

# State Level Bankers' Committee Maharashtra State

## CORE COMMITTEE MEETING ON AGRICULTURE SECTOR

BACKGROUND NOTES AND AGENDA PAPERS

**Date**

**7<sup>th</sup> April 2015**

**Venue**

**MVM Banquets  
Next to YB Chavan Centre  
General Jagannath Bhosale Marg  
Near Mantralaya  
Mumbai 21**

**CONVENER**



**बैंक ऑफ महाराष्ट्र  
Bank of Maharashtra**

भारत सरकार का उद्यम

**एक परिवार एक बैंक**



## INDEX

Sr. No.	Particulars	Page No.
1	Banking scenario of Maharashtra State	1
2	Finance for Agriculture in Maharashtra	2
3	Suggested Action Points on Relief Measures in Maharashtra	4
4	Position of State as per relief measures declared by Government of Maharashtra	6
5	Guidelines for relief measures by Banks in areas affected by natural calamities	8
6	Procedure of interest application after restructuring / rephasing of crop loans	14
7	Actions to be initiated by the Banks	15
8	Any other issue with the permission of Chair	





Agenda No. 1

**Banking scenario of Maharashtra State**

Banking Net work in the state is well spread. The details of district wise as well as Bank wise network as of December 2014 are enclosed herewith.

There are total 14000 bank branches including cooperative bank branches in the state. It is pertinent to note that there are total 6000 rural and semi urban branches catering the need of rural area more particularly the agriculture finance. More over banks have started the Business correspondent model in the rural area to reach to the doorstep of rural customers. The model is now stabilizing.

Banks are opening the rural branches as per the guidelines stipulated by Reserve Bank of India and the number of rural branches are increasing.

Cooperative Banking movement in Maharashtra is very progressive and District Central Cooperative Banks are lending to the agriculture sector through more than 21000 primary Agriculture society.

Thus it can be concluded that the banking network in Maharashtra is well spread and can cater the need of rural population as well as farmers in the state.

The Banking network in nutshell for the state is as under

Particular	Commercial Banks	District Central Coop. Banks	Total
No. of branches - Rural	2938	2971	5909
Semi-urban	2321	395	2716
Urban	1677	356	2033
Metro	3281	88	3369
<b>Total</b>	<b>10217</b>	<b>3810</b>	<b>14027</b>

There are Eleven Public sector Banks, Two Gramin Banks and two private sector banks in the State having branch net work of more than 100 branches in Rural and Semi urban area which constitute more than 80% of branch net work excluding DCCBs. All the banks have been called today for this meeting. Whereas Maharashtra State Cooperative Bank represents DCCBs in the state.



Agenda No. 2

Finance for Short Term Credit Agriculture in Maharashtra

Performance of the Banks in crop loan lending for last 3 years

The comparative position of agriculture and crop loan lending under state Annual Credit Plan for last 3 years is as under:

(Rs. in crore)

Sector	2011-12		2012-13		2013-14			
	Disbursement.	increase over last year	Disbursement.	increase over last year	Target	Achiv.	% Achiv.	increase over last year
Agriculture	24227	31%	30666	27%	50129	39684	79%	29%
Of which crop loans	19493	46%	25197	29%	34888	31426	90%	25%

The Agency wise flow in the Crop Loan during last 3 years in the State was as follows:

(Rs. in crore)

Agency	2011-12		2012-13		2013-14			
	Ach.	increase over last year	Ach.	increase over last year	Tar	Ach.	% Ach	increase over last year
Public Sector Banks	7797	46%	10385	33%	15923	15130	95	46%
Private Sector Banks	349	52%	940	169%	3719	1331	36	42%
Commercial Bank Total	8146	46%	11325	39%	19642	16461	84	45%
Co-operative Banks	10401	44%	12507	20%	13556	13354	99	7%
RRBs	947	57%	1365	44%	1690	1611	95	18%
<b>Total</b>	<b>19493</b>	<b>46%</b>	<b>25197</b>	<b>29%</b>	<b>34888</b>	<b>31426</b>	<b>90</b>	<b>25%</b>

