement.
- b) **Asset Claims:** Bank branches will collaborate with insurance companies to organize village-wise camps, supported by the government, for assessing insurance claims. Crop damage and other asset losses shall be promptly addressed by the respective insurance companies.



### **Interest Subvention:**

As per RBI circular FIDD No. FIDD.CO.FSD.BC.No.8/05.02.001/2024-25 dated 06<sup>th</sup> August 2024 , to provide relief to farmers affected by natural calamities, the applicable rate of interest subvention presently i.e 1.50% p.a will be made available to banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards. Further, in all such cases, the benefit of prompt repayment incentive @3% per annum shall also be provided to the affected farmers on prompt repayment as per the extant guidelines.

### **KCC Fisheries:**

For KCC Fisheries beneficiaries, the cyclonic storm has resulted in a loss of livelihood for fishermen and their families for around 15 days. Therefore, it is requested to provide restructuring and rescheduling options for KCC Fisheries loans and to extend the interest subvention benefit to this scheme as well. The eligibility criteria for identification of the fishery farmers is to be ascertained by the State Government.

For extending the relief measures the following dates recognised as relevant dates

**Date of cyclone:** 30<sup>th</sup> November 2024

**Declaration of Natural Calamity:** 05<sup>th</sup> December 2024

**Timeline for restructuring:** 90 days from 05<sup>th</sup> December 2024

### **Details of Agenda wise deliberations:**

#### **Agenda-1:**

#### **Ensuring Hassle-free Disbursement of Fengal Cyclone Relief Assistance Rs. 5,000/- to Beneficiaries**

- As per the directions of the Government of Puducherry, all member banks are advised that the financial assistance of ₹5,000/- provided as relief for the Fengal Cyclone must be fully credited to the beneficiaries' accounts for their utilization.
- Banks should not adjust or deduct this relief amount against any overdue loans or other charges like Minimum balance etc. If any bank has debited from the relief amount towards loan dues or other charges, it must be immediately reversed, and the customer must be allowed to withdraw the full amount.
- Branches are instructed to ensure the hassle-free disbursement of the full relief amount to customers.



#### **Agenda-2:**

#### **Waiver of Preclosure Charges on Retail Loans for Cyclone Fengal affected Borrowers in Puducherry, Yanam region of Puducherry district and Karaikal district**

Insurance is the claim for loss due to certain exigencies, hence no prepayment penalty will be applicable on such repayments.

#### **Agenda-3:**

#### **Insurance Claim Settlements**

While the measures relating to rescheduling of loans are intended to provide relief to the farmers, the insurance proceeds shall, ideally compensate the losses.

Banks, Insurance companies and relevant departments are advised to form teams and support affected farmers and customers in claiming insurance for the damaged assets. Insurance companies are urged to expedite the claim process, assess the extent of the damage, and settle the claims swiftly. Once the claim is approved, the insurance payout can be used to repair or replace the assets or in some cases, to preclose any outstanding loans, as per the borrower's preference.

#### **Agenda-4:**

#### **Restructuring of Loans (Agriculture, MSME, Retail)**

- The relief package is available to borrowers in Puducherry, Yanam region of the Puducherry district and Karaikal district as declared by the Government of Puducherry.
- The Revenue authorities must issue a certificate confirming that crop loss is 33% to 50% or more to trigger the rescheduling of agricultural crop loans.
- In the case of MSME units, the selection of affected borrowers is based on the bank's assessment and the insurance claims for stocks and machinery damaged by the flood, for which the relief package is applicable.
- Based on the extent of damage of assets, the relief package may be decided by the Banks in line with RBI guidelines.

**The timeline for restructuring is within three months from 05.12.2024 (i.e from the date of declaration of calamity) as per the extant guidelines of RBI.**



The illustrative guidelines for Relief package are given below for various categories of borrowers, in case of any interpretational issues, RBI guidelines shall prevail.

### **RELIEF PACKAGE PROPOSED FOR AGRICULTURE & ALLIED ACTIVITIES**

#### **A: Agricultural loans- Short term production credit (Crop loans)**

**Eligible loans:** All short term loans which are not overdue as on 29.11.2024 (occurrence of natural calamity) are eligible for restructuring.

