Minutes of 187th meeting of

STATE LEVEL BANKERS` COMMITTEE OF

ANDHRA PRADESH

(4th SLBC meeting of Reorganized Andhra Pradesh State)

Date: 07.11.2014 - Time: 05.00 PM

Venue: Pattabhi Bhavanalaya (Auditorium) Ground floor, Andhra Bank, Head Office,

Saifabad, HYDERABAD – 500 004

STATE LEVEL BANKERS` COMMITTEE OF A.P

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**The 186th Meeting of SLBC of Andhra Pradesh (4th SLBC meeting of reorganized A.P State) was conducted on 07.11.2014 at Andhra Bank, Head Office, Hyderabad at 05.00 P.M.**

Sri Ajeya Kallam, IAS, Priccipal Secretary, Finance Department, GoAP, Sri R.N. Dash, General Manager, Reserve Bank of India, Hyderabad, Sri Jiji Mammen, Chief General Manager, NABARD, Hyderabad, Senior Officials from Government of Andhra Pradesh, Executives from Banks , Chairmen- RRBs, Lead District Managers have participated in the meeting. The detailed list of participants is given as annexure.

**Address by Sri CVR Rajendran, President, SLBC of AP & Chairman and Managing Director, Andhra Bank :** On behalf of SLBC of Andhra Pradesh, He extended a warm welcome to Sri Ajeya Kallam, IAS, Principal Finance Secretary, Principal Secretaries and Officials of State Administration, co-bankers, Members and Invitees to 187th Meeting - a Special Meeting of SLBC of AP being convened today at a short notice to mainly deliberate on the relief measures to be extended for the affected due to the devastation caused by HudHud cyclone in the North coastal Districts of AP.

He informed that the State of Andhra Pradesh has been witnessing series of drought and cyclones every year in some part or the other. The magnitude of destruction caused by HudHud cyclone is on a high side with Visakhaptnam district taking the brunt followed by Srikakulam, Vizianagaram and East Godavari. The timely and prompt action of the state govt. could minimize the loss of human lives. However the districts could not be saved from the ire of the nature. From the reports covered by print and electronic media, it is observed that there has been wide spread damage to the crops, businesses, dwelling units apart from severely affecting the communications and power etc. The port city of Visakhapatnam has been fully ravaged, with the nature amply demonstrating its fury. The cyclone has affected people from all walks of life. The normal functioning of banks and other institutions was also severely affected with the uprooting of electrical poles and communications towers.

The efforts put in by the Hon’ble Chief Minister in overseeing the relief works and for restoring the normalcy, by personally supervising the same along with his ministerial colleagues is commendable. His very presence at the site has rejuvenated the personnel to undertake the relief works in all earnest and has given the required boost for early restoration of normalcy. The Candle and torch-light march on October 22, in Visakhapatnam undertaken by the Hon’ble Chief Minister along with the Union Minister Sri M Venkaiah Naidu and other AP cabinet Ministers to show solidarity with victims of cyclone, has boosted the confidence and morale of the citizens in rebuilding the city.

He expressed that while the State government and other departments are putting in their efforts in this aspect, it is now time for the banks to step in.

Banks have always been very proactive in extending necessary relief measures in the areas affected by the natural calamities within the ambit of RBI guidelines and he is very confident to say that the banks will take the required measures to extend all help to the affected families. The LDMs have a major role to play in coordinating the various agencies, to mitigate the hardships faced by the farmers and small industrial ventures.

In the case of natural calamities, such as drought, floods etc., the Government authorities should declare A*nnewari* to indicate the extent to which the crops are damaged. However, where such declaration has not been made, banks should not delay in providing conversion facilities, and the District Collector’s Certificate that crop yield is below 50% of the normal yield, supported by the views of the DCC in the matter (for which a special meeting may have to be convened), should be sufficient for invoking quick relief arrangements. The certificate of the Collector should be issued crop-wise covering all crops, including food grains.