The crop Loan target for the financial Year 2014-15 is 39432 crores. The disbursement position of crop loans is being monitored on fortnightly basis in the Kharif season and on monthly basis thereafter. Special emphasis is given to lending for crop loans so as to cover each farmer in the state. Agency-wise position of crop loan disbursement in the state till date is given hereunder-

Comparative Performance

Rs. in crore

Sr. No.	Agency	28.02.2014			28.02.2015		
		Target	Ach	% Ach	Target	Ach	% Ach
1	Public Sector Banks	15923	13659	86	19639	14759	75
	<b>Share</b>	<b>46</b>	<b>47</b>		<b>50</b>	<b>47</b>	
2	Private Sector Banks	3719	1133	30	2517	1585	63
	<b>Share</b>	<b>11</b>	<b>4</b>		<b>6</b>	<b>5</b>	
	CBs	19642	14792	75	22156	16343	74
	<b>Share</b>	<b>56</b>	<b>51</b>		<b>56</b>	<b>52</b>	
3	RRBs	1690	1523	90	2184	1598	73
	<b>Share</b>	<b>5</b>	<b>5</b>		<b>6</b>	<b>5</b>	
	Sub total SCBs	21332	16315	76	24340	17941	74
	<b>Share</b>	<b>61</b>	<b>57</b>		<b>62</b>	<b>57</b>	
4	DCCBs	13556	12488	92	15092	13281	88
	<b>Share</b>	<b>39</b>	<b>43</b>		<b>38</b>	<b>43</b>	
	<b>Total</b>	<b>34888</b>	<b>28802</b>	<b>83</b>	<b>39432</b>	<b>31223</b>	<b>79</b>



The overall achievement by banks in the state is 79% of the annual target of Rs. 39,432 crore which can be achieved by the end of the year with concerted efforts by all banks.

District wise position of crop loans as of 28.02.2015 as reported by Lead District Managers is enclosed herewith

**B) Status of disbursement of Crop Loans in districts with weak DCCBs**

Crop loan disbursement position, as of 28.02.2015 informed by respective Lead District Managers, in the following affected districts of Maharashtra is as under:

Rs. in crore

Sr. No.	District	Target	Achmnt	% Achmnt
1	BULDHANA	1205	922	76
2	NAGPUR	1022	773	76
3	WARDHA	527	444	84
	<b>Sub - Total</b>	<b>2754</b>	<b>2139</b>	<b>78</b>
1	BEED	1625	1163	72
2	DHULE	813	559	69
3	JALNA	1060	764	72
4	NANDURBAR	579	414	71
5	OSMANABAD	885	474	54
	<b>Sub - Total</b>	<b>4963</b>	<b>3375</b>	<b>68</b>
	<b>Total for 8 Districts</b>	<b>7717</b>	<b>5514</b>	<b>71</b>
	<b>Maharashtra Total</b>	<b>39432</b>	<b>31223</b>	<b>79</b>



**Agenda No. 3**

**Suggested Action Points on Relief Measures in Maharashtra**

Government of Maharashtra has declared the paisewari for the year 2014-15 vide their GR No. SCY-2014/Pra. Kra. 231/M-7, dated 25.11.2014 and has issued necessary guidelines and number of villages declared in each district on the aforesaid subject and the position of affected districts is as under.

District	GOM guidelines issued on 25.11.2014		Revised GOM guidelines issued on 14.1.2015	
	Villages where paisewari is declared	Villages having paisewari less than 50 paise	Villages where paisewari is declared	Villages having paisewari less than 50 paise
Nasik	1960	1166	1960	1346
Dhule	676	108	676	420
Nandurbar			883	511
Jalgaon	1501	203	1501	702
Ahmednagar	581	305	581	516
Pune	0	0	1301	87
Satara	1489	3	1489	3
Solapur	More than 80% area was not sown under Kharif and hence paisewari is Nil		More than 80% area was not sown under Kharif and hence paisewari is Nil	
Aurangabad	1353	1307	1353	1353
Jalna	929	929	929	929
Parbhani	848	848	848	848
Hingoli	707	707	707	707
Nanded	1575	1575	1575	1575
Beed	1403	1377	1403	1403
Latur	943	943	943	943
Osmanabad	381	318	381	381
Amravati	1981	1981	1981	1981
Akola	997	997	997	997
Yavatmal	2050	2050	2050	2050
Buldana	1420	1420	1420	1420
Washim	793	793	793	793
Nagpur	1795	525	1795	1795
Wardha	1341	1049	1361	1361
Bhandara	847	7	847	164
Gondia	0	0	921	2
Chandrapur	1396	448	1396	1391
Gadchiroli	0	0	1496	133
<b>Total</b>	<b>26966</b>	<b>19059</b>	<b>31587</b>	<b>23811</b>

Necessary Special DLCC meetings are held in concerned districts and guidelines of RBI are strictly followed.

