

RBI/2005-06/225
RPCD. PLFS. BC. No.51 / 05.04.02 / 2005-06

December 5, 2005

The Chairman/Managing Director/Chief Executive Officer
All scheduled commercial banks

Dear Sir,

Guidelines for relief measures by banks in areas affected by unprecedented rains and floods in Tamil Nadu

As you are aware, the State of Tamil Nadu has been affected by unprecedented rains and floods, resulting in heavy damage to life and property. In this connection we invite your attention to our [Master Circular RPCD.No.PS.BC.6 /05.04.02/ 2005-06 dated July 1,2005](#) on **Guidelines for relief measures by banks in areas affected by natural calamities**. You may accordingly advise your branches in the State to assess the situation and take immediate measures to provide relief to the affected people. In particular, we draw your attention to paragraphs 26 to 30 of the said circular regarding financial assistance to artisan, self-employed, traders, tiny and small scale industrial units affected by the unprecedented calamity.

2. In terms of paragraph 25 of the above circular, banks may extend general consumption loans upto Rs.1000 to eligible persons in the areas affected by natural calamity in the states where the state governments have constituted risk funds for such lendings by commercial banks. In view of the situation prevailing in the state of Tamil Nadu, banks may consider increasing the limit of consumption loan to be provided to the affected persons in the state upto Rs. 5,000 without any collateral. This limit may be enhanced to Rs.10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.

3. Banks may also consider provision of financial assistance for the purpose of restoring normal working of the affected small enterprises and also sanctioning need-based fresh working capital to those units, keeping in view the viability of the proposals.

4. Banks are, therefore, requested to take immediate action in this regard and advise their controlling offices/ branches to provide appropriate relief to the affected persons.

5. Banks are also requested to take necessary action to expeditiously restore banking services in the affected areas.

6. Please acknowledge receipt.

Yours faithfully,

(G. Srinivasan)
Chief General Manager