177th SPECIAL SLBC MEETING – RELIEF MEASURES FOR BORROWERS AFFECTED BY DROUGHT

Proposed Resolution Framework for Relief Measures to Borrowers Affected by Drought Kharif 2026 For consideration and recommendation

Date- 10.09.2026
Time- 03.00 PM
Venue- Room No.313, 3rd Floor, Vidhana Soudha, Bengaluru

Convened By SLBC Karnataka

1. Background

- The Government of Karnataka vide its notification No.GO NO.RD 586 TNR 2026 Dated 27.08.2026, has declared **101** talukas as drought-affected for Kharif 2026,
- **89** severely affected talukas and 12 moderately affected talukas.
- The drought situation is expected to adversely affect agricultural production, agricultural income, allied activities and economic activities dependent upon agricultural produce.
- Reserve Bank of India (RBI) regulatory framework relating to resolution of stressed assets affected by natural calamities, mandates SLBC to conduct a Special SLBC meeting to consider the nature and extent of the calamity and recommend appropriate relief measures for implementation by member banks.
- Accordingly, the following framework is proposed for consideration by the Special SLBC, with the objective of providing timely and need-based relief while ensuring that the measures remain within the applicable RBI Directions and the Board-approved policies of individual banks.

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2. Eligibility:

- Those borrowers shall be eligible for resolution whose accounts are classified as ‘Standard’, but which are not in default for more than 30 days with the bank in respect of any of their facilities, as on the date of occurrence of the calamity.
- In case no specific date of occurrence is ascertainable in respect of a calamity, the date of declaration of such calamity by the by the Central /State Governments shall be treated as the date of occurrence hence in the **present case it shall be taken as 27.08.2026.**

Internal

3. Broad outlines of the Proposed Relief Framework:

Category of Taluka	No. of Talukas	Proposed Maximum Relief Period
Moderately affected	12	• Moratorium/ Repayment Holiday : 12 months • Extension of Repayment period: 36 months (including moratorium)
Severely affected	89	• Moratorium/ Repayment Holiday : 12 months • Extension of Repayment period: 60 months (including moratorium)

Fresh Finance / Additional Finance

* Relief should not be limited to postponement of existing dues. Member banks may provide need-based fresh/additional finance to