With reference to SLBC letter Nos. AX1 / PLN / SLBC / 2014-15 /2261-2330 dated 26.11.2014 and AX1 / PLN / SLBC / 2014-15 /2190-2259 dated 26.11.2014, necessary guidelines are issued.





SLBC requested all member Banks to take following measures on priority basis where the paisewari is less than 50 paise and are as under.

1. Conversion of crop loans / Kisan Credit Card limits into term loans
2. Postponement / reschedulement of installment of term loans
3. Providing additional finance to short term and term loans in all eligible cases wherever necessary

In view of the guidelines issued by RBI and considering the critical situation in these districts, banks were also requested to take proactive steps in the interest of the farmer's community in the State. The following steps were suggested for tackling the situation.

- Lead District Managers of the affected Districts has taken up the matter with District Collectors and called for immediate meetings of DLCC to review the situation. The decision as regards the adoption of relief measures are taken with clear guidelines as regards the names of villages / blocks / entire concerned districts.
- Regional Heads to use NIC video conference facility, wherever required to review with branches located in affected districts to see that all affected borrowers has been dealt with as per the guidelines laid down by the RBI.
- All banks are advised to refer to the RBI circular for any further clarifications.
- Government of Maharashtra has declared the paisewari for the Rabi season year 2014-15 vide their GR No. SCY-2015/Pra. Kra. 28/M-7, dated 13.3.2015 and has issued necessary guidelines and number of villages declared in each district on the aforesaid subject and the position of affected districts is as under.

District	Villages where paisewari is declared	Villages having paisewari less than 50 paise
Ahmednagar	1018	258
Pune	542	20
Satara	192	11
Jalna	40	40
Osmanabad	356	356
Chandrapur	393	393
<b>Total</b>	<b>2541</b>	<b>1078</b>

All member Banks are requested to pass on the benefits to eligible affected farmers.



Agenda No. 4

Position of State as per relief measures declared by Government of Maharashtra

There are continuous disturbances due to vagaries of weather and the ultimate district-wise position of the State is as under:

