



(SLBC – UT of Puducherry)

SPECIAL STATE LEVEL BANKERS' COMMITTEE MEETING

**RELIEF MEASURES TO BORROWERS AFFECTED BY CYCLONE FENGAL IN
PUDUCHERRY(Puducherry & Yanam Region) AND KARAIKAL DISTRICT**

Date : 19.12.2024
Time : 10.00 am
**Venue : Conference hall,
3rd Floor, Chief Secretariat
Puducherry – 605008**

AGENDA & BACKGROUND PAPERS

Convenor

Indian Bank, Zonal Office

R.S.No.64/4A,ECR,

Pakkamudayanpet, Puducherry-605008.

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Discussion agenda for Natural Calamity in Puducherry, Yanam region in Puducherry District and Karaikal District during the month of November -December 2024.

The Department of Revenue and Disaster Management, Government of Puducherry, has issued a Government Order (G.O.) vide G.O. No. M-23 dated 05.12.2024, declaring Puducherry and Yanam regions in Puducherry District, as well as Karaikal District, as natural calamity-affected areas on account of the devastating damages caused by Cyclonic Storm Fengal during November and December 2024.

The SLBC Sub Committee meeting, Puducherry was held on 18.12.2024 at 04.30 p.m. at Conference Hall, Indian Bank zonal Office, Puducherry and discussed on the relief measures to be provided to borrowers in Puducherry, Yanam region in Puducherry District and Karaikal District.

Due to unprecedented rainfall and cyclone has caused severe flood situation in Puducherry, Yanam region in Puducherry District and Karaikal District. SLBC received requests from many quarters to provide relief to those affected farmers, MSME units and other individuals.

SLBC has convened a subcommittee meeting on 18.12.2024 to discuss about the relief package and evolved a relief package to provide relief to the MSME units in the affected areas. Similarly, a relief package was evolved for other loans like housing loans, vehicle loans, education loans and consumption loans also.

The details of relief package for agriculture and allied sector loans, MSME loans and other loans as discussed in the sub-committee meeting are given in detail in the annexure.

The same is placed in this SLBC meeting for approval. Upon approval, the same shall be forwarded to RBI, Chennai for approval.

AGENDA-1

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

The Hon'ble Chief Minister of Puducherry has announced and credited financial assistance of ₹5,000 to all ration card holders to their bank account as a relief measure to mitigate the hardships caused by Cyclone Fengal on 30.11.2024 in Puducherry, Karaikal, Yanam Region. This relief amount is intended solely to provide immediate support to affected families. As per the directions of Government of Puducherry, all member banks are advised that the relief amount must be fully credited to beneficiaries' accounts for their utilization and must not be adjusted or deducted for any overdue loans. Branches are advised to ensure hassle-free disbursement of the relief amount fully to customers and non-compliance in this matter will be viewed seriously.

AGENDA-2

Waiver of Preclosure Charges on Retail Loans for Cyclone Fengal Affected Borrowers in Puducherry and Karaikal district

In light of the recent devastation caused by Cyclone Fengal in the Puducherry and Karaikal district, all member banks are advised to waive preclosure charges on retail loans for borrowers affected by the disaster. Borrowers should be allowed to use insurance claim settlements of assets to preclose their loans without incurring any additional charges. This measure aims to provide relief to borrowers struggling to recover from the cyclone's impact.

AGENDA-3

Insurance Claim Settlements

In the Union Territory of Puducherry, the procedure for insurance claims and settlements following natural calamities such as cyclones involves several key steps to ensure that affected individuals and businesses receive the necessary financial support. Banks and relevant departments are requested to proactively involve and support affected farmers and customers in claiming insurance for the damaged assets. Affected parties must promptly notify their insurance providers and submit all required documentation. 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 vehicle or, in some cases, to preclose any outstanding loans, as per the borrower's preference.

AGENDA-4

RESTRUCTURING OF LOANS (AGRICULTURE, MSME, RETAIL)

RELIEF PACKAGE FOR AGRICULTURE & ALLIED ACTIVITIES

The relief package is available to borrowers in Puducherry, Yanam region in Puducherry District and Karaikal District, as declared by Government of Puducherry. The Revenue authorities have to declare/give a certificate to effect that crop loss is 33% or more to trigger rescheduling.

The timeline for restructuring is within three months from 19.12.2024.