**Amount of restructuring:** The Principal amount of short term loan as well as interest due for repayment in the year of occurrence of natural calamity are to be converted into term loan

**Moratorium:** In all the restructured loan accounts, Moratorium period of atleast one year shall be considered from the date of restructuring for the converted term loan.

#### **Repayment period of converted term loan:**

- Where the crop loss is between 33%-50%: A maximum repayment period of up to two years (including the moratorium period upto one year) shall be allowed.
- Where the crop loss is 50% or more: A maximum repayment period up to five years (including the moratorium upto one year) shall be allowed.

#### **Sanction of fresh crop loans:**

Pending conversion of existing short term loans, banks shall grant fresh crop loans based on the scale of finance of the crop and the cultivation area as per the extant guidelines.

#### **Rate of interest:**

- a) For converted term loans - 1 YR MCLR
- b) For fresh crop loans - Applicable Rate

#### **Penal Interest:**

In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any, already charged in regard to loans converted or rescheduled.

#### **Security:**

No additional/fresh collateral securities for the converted term loan or fresh crop loans shall be insisted. The existing collateral, if available for crop loan shall continue.



### **Appropriation of Insurance claim:**

Insurance proceeds for the crop loss shall be adjusted towards the converted term loan and existing short-term loan in cases where fresh loans have been granted to the borrower. Claim amount over and above the converted term loan and existing short-term loan shall be passed on to the beneficiary.

### **B: Agriculture Loans – Medium/Long Term (Investment) Credit**

The existing term loan instalments shall be rescheduled by way of extension of loan period keeping in view the repaying capacity of the borrower & the nature of natural calamity viz.

#### **a. Where there is only damage of crops but productive assets are not damaged-**

Banks shall reschedule interest & instalment of natural calamity year and extend the loan period by maximum of 1 year.

Under this arrangement the instalments defaulted wilfully in earlier years will not be eligible for rescheduling.

#### **b. Where productive assets are partially or totally damaged-**

The repayment of the existing term loan to be rescheduled by way of extension of loan period shall be determined on the basis of overall repaying capacity of the borrower vis-à-vis total liability (old term loan, restructured crop loan, if any and fresh crop loan to be given if any less the subsidies received from Government Agencies and compensation under insurance etc.)

The total repayment period of the rescheduled term loan/ fresh loan may vary case to case but shall not exceed a period of five years.

### **Moratorium:**

Moratorium period shall be allowed upto maximum of 1 year for the rescheduled term loan from the date of restructuring.

### **Sanction of fresh Term Loans:**

When the productive assets are partially or totally damaged, need based term loans for replacement/repair/ renovation of the damaged assets shall be provided as per the extant guidelines.



**Rate of interest:**

- a) For rescheduled term loans - Banks shall take a sympathetic view and extend a concessional ROI as per the policies of the Bank.
- b) For fresh term loans - Applicable Rate

**Penal Interest:**

In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.

**Security:**

No additional/fresh collateral securities for the rescheduled/fresh term loan shall be insisted. The existing collateral, if available for term loan shall continue.

**Appropriation of Insurance claim:**

Insurance claim for the loss of asset shall be adjusted to the rescheduled term loan where fresh loans have been granted to the borrower. Claim amount over and above the rescheduled term loans shall be passed on to the beneficiary.

**C. Loans for Allied Activities to Agriculture****a) For Term loans under Allied Activity****Eligible borrowers:**

All the outstanding loans under allied activities to agriculture where the productive assets are partially or totally damaged in the floods.

**Mode of restructuring:**

The existing Term Loan installments have to be rescheduled by way of extension of repayment on case to case basis depending upon the repayment capacity of the borrower vis-à-vis total liability (Old term loan, old working capital loan, fresh WCTL and fresh term loan ) less the subsidy and insurance claim if any.

**Moratorium:**

Moratorium period upto 1 year for the rescheduled term loan from the date of restructuring.



**Repayment:**

The repayment of the existing term loan to be rescheduled by way of extension of loan period so that repayment period of the rescheduled term loan will be completed within the maximum period of five years from the date of restructuring.

**Fresh facility:**

Need based fresh facility shall be provided upon proper assessment for repairs/ renovation/ replacement of damaged assets as per the extant guidelines.

**Rate of interest:**

- a) For rescheduled term loans - Banks shall take a sympathetic view and extend a concessional ROI as per the policies of the Bank.
- b) For fresh term loans - Applicable Rate

**Penal Interest:**

In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.