MAHARASHTRA STATE - POSITION OF DISB (28.02.2015 ) IN DROUGHT AFFECTED VILLAGES

Rs. In Crore

Sr. No.	District	Kharif			Rabi			Total finance to Drought Affected Villages	Total Crop Finance in the State	% of Finance to Drought affected villages		
		Total Villages	Of which drought affected villages	finance to drought affected villages	Total Kharif Finance in the State	Total Villages	Of which drought affected villages				finance to drought affected villages	Total Rabi Finance in the State
1	AHMEDNAGAR	581	516	1925	2168	1018	258	127	500	2052	2668	76.92
2	AKOLA	997	997	729	729	997	0	0	15	729	744	98.05
3	AMRAVATI	1981	1981	1120	1120	1981	0	0	98	1120	1219	91.93
4	AURANGABAD	1353	1353	535	535	0	0	0	271	535	807	66.37
5	BEED	1403	1403	1007	1007	0	0	0	157	1007	1163	86.54
6	BHANDARA	847	164	65	335	10	0	0	27	65	361	17.94
7	BULDHANA	1420	1420	794	794	1420	0	0	128	794	922	86.15
8	CHANDRAPUR	1396	1391	571	573	393	393	20	20	591	593	99.65
9	DHULE	676	420	302	486	0	0	0	73	302	559	54.06
10	GADCHIROLI	1496	133	10	116	110	0	0	6	10	122	8.42
11	GONDIA	921	2	0	155	0	0	0	5	0	159	0.21
12	HINGOLI	707	707	374	374	0	0	0	51	374	425	87.98
13	JALGAON	1501	702	893	1910	0	0	0	252	893	2162	41.32
14	JALNA	929	929	655	655	40	40	110	110	764	764	100.00
15	KOLHAPUR	1212	0	0	1075	1212	0	0	334	0	1409	0.00
16	LATUR	943	943	846	846	0	0	0	147	846	993	85.15
17	MUMBAI CITY	0	0	0	0	0	0	0	0	0	0	0
18	MUMBAI SUBURB	0	0	0	0	0	0	0	0	0	0	0
19	NAGPUR	1795	1795	478	478	14	0	0	295	478	773	61.81
20	NANDED	1575	1575	1045	1045	0	0	0	168	1045	1213	86.13
21	NANDURBAR	883	511	195	338	0	0	0	77	195	414	47.15
22	NASIK	1960	1346	1433	2086	0	0	0	328	1433	2414	59.34
23	OSMANABAD	381	381	376	376	356	356	98	98	474	474	100.00
24	PARBHANI	848	848	706	706	0	0	0	111	706	817	86.45
25	PUNE	1301	87	107	1597	542	20	32	864	139	2462	5.63
26	RAIGAD	1888	0	0	116	0	0	0	14	0	130	0.00
27	RATNAGIRI	1511	0	0	213	0	0	0	155	0	368	0.00
28	SANGLI	631	0	0	744	104	0	0	313	0	1058	0.00
29	SATARA	1489	3	2	1122	192	11	26	457	28	1579	1.80
30	SINDHUDURG	737	0	0	175	0	0	0	42	0	218	0.00
31	SOLAPUR	1144	0	0	1167	1144	0	0	864	0	2031	0.00
32	THANE	1887	0	0	205	0	0	0	54	0	259	0.00
33	WARDHA	1361	1361	417	417	0	0	0	27	417	444	93.87
34	WASHIM	793	793	609	609	793	0	0	56	609	665	91.60
35	YAVATMAL	2050	2050	824	824	2050	0	0	11	824	835	98.72
	TOTAL	40597	23811	16019	25095	12376	1078	412	6127	16432	31223	52.63



It will be pertinent to note that there are total 24889 villages in the state where the paisewari declared by Government of Maharashtra is less than 50 paise. This is the case of drought affected villages. The unseasonal rains have created more problems adding to the difficulties of the farmers. The crops have been affected in almost 30 districts due to hailstorm and unseasonal rains. The horticulture and other crops on nearly 8 lakh hector have been affected due to unseasonal rains. The farmers are facing problems for repayment of the loans availed through various banks. The formal declaration of hail storm affected villages should be done.

It is also proposed that all the eligible accounts should be rephrased before 30-06-2015. The converted crop loan should have repayment period of 5 years in case of small and marginal farmers and three years for other farmers.

SLBC would like to point out the villages in Solapur district. It has been mentioned that, more than 80% area was not sown under Kharif and hence paisewari shown by Government of Maharashtra is Nil. The drought has not been declared in the district. The total finance for crop loan in the district till 28-02-2015 is of Rs. 2031crore in Kharif and Rabi season. There was no crop sown in the district still the crop loan finance has been done. In such condition the chances of recovery are bleak in the current year. Since the drought has not been declared, the relief measures can't be adopted and the crop loan will become due for payment. In view of this we request state Government to clear the position as regards the paisewari in the district.

The house is requested to suggest remedial measures.



Agenda No. 5

**Guidelines for relief measures by Banks in areas affected by natural calamities**

RBI, vide their letter No. RBI/2014-1 5/512, FIDD.No.FSD.BC.52/05.1 0.001/2014-15 dated 25.3.2015 has issued detailed guidelines on the aforesaid issue and the guidelines are reiterated as under.

