

RBI/ 2005-06/176

RPCD. PLFS. BC. No.43/05.04.02/ 2005-06

October 09, 2005

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

Dear Sir,

**Guidelines for relief measures by banks in areas hit by earthquake
in Jammu & Kashmir and other parts of North India**

As you are aware, the State of Jammu & Kashmir and other parts of North India have been affected by an earthquake, resulting in heavy damage to life and property. The convenor bank of the State Level Bankers' Committee (SLBC) of the State of Jammu & Kashmir has been advised to assess the situation and take immediate measures to provide appropriate relief to the affected people in terms of our standing guidelines, vide our Master Circular RPCD.No.PS.BC.6 /05.04.02-2005-06 dated July 1, 2005.

2. In terms of paragraph 25 of the above circular, banks may extend general consumption loans up to 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 lending by commercial banks. In view of the situation prevailing in the state of Jammu & Kashmir, banks may consider increasing the limit of consumption loan to be provided to the affected persons in the state up to 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 repairs/reconstruction of dwelling units etc. damaged on account of the earthquake.

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