**Security:**

Existing and fresh facility shall be secured by way of charge of existing securities and assets to be created out of fresh loan. No additional/ fresh collateral security shall be insisted upon.

**Appropriation of Insurance claims:**

Insurance claims shall be first appropriated for adjustment of the rescheduled loans and balance, if any, may be passed on to the borrower.

**b) For Working capital under Allied Activity:****Working Capital Term Loan (WCTL):**

Balance outstanding in excess of the value of primary security available shall be converted into WCTL.



**Moratorium:**

Converted WCTL shall have moratorium period upto maximum of 1 year from the date of restructuring both in respect of repayment of principal and interest.

**Repayment:**

Repayment for WCTL shall commence after expiry of moratorium period. The converted WCTL shall have repayment period generally between 3-5 years.

**Rate of interest:**

Banks shall take a sympathetic view and extend a concessional ROI as per the policies of the Bank.

**Penal Interest:**

In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.

**Additional facility:**

As an immediate relief, in addition to the WCTL, the borrower shall be provided need based additional working capital facility subject to a maximum of 50% of WCTL so converted. The facility shall have interest rate applicable as per the existing terms.

**Security:**

Existing and fresh facility shall be secured by way of charge of existing securities and assets to be created out of fresh loan. No additional collateral security shall be insisted upon.

**Appropriation of Insurance claims:**

Insurance claims (if any) shall be appropriated for adjustment of WCTL. Claim amount over and above the outstanding in WCTL shall be passed on to the beneficiary after adjusting any overdues.

#### **D. Loans to SHG for agri purposes:**

- Repayment of existing term loans shall be restructured by way of extension of repayment upto 1 year and need based fresh term loan may be considered as per extant guidelines and rate of interest.
- Fresh loan shall not be linked with savings/corpus. Wherever SHGs/JLGs are sponsored by NGOs/SHPIs, consensus of the sponsoring agency to be obtained, wherever possible for additional funding.
- At first, existing unavailed limits are released for easing up the liquidity stress based on group request and thereafter if any residual demand exists, same may be given in the form of additional funding.

#### **Other terms of the package:**

1. Margin requirements may be waived, or the grants/subsidy may be treated as margin.
2. Where original land record is required for verification and farmers or the share croppers lost their proof of original titles in the natural calamities, a certificate issued by Revenue department officials may be accepted for financing fresh loans.
3. No processing charges to be recovered in case of fresh loans granted to the affected borrowers.



## **Relief Package Proposed for Flood/Cyclone Affected MSMEs**

### **A. Term Loan**

#### **Moratorium:**

Moratorium in repayment of principal instalments and interest on term loans for a period upto 1 year with effect from date of restructuring in respect of the existing term loan(s).

#### **Converted term loans:**

For Term loans, restructuring with FITL can be considered. Interest charged but not recovered in the Term Loan can be carved out to form the FITL. Future interest up to proposed holiday (Moratorium) period may also be taken in to account to form the FITL. But this has to be done with careful analysis of financials and based on future cash flows.

1. Separate FITL account should be created.
2. Debit FITL and credit existing term loan to the extent of unadjusted interest portion.

#### **Repayment :**

Repayment for converted term loan (funded interest term loan and working capital term loan) along with the existing residual terms loan including the moratorium period shall be paid in a period not exceeding 5 years.

#### **Fresh facility :**

Need-based fresh facility shall be provided upon proper assessment for repairs / renovation/ replacement of damaged assets/ technological upgradation.

#### **Rate of Interest:**

- a. ROI on converted term loan : Banks shall take a sympathetic view and extend a concessional ROI as per the policies of the Bank as per RBI guidelines.
- b. Rate of Interest on Fresh Term shall be as per extant guidelines.

#### **Penal Interest and other charges:**

- In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.
- No processing fees to be recovered in case of fresh advances granted to the affected borrowers.



**Security:**

Existing and fresh facility shall be secured by way of charge on existing securities and assets to be created afresh. No fresh collateral security shall be insisted upon.

**Appropriation of insurance claims:**

Insurance claims to be received shall be first appropriated for adjustment of the converted loan and balance, if any, shall be adjusted to the existing term loan accounts.