- In terms of National Disaster Management Framework, there are two funds constituted viz. National Disaster Response Fund and State Disaster Response Fund for providing relief in the affected areas.
- This framework currently recognizes 12 types of natural calamities viz. cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack and cold wave / frost (added in August 2012).
  - Of these 12 calamities, for 4 calamities i.e. drought, hailstorms, pest attack and cold wave / frost, the Ministry of Agriculture is the nodal ministry while for remaining 8 calamities Ministry of Home Affairs is required to make appropriate arrangements. A slew of measures for relief are undertaken by the Sovereign (Central / State Government) to provide relief to the affected persons which include, inter alia, provision for the input subsidies and financial assistance to marginal, small and other farmers.
- The banks' contribution in providing relief relates to rescheduling of existing loans and sanctioning of fresh loans as per the emerging requirements of the borrowers. Banks need to have some Institutional framework in place to deal with the situation and they may also like to take some other facilitating measures like reducing / waiving their penal charges, etc. The precise details in regard to the provision of credit assistance by the commercial banks will depend on the requirements of the situation, their own operational capabilities and the actual needs of the borrowers.
- Nevertheless, to enable banks to take uniform and concerted action expeditiously, these guidelines are issued covering the above-mentioned four aspects viz. Institutional Framework, Restructuring of Existing Loans, Providing Fresh Loans and Other Ancillary Relief Measures.

Policy / Procedures for dealing with Natural Calamities

- Since the area and time of occurrence and intensity of natural calamities cannot be anticipated, it is imperative that the banks have a blueprint of action in such eventualities duly approved by the Board of Directors so that the required relief and assistance is provided with utmost speed and without any loss of time.



#### Discretionary Powers to Divisional / Zonal Manager of banks

- Divisional / Zonal Managers of commercial banks should be vested with certain discretionary powers so that they do not have to seek fresh approvals from their Central Offices Committees. For example, such discretionary powers would be necessary in regard to adoption of scales of finance, extension of loan periods, sanction of new loans keeping in view the total liability of the borrower (i.e. arising out of the old loan where the assets financed are damaged or lost on account of natural calamity as well as the new loan for creation / repair of such assets), margin, security, etc.

#### Meetings of State Level Bankers

- In the event of the calamity covering entire State / larger part of a State, the after the occurrence of natural calamity to evolve a coordinated action plan for implementation of the relief programme in collaboration with the State Government authorities. However, in case the calamity has affected only a small part of the State / few districts, the conveners of the District Consultative Committees of the affected districts should convene a meeting immediately. In these special SLBC / DCC meetings, the position in the affected areas should be assessed to ensure speedy formulation and implementation of suitable relief measures by banks.
- Wherever the calamity is very severe, the relief measures initiated and undertaken may be reviewed periodically in the weekly / fortnightly meetings of specially constituted Task Forces or sub Committees of the SLBC till such time as conditions are normalized.

#### Declaration of Natural Calamity

- It is recognised that declaration of natural calamities is in the domain of the Sovereign (Central / State Governments). The inputs received from the State Governments reveal that there are no uniform procedures being followed for declaration of natural calamity and issue of declarations / certificates. These declarations / certificates are called by different names such as Annewari and Paisewari in Maharashtra State. Nevertheless, the common thread to extend relief measures is that **the crop loss assessed should be 50% or more**. For assessing this loss, while some States are conducting crop cutting experiments to determine the loss in crop yield, some others are relying on the eye estimates / visual impressions.

#### Distinction between Drought and Other Calamities

- So far as Drought is concerned, a couple of States are following the advanced methodology based on the data of rainfall, crop area sown, vegetation index, moisture adequacy index along with other parameters as suggested in the 'Manual for Drought Management' released by the Ministry of Agriculture. In the circumstances, it is considered appropriate to make distinction between (i) Drought (which is generally a slowly evolving calamity and can aggravate or reverse as per the rainfall during the period; and (ii) Other Calamities which are physiologically different from Drought and are of a sudden nature.

**Drought** : As the Manual for Drought Management' commends certain guidelines for the State Governments (while making it clear that these guidelines are not mandatory) on the adoption of scientific technology and various parameters/indexes, as mentioned above, to assess the situation, the State Governments may either:



- i) adopt the procedures indicated in the Manual for Drought Management and based on the various parameters / indexes indicated therein, decide on the declaration of drought. Such declarations should elaborately indicate the data/procedures which have been relied upon / followed by the State government and the extent of assessed crop loss.
- ii) conduct Crop Cutting Experiments as prescribed in the National Agriculture Insurance Programme, which is one of the pre-conditions for declaring the crops eligible for insurance, and declare the 'Annewari / Paisewari' indicating the crop-wise percentage loss in the certificates issued. In any case, State Governments need to submit detailed taluka / block / district wise crop loss data to Central Government if they seek any funds for relief work.