He advised the LDMs of the districts concerned to convene a DCC meeting immediately and submit a report to the DCC on the extent of crop loss in the affected area and if DCC is satisfied that there has been extensive crop loss on account of the natural calamity, the relief / restructuring facilities of agriculture loans as per the guidelines may be extended to the farmers affected by the natural calamity, without declaring Annewari. The LDMs have to prevail upon the departments concerned to issue the necessary notification / Annewari and ensure the relief measures are immediately initiated by the banks within the ambit of RBI guidelines.

He advised the Controllers of banks to initiate immediate steps for extending relief as per the extant guidelines of RBI as listed in the Master Circular on natural calamities dated 01.07.2014. The loans extended towards investment costs, Artisans and self employed persons, Small scale and Tiny units will have to be suitably rescheduled depending on the damage suffered and the time needed for rehabilitation keeping in mind the viability of the ventures.

As per the extant guidelines of RBI, asset classification of the restructured accounts as on the date of natural calamity will continue if the restructuring is completed within a period of 3 months of the occurrence of natural calamity. Govt of AP has issued GO on 06.11.2014 notifying 120 mandals in four districts of Visakhapatnam, Srikakulam, Vizianagaram and East Godavari that have been affected by the HudHud Cyclone.

He assured the state government of the total support of SLBC and banks in the state in extending the necessary relief measures and in lending a helping hand in this hour of need. The banks will come forward for rebuilding the city of Visakhapatnam and making it a Smart city as envisaged by the Hon’ble Prime Minister of India.

**Address by Sri Ajeya Kallam, IAS, Principal Secretary, Finance Department,GoAP:** He congratulated the SLBC for taking initiative in conducting special SLBC in short time. He expressed that the damage which caused by ‘Hudhud’ cyclone earlier we never seen especially in urban areas. Concerned to Agricultural damages Government has already issued GOs on scale of assistance towards input subsidy. Mandal wise & Village wise lists are ready in respect of damage, Government will provide these lists shortly after 12th November.

He advises the LDMs to conduct the special DCC meeting and on our side we will provide the ‘Annewari’ certificates. Always we are concentrating on agricultural damage this time severe damage caused to industrial sector in urban areas especially in Visakhapatnam. This industrial sector damage eligible for insurance claims and this sector needs reschedulement. He assured that government will provide whatever the support needed for bankers.

**Sri R N Dash, General Manager, Reserve Bank of India** informed that RBI has already issued standing guidelines in master circular dated 01.07.2014 on guidelines for relief measures by banks in areas affected by natural calamities. Government also released GO in respect to notification of mandals affected by ‘Hudhud’ cyclone and now bankers are requested to start providing of relief measures. He also informed that standing guidelines says that banks are expected to take a sympathetic view of the difficulties of the borrowers. He expressed that standing guidelines covers non agricultural loans relief measures also. He advised the LDMs concerned to conduct the special DCC meetings . He assured that bankers will take the initiation in providing the relief measures to affected people.

**Shri Jiji Mammen, CGM, NABARD, T & AP RO** informed that it is really unfortunate to the state hit by the ‘Hudhud’ cyclone. Continuous calamities hit the state is really a matter of concern. He requested the government to take all preventive measures. He informed that NABARD will able to provide support to the RRBs & Cooperatives. He requested the Government to issue ‘Annewari’ certificates. He expressed that this time more infrastructure damage was occurred by cyclone and it requires more sensitive efforts in providing relief measures. He requested the Government to arrange “Rural infrastructure fund”.

**Discussion on Agenda items:** Sri C. Doraswamy, Convener, SLBC of AP has taken up the agenda items for discussion and the following **action points were emerged** for implementation by all the stake holders.

