The Chairman/ Managing Director /Chief Executive Officer  
[All Scheduled Commercial Banks, (excluding Regional Rural Banks)]

Madam / Sir

Guidelines for relief measures by banks in areas affected by natural calamities- utilisation of insurance proceeds

In terms of para 6.13 of the Master Circular FIDD.No.FSD.BC.01/05.10.001/2015-16 dated July 1, 2015, while restructuring the loans in the areas affected by natural calamities, banks are required to adjust the insurance proceeds, if any, receivable from the Insurance Company to ‘restructured accounts’ in cases where they have granted fresh loans to the borrowers.

2. In view of the difficulties faced by farmers in areas affected by natural calamities, banks are advised to act with empathy and consider restructuring and granting fresh loans without waiting for the receipt of the insurance claims, in cases where there is reasonable certainty of receipt of the claim.

Yours faithfully

(Uma Shankar)  
Chief General Manager