**Other Calamities** : The loss should be assessed through crop cutting experiments clearly indicating that the crop loss in the particular area / taluka / mandal / block has been 50% or more to trigger reschedulement of loans from banks. In case of extreme situations such as wide-spread floods, etc. when it is largely clear that most of the standing crops have been damaged and / or land and other assets have suffered a wide-spread damage, the matter be deliberated by State Government / District Authorities in the especially convened SLBC / DCC meetings where the concerned Government functionary / District Collector may explain the reasons for not estimating Annewari / Paisewari through crop cutting experiments and that the decision to provide relief for the affected populace needs to be taken based on the eye estimate / visual impressions.

In both the cases, however, DCCs / SLBC have to satisfy themselves fully that the crop loss has been 50% or more before acting on these pronouncements.

#### **Restructuring / Rescheduling of Existing Loans**

- As the repaying capacity of the people affected by natural calamities gets severely impaired due to the damage to the economic pursuits and loss of economic assets, relief in repayment of loans becomes necessary in areas affected by natural calamity and hence, restructuring of the existing loans will be required.

#### **Short-term Production Credit (Crop Loans)**

- All short-term loans, except those which are overdue at the time of occurrence of natural calamity, should be eligible for restructuring. The principal amount of the short-term loan as well as interest due for repayment in the year of occurrence of natural calamity may be converted into term loan.
- The repayment period of restructured loans may vary depending on the severity of calamity and its recurrence, the extent of loss of economic assets and distress caused. Generally, the restructured period for repayment may be 3 to 5 years. However, where the damage arising out of the calamity is very severe, banks may, at their discretion, extend the period of repayment ranging up to 7 years and in extreme cases of hardship, the repayment period may be prolonged up to a maximum period of 10 years in consultation with the Task Force / SLBC.
- In all cases of restructuring, moratorium period of at least one year should be considered. Further, the banks should not insist for additional collateral security for such restructured loans.



#### Agriculture Loans - Long term (Investment) Credit

The existing term loan installments will have to be rescheduled keeping in view the repaying capacity of the borrowers and the nature of natural calamity viz.,

a) Natural Calamities where only crop for that year is damaged and productive assets are not damaged.

b) Natural Calamities where the productive assets are partially or totally damaged and borrowers are in need of a new loan.

- In regard to natural calamity under category (a) above, the banks may reschedule the payment of installment during the year of natural calamity and extend the loan period by one year. Under this arrangement the installments defaulted wilfully in earlier years will not be eligible for rescheduling. The banks may also have to postpone payment of interest by borrowers.
- In regard to category (b) i.e. where the borrower's assets are partially / totally damaged, the rescheduling by way of extension of loan period may be determined on the basis of overall repaying capacity of the borrower vis-a-vis his total liability (old term loan, restructured crop loan, if any and the fresh crop / term loan being given) less the subsidies received from the Government agencies, compensation available under the insurance schemes, etc. While the total repayment period for the restructured/fresh term loan will differ on case-to-case basis, generally it should not exceed a period of 10 years.
- With the objective to ensure that banks are sufficiently proactive in extending the relief to the affected persons, the benefit of asset classification of the restructured accounts as on the date of natural calamity will be available only if the restructuring is completed within a period of three months from the date of natural calamity. In the event of extreme calamity, when the SLBC / DCC is of the view that this period will not be sufficient for the banking sector to reschedule all the loans, they should immediately approach RBI giving the reasons for seeking extension.
- The accounts that are restructured for the second time or more on account of natural calamities would retain the same asset classification category on restructuring. Accordingly, for once restructured standard asset, the subsequent restructuring necessitated on account of natural calamity would not be treated as second restructuring, i.e., the standard asset classification will be allowed to be maintained. All other restructuring norms, however, will apply.

#### Utilisation of Insurance Proceeds

- While the above measures relating to rescheduling of loans are intended to provide relief to the farmers, the insurance proceeds should, ideally, compensate their losses. In terms of orders issued by Ministry of Agriculture and Cooperation, National Crop Insurance Programme (NCIP) has been implemented across the Country from Rabi 2013.