**B. Working Capital****Working Capital Term Loan (WCTL):**

For working Capital loans, restructuring with WCTL can be considered. After the adjusted interest portion of the cash credit account is segregated, the balance representing principal dues may be treated as irregular to the extent it exceeds drawing power. This amount may be funded as Working Capital Term Loan (WCTL).

**Moratorium:**

WCTL so converted shall have moratorium upto 1 year with effect from date of restructuring both in respect of repayment of principal and interest.

**Repayment:**

Repayment for WCTL shall commence after expiry of moratorium period. The repayment period shall be extended upto 5 years including moratorium period.

**Rate of Interest for WCTL:**

Banks shall take a sympathetic view and extend a concessional ROI as per the policies of the Bank.

**Penal Interest and Other Charges:**

- In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.
- No processing fees to be recovered in case of fresh advances granted to the affected borrowers.

**Treatment of regular portion:**

The regular portion of the limit shall be made available to the borrower as per existing terms and conditions.



**Additional facility:**

As an immediate relief, in addition to regular portion of existing limit, the borrower shall be provided need based additional working capital facility with a maximum of 50% of WCTL so converted. The facility shall have interest rate applicable as per the existing terms. The working capital limit shall be taken up for review/ re-assessment after period of 6 months for ascertaining need based WC requirements.

**Security:**

Existing and fresh facility shall be secured by way of charge on existing securities and assets to be created afresh. No additional collateral security shall be insisted upon.

**Appropriation of Insurance Claims:**

Insurance claims to be received shall be appropriated towards adjustment of WCTL. Claim amount over and above the outstanding in WCTL shall be passed on to the beneficiary subject to adjusting overdues if any, in any of the working capital loans.



## **Relief Package for Housing, Vehicle, Education and Consumption Loans**

### **Housing Loan:**

- a. Reschedulement of the existing loans in the affected areas with a maximum period of 6 months moratorium.
- b. Top up loans for repairs and renovation up to 25% of the loan limit with a ceiling of Rs.5.00 lacs, which shall be based on the viability of the venture as assessed by the banks, repayable in 5 years including a moratorium of 6 months.
- c. Banks to assess the requirement of individual borrowers in each such case and depending on the nature of their accounts, repaying capacity appropriate decision may be taken.
- d. Penal Interest: In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.

### **Vehicle Loan:**

- a. Reschedulement of the existing loans in the affected areas with a maximum period of 6 months moratorium.
- b. Penal Interest: In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.

### **Education Loans:**

- a. A moratorium upto 6 months for loans in affected areas where repayment has commenced.

### **Consumption Loans:**

- a. Reschedulement of the existing loans in the affected areas with a maximum period of 6 months moratorium.
- b. Penal Interest : In respect of default in current dues no penal charges shall be levied. Banks shall consider waiving of penal charges if any already charged in regard to loans converted or rescheduled.
- c. Fresh consumption loans may be considered up to Rs.1.00 lakh for purchase of household articles damaged by floods.



### **Other condition applicable of all loans:**

- Restructuring is permitted "without a downgrade in the assets classification"
- For a restructured standard asset, the subsequent restructuring necessitated on account of a natural calamity shall not be treated as second restructuring.
- Higher provisions for the restructured standard advances as prescribed by the competent authority from time to time to be maintained.
- The assets classification for the remaining dues, that does not form a part of the restructured portion, shall continue to be governed by the original terms and conditions of its sanction.

### **Agenda-5:**

#### **Other Relief Measures and Concessions**

##### **a) Relaxing the KYC Norms:**

- Needy persons who have lost ID proof may be permitted to open BSBD accounts with simplified KYC.
- Many customers might have lost their KYC documents. Banks may issue photo affixed pass books were requested without collecting charges.

##### **b) Other Concessions:**

- Banks shall not deduct minimum balance penalty or other charges on the distress relief assistance paid by the Government through DBT to their account.
- Banks shall not collect charges for issue of duplicate pass book, account statement, hot listing of Debit cards and for issuing fresh debit cards, Cheque book cancellation and Fresh issuance upto 31.03.2025.
- Individual Banks at their discretion may also waive the penalty charges for non-maintenance of minimum balance in SB/ CD accounts till 31.03.2025.
- Banks at their discretion may also take other distress alleviation measures like waiver of ATM charges, increasing ATM withdrawal limit, waiving premature closure charges for term deposits, waiving of late fee for card dues and penal interest on loan instalments etc.

