

RBI/ 2005-06/369

UBD.CO. (PCB) Cir. No.47 /09.14.001/2005-06

April 20, 2006

The Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

Guidelines for Relief Measures by Banks to Poultry Industry - UCBs

As you are aware, there have been instances of outbreak of Avian Influenza (bird flu) in some areas of the country. Keeping in view the loss of income that has occurred due to culling of birds as well as steep fall in the demand for poultry products and their prices, banks may consider extending the following facilities to poultry units financed by them:

- (i) Principal and interest due on working capital loans as also installments and interest on term loans which have fallen due for payment on/ after the onset of bird flu, i.e. 1st February 2006 and remaining unpaid may be converted into term loans. The converted loans may be recovered in installments based on projected future inflows over a period up to three years with an initial moratorium of up to one year.
- (ii) The remaining portion of term loan may be rescheduled with a moratorium period up to one year depending upon the cash flow generating capacity of the unit.
- (iii) The reschedulement/ conversion may be completed on or before 30th June 2006.
- (iv) The rescheduled/ converted loans may be treated as current dues.
- (v) The borrower will be eligible for fresh need based finance.
- (vi) The relief measures as above may be extended to all accounts of poultry industry, which were classified as Standard accounts as on 31st March 2006.

2. We have been advised by the Government that it has proposed to grant a one time interest subvention of 4% per annum on the outstanding principal amount as on 31.03.2006 (not including any part of the principal amount that has become overdue) to all poultry units availing loans from banks. Instructions will be issued separately on the scope of the subvention and the manner it shall be calculated and disbursed to the banks.

3. Please acknowledge receipt to the concerned Regional Office of Reserve Bank of India.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-charge