- The loanee farmers are compulsorily covered under the NCIP-component Scheme as notified by the State Governments. While restructuring the loans in the areas affected by natural calamities, banks should also take into account the insurance proceeds, if any, receivable from the Insurance Company. They should adjust these proceeds to 'restructured accounts'. However, **it should be done in cases where they have granted fresh loans to the borrowers.**

### **Sanctioning of Fresh Loans**

- Once the decisions on the rescheduling of loans is taken by SLBC/DCC, pending such conversion of short-term loans, banks may grant fresh crop loans to the affected farmers which will be based on the scale of finance for the particular crop and the cultivation area, as per the extant guidelines.
- The bank assistance in relation to agriculture and allied activities (poultry, fishery, animal husbandry, etc.) would also be needed for long term loans for a variety of purposes such as repair of existing economic assets or acquisition of new assets. Similarly, rural artisans, self-employed persons, micro and small industrial units, etc. in the areas affected by natural calamities may require the credit to sustain their livelihood. Banks may, of their own, assess and decide on the quantum of fresh loans to be granted to the affected borrowers taking into consideration, amongst others, their credit requirements and the due procedure followed for sanctioning of loans.

Banks may also grant consumption loans up to Rs. 10,000/- to existing borrowers without any collateral. The limit may, however, be enhanced beyond Rs. 10,000/- at the discretion of the bank.

- Credit should not be denied for want of personal guarantees. Where the bank's existing security has been eroded because of damage or destruction by floods, assistance will not be denied merely for want of additional fresh security. The fresh loan may be granted even if the value of security (existing as well as the asset to be acquired from the new loan) is less than the loan amount. For fresh loans, a sympathetic view will have to be taken.
- Where the crop loan (which has been converted into term loan) was earlier given against personal security/ hypothecation of crop and the borrower is not able to offer charge/mortgage of land as security for the converted loan, he should not be denied conversion facility merely on the ground of his inability to furnish land as security. If the borrower has already taken a term loan against mortgage/charge on land, the bank should be content with a second charge for the converted term loan. Banks should not insist on third party guarantees for providing conversion facilities.
- Where land is taken as security, in the absence of original title records, a certificate issued by the Revenue Department officials may be accepted for financing farmers who have lost proof of their titles i.e. in the form of deeds, as also the registration certificates issued to registered share-croppers.
- Margin requirements may be waived or the grants / subsidy given by the concerned State Government may be considered as margin.





#### Rate of Interest

- The rates of interest will be in accordance with the directives of the RBI. Within the areas of their discretion, however, banks are expected to take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity-affected people. In respect of current dues in default, no penal interest will be charged. The banks should also suitably defer the compounding of interest charges. Banks may not levy any penal interest and consider waiving penal interest, if any, already charged in regard to the loans converted / rescheduled. Depending on the nature and severity of natural calamity, the SLBC / DCC shall take a view on the interest rate concession that could be extended to borrowers so that there is uniformity in approach among banks in providing relief.

#### Other Ancillary Relief Measures

- Besides rescheduling of existing loans and providing fresh loans to the affected persons, banks may also follow the following guidelines

#### Know Your Customer Norms - Relaxations

- It needs to be recognized that many persons displaced or adversely affected by a major calamity may not have access to their normal identification and personal records. In such cases, where the affected persons are not able to provide standard identification documents, as permitted under the regulation and as a consequence, it is not possible for bank branches to follow the KYC guidelines as prescribed, they may resort to non-documentary verification methods. They can open a small account based on the photograph and signature or thumb impression in front of the bank official. The above instructions will be applicable to cases where the balance in the account does not exceed Rs. 50,000/- or the amount of relief granted (if higher) and the total credit in the account does not exceed Rs. 1,00,000/- or the amount of relief granted, (if higher) in a year.

All member Banks are requested to note the contents of RBI circular and adhere to the guidelines strictly.



Agenda No. 6

**Procedure of interest application after restructuring / rephasing of crop loans**

Reserve Bank of India vide their communication No. RBI/2014-15/417 FIDD.No.FSD.BC.48/05.04.02/2014-15 dated 21.1.2015 has issued detailed guidelines on procedure of interest subvention scheme for the year 2014-15. The same is reiterated as under.