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| * LDMs can take necessary arrangements for conducting special DCC meeting * Government is requested to issue ‘Annewari’ Certificates * Implementation of relief measures to the affected people * Reschedulement of loans within 3 months of occurrence of natural calamity. * In order to support the Urban SHG women to come out of the present pitiable conditions, it is proposd by MEPMA to extend immediate financial support by the Banks based on the Micro Credit Plans with a financial outlay of Rs.5.00 lakhs and above per group to take up suitable Livelihood activities. |

**Sri CVR Rajendran, President, SLBC of AP & Chairman and Managing Director, Andhra Bank** informed that Hon, ble Chief Minister N.Chandrababu Naidu has requested all the banks

1. To adopt a village each in the cyclone ‘Hudhud’ ravaged districts and helps rebuild them. The branches of the banks can adopt one village in its vicinity. He appealed to bankers to follow suit and use corporate social responsibility funds for the purpose.
2. Banks to settle insurance claims up to Rs.5.00 lakhs immediately and banks can provide the ‘Bridge Finance’ to large industries up to receipt of the insurance claim amounts.
3. January 26th, 2015 is fixed by the Hon,ble Prime Minister of India for coverage of uncovered people with bank accounts. Accounts opening are very impressive. For coverage of uncovered people household survey is to completed.

President, SLBC requested Government to instruct the Collectors to extend the necessary cooperation to bankers in conducting household survey and bankers can participate proactively.

A.P.K. Reddy, President, FSME informed that more than 3000 MSME units have been badly affected and they need timely support from all agencies. He informed that their FSME of India – A.P team has visited the area and assessed the extensive damage mainly to tiny and small & medium units. At the outset, he thanked to RBI and SLBC for the relief measures particularly loans reschedulement announced in the SLIIC meeting conducted at RBI. He expressed that a lot more is needed to be done for the crucial MSME sector. He requested the forum to convene a special steering committee meeting of SLBC at Vizag this may also be minutes for speedy action. It would be appropriate to involve Principal Secretaries – Finance and Industry in this meeting apart from all local associations / MSME-DI/DIC to get valuable inputs and take viable decisions.

He requested the banks to consider the following issues,

1) Infrastructure loans may also be rescheduled and given one year moratorium

2) Additional working capital may be provided w/o insisting on collateral or consider under CGTMSE scheme.

3) The WC may be based on orders and not linked to Turnover which happens to be the standard practice.

4) Last 2 years have been tough for the MSME sector due to power problems and turnover condition for WC may be relaxed for all units in AP

He requested the Government to consider the following issues

1. Special incentives may be provide to affected industries
2. Power fixed charges should be waived for one year
3. Interest & Incentives for plant & machinery may be provided.

He requested the insurance companies to settle the claims liberally and speedily.

Sri C. Doraswamy, Convener, SLBC of AP informed that as per the master circular issue by RBI on guidelines for relief measures by banks in areas affected by natural calamities, in all cases of restructuring, moratorium period of at least one year should be considered. The repayment period of restructured term loan may vary depending on the severity of calamity and its recurrence, the extent of loss of economic assets and distress caused.

**Sri CVR Rajendran, President, SLBC of AP & Chairman and Managing Director, Andhra Bank** informed that the provision of reschedulement of term loans is available only for current dues. He requested the SBI to conduct local DCC/DLRC meeting on MSME in Vizag, we will participate in the meeting.

GM, SBI expressed their willingness to conduct the special DLRC meeting at Vizag on MSME. He informed that SBI launched new scheme ‘SME HELP’ on 27th October for extending the facilities to industrial sector. He also informed that 270 insurance claims have been settled to the tune of an amount Rs.4.41 crores in vizag. He also expressed that we will join the insurance products as per the need of industrial infrastructure.

LDM, East Godavari informed that credit the input subsidy directly to the farmer’s accounts , for this agricultural department is requested to provide the detailed data base to bankers.

The meeting was concluded by the vote of thanks proposed by Sri K Brahmaiah, Regional Head – ARB, ING Vysya Bank.