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

- I. **Eligible loans:** All short term loans which are **not overdue at the time of occurrence of Natural calamity** shall be eligible for restructuring.
- II. **Amount of restructuring:** The Principal amount of short term loan as well as interest **due for repayment** are to be converted into term loan
- III. **Moratorium:** Moratorium period up to one year w.e.f 30.11.2024 for the converted term loan.
- IV. **Repayment period of converted term loan:**
 - **Where the crop loss is between 33%-50%:** 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:** Repayment period up to five years (including the moratorium upto one year) shall be allowed.
- V. **Sanction of fresh crop loans:** Pending conversion of existing short term loans, Fresh crop loans based on the scale of finance may be granted as per extant guidelines.
- VI. **Rate of interest:**
 - a) For converted term loans - 1 YR MCLR/ RLLR
 - b) For fresh crop loans - Applicable Rate
- VII. **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.
- VIII. **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.
- IX. **Appropriation of Insurance claim:** Insurance claim 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

I – Eligible loans: All Term loans which are not NPA as on 30.11.2024. Defaulted installments willfully are not eligible for rescheduling.

II – Mode of restructuring: The existing Term Loan installments shall be rescheduled by way of extension of loan period keeping in view the repaying capacity of the borrower & the nature of natural calamity.

- a. **Where there is only damage of crops but productive assets are not damaged –** Moratorium period upto one year for installment and interest due w.e.f 30.11.2024 in the existing term loan, thereby extending the loan period by one year.
- 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 exceed a period of five years.

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

IV – 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.

V – Rate of interest:

- a) For rescheduled term loans - 1 YR MCLR/ RLLR
- b) For fresh term loans - Applicable Rate

VI – 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.

VII – 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.

VIII – 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

Eligible borrowers: All the outstanding loans under allied activities to agriculture where the productive assets are partially or totally damaged in the floods, subject to the account **not** being NPA as on 30.11.2024.

1. Nature of facility- Term loans under Allied Activity:

I – 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 his total liability (Old term loan, old working capital loan, fresh WCTL and fresh term loan) less the subsidy and insurance claim if any.

II - Moratorium: Moratorium period upto one year w.e.f 30.11.2024 for the rescheduled term loan.

III – 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 of five years w.e.f 30.11.2024.

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

V – Rate of interest:

- a) Rate of interest on converted term loan shall be 1 YR MCLR/ RLLR with monthly rests.
- b) Rate of interest for the fresh term loan shall be at applicable rate.

VI – 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.

VII – 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.

VIII - 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.

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.

2. Nature of facility-Working capital under Allied Activity:

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

II- Moratorium: WCTL so converted shall have moratorium period upto 12 months w.e.f 30.11.2024 both in respect of repayment of principal and interest.

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

IV –Rate of interest: RLLR/ 1 YR MCLR with monthly rests.

V –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.

VI – 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.

VII – 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.

VIII - 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.

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

I. Moratorium

Moratorium in repayment of principal instalments and interest on term loans for a period upto 1 year with effect from 30.11.2024 in respect of the existing term loan(s).

II. 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 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.

The principal demand of the existing term loan(s) along with interest during the period of Moratorium upto 1 year shall be funded by way of additional term loan (Converted loan).

III. 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.

IV. Fresh facility

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

V. Rate of Interest

- a. Rate of interest on converted term loan shall be RLLR with monthly rests.
- b. Rate of Interest on Fresh Term shall be as per extant guidelines.

VI. 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.

VII. 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.

VIII. 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

I. Conversion into 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).

II. Moratorium

WCTL so converted shall have moratorium upto 1 year with effect from 30.11.2024 both in respect of repayment of principal and interest.

III. Repayment

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

IV. Rate of Interest for WCTL

RLLR with monthly rests.

V. 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.

VI. Treatment of regular portion

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

VII. 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.

VIII. 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.

IX. 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.

C. MICRO ENTERPRISES (UPTO RS.10.00 LAKHS)

1. For Micro enterprises clean loan up to 50% of existing limit or Rs.1.00 lakh whichever is lower can be provided.

**RELIEF PACKAGE FOR HOUSING, VEHICLE, EDUCATION AND CONSUMPTION
LOANS**

HOUSING LOAN:

- a. Reschedulement of the existing loans in the affected areas with upto 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 upto 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 upto 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. The fresh consumption loans may be considered up to Rs.1.00 lakh for purchase of household articles damaged by floods.

Appropriation of Insurance Claims

Insurance claims to be received shall be appropriated towards adjustment of respective loans. Claim amount over and above the outstanding in loans shall be passed on to the beneficiary.

OTHER CONDITION APPLICABLE OF ALL LOANS:

- Restructuring is permitted “without a downgrade in the assets classification”
- For a restructured standard assets, 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:
 - a. Needy persons who have lost ID proof may be permitted to open BSBD accounts with simplified KYC.
 - b. Many customers might have lost their KYC documents. Banks may issue photo affixed pass books where requested without collecting charges.
- b) Other Concessions:
 - a. Banks shall not deduct minimum balance penalty or other charges on the distress relief assistance paid by the Government through DPT to their account.
 - b. 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.
 - c. 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.
 - d. 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.