As directed by the Government of India and in pursuance of the budget announcement made by the Finance Minister relating to the Interest Subvention Scheme 2014-15, Interest subvention of 2 % p.a. will be made available to Public Sector Banks (PSBs) and Private Sector Scheduled Commercial Banks (in respect of loans given by their rural and semi-urban branches) on their own funds used for short-term crop loans up to Rs.3,00,000/- per farmer provided the lending institutions make available short term credit at the ground level at 6% per annum to farmers. 2% interest subvention will be calculated on the crop loan amount from the date of its disbursement / drawal up to the date of actual repayment of the crop loan by the farmer or up to the due date of the loan fixed by the banks whichever is earlier, subject to a maximum period of one year.

Besides, additional interest subvention @3% will be available to the prompt paying farmers from the date of disbursement of the crop loan up to the actual date of repayment by farmers or up to the due date fixed by bank for repayment of crop loan, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the prompt paying farmers would get short term crop loans @4% per annum during the year 2014-15. This benefit would not accrue to those farmers who repay after one year of availing such loans.

In order to discourage distress sale by farmers and to encourage them to store their produce in warehousing against warehouse receipts, the benefit of interest subvention will be available to small and marginal farmers having Kisan Credit Card for a further period of upto six months post harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouses.

To provide relief to farmers affected by natural calamities, the interest subvention of two percent will continue to be available to banks for the first year on the restructured amount. Government of India has issued the guidelines to that effect vide circular dated 20-03-2015, which is enclosed herewith. Such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by the RBI.

Banks may give adequate publicity to the above scheme so that the farmers can avail the benefits and claim the interest subvention accordingly. There will be no subvention from the second year onwards and such loan will carry normal rate of interest.

As you are aware, recently unseasonal rains and hailstorms in several parts of the country have caused severe distress to farmers adversely affecting agricultural crops. In this connection, it is advised that immediate steps may be taken as per the standing guidelines issued by RBI for relief measures by banks in areas Effected by natural calamities.



Agenda No. 7

**Actions to be initiated by the Banks in case of natural calamities.**

As and when the natural calamity by way of any harmful mishap happens in the State the following procedure is to be adopted by the member Banks and Lead District Managers. It may be noted that there should not be delay in implementation of relief measures and the measures needs to be adopted without waiting for the declaration from State Government. The relief measures will be applicable for all natural calamities as mentioned in RBI circular.

Sr. No.	Action needed	Action initiating agency
1	Necessary survey of the losses be immediately undertaken by the District Administration	Government of Maharashtra i.e. District Collector
2	The details of the affected villages be obtained immediately by the Lead District Manager from the District Administration i.e. District Collector	Lead District Managers
3	Conduct of Special DLCC meetings in affected areas	Lead District Managers and District Administration
4	Collecting and Providing the list of affected villages in the district to all member Banks	Lead District Managers
5	Pass on the benefits of rescheduling / restructuring / postponement of installment etc. to affected farmers	Concerned Bank branches
6	Necessary review of the benefits passed on by way of rescheduling / restructuring / postponement of installment etc. during BLBCs and DLCCs	All member Banks and Lead District Managers
7	Reporting the progress report of rescheduling / rephasement / postponement to SLBC	All member Banks
8	Review of Conversion / restructuring / rephasement / postponement of installment in the State	SLBC
9	Early release of claims in case of restructured accounts	Commissioner Cooperation
10	Submission of status note of claims received and claims released	Commissioner Cooperation

All member Banks and Lead District Managers are requested to submit the related data to SLBC for onward review in ensuing SLBC meeting. In above cases the banks may also intimate the LDMS in case of losses due to natural calamities.

All the concerned member Banks and Lead District Managers are requested to take a note of the same and act accordingly. It should be ensured that there is no room for any complaint of non cooperation from banks side in case of natural calamities.



बैंक ऑफ महाराष्ट्र  
Bank of Maharashtra

भारत सरकार का उद्यम

एक परिवार एक बैंक

Core Committee Meeting on Agriculture  
SLBC - Maharashtra

