

POLICY GUIDELINES

**BANK OF INDIA POLICY OF RELIEF MEASURES TO BE ADOPTED BY BRANCHES
IN AREAS AFFECTED BY NATURAL CALAMITIES**

RBI Directions, 2016 (RBI/FIDD/2016-17/27 Master Direction
FIDD.No.FSD.BC.2/05.10.001/2016-17 dated July 1, 2016)

**CHAPTER – I
PRELIMINARY**

1.1. Short Title and Commencement:

- (a) These Policy measures shall be called the “Bank of India Policy of Relief Measures to be adopted by the branches in Areas Affected by Natural Calamities”.
- (b) These Policy measures shall come into effect on the day they are placed on the official website of the Bank.

1.2. Applicability:

The provisions of these Policy measures shall apply to every branches of Bank of India in India.

**CHAPTER – II
BACKGROUND**

2.1 Periodical but frequent occurrences of natural calamities take a heavy toll of human life and cause widespread damage to economic pursuits of human beings in one area or the other of our country. The devastation caused by such natural calamities calls for massive rehabilitation efforts by all agencies. The Central, State and local authorities draw programmes for economic rehabilitation of the affected people. The developmental role assigned to the bank, warrants its active support in revival of the economic activities.

2.2. 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 recognized 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.

2.3 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. In order to enable branches to take uniform and concerted action expeditiously, these Policy measures are issued covering four aspects viz. Institutional Framework (Chapter III), Restructuring of existing loans (Chapter IV), Providing fresh loans (Chapter V) and Other ancillary relief measures (Chapter VI).



CHAPTER – III INSTITUTIONAL FRAMEWORK

Establishing Policy/ Procedures for dealing with natural calamities:

3.1 Since the area and time of occurrence and intensity of natural calamities cannot be anticipated, it is imperative that bank has 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. This pre-supposes that all the branches and the Zonal Offices will have a set of such standing instructions spelling out the action that the branches will have to initiate in the calamity affected area immediately after the requisite declaration by the District/ State authorities.

Discretionary Powers to Divisional/ Zonal Manager of banks:

3.2 The Bank has a well defined delegation of powers delegated to the Officers at different levels which should be used to take appropriate measures on the occurrence of natural calamities. The branches do not have to seek fresh approvals from their Controlling Offices to the line of action agreed to by the District/ SLBC until and unless it exceeds their delegated authority. 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' Committee/ District Consultative Committee:

3.3 In the event of calamity covering entire State/ larger part of a State, the convener of SLBC will convene a meeting immediately after the occurrence of natural calamity to evolve a co-ordinated action plan for implementation of 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 DCC 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 bank.

3.4 Wherever the calamity is very severe, the relief measures initiated and undertaken should 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:

3.5 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, Paisewari, Girdawari, etc. in different states. Nevertheless, the common thread to extend relief measures including rescheduling of loans by banks is that the **crop loss assessed should be 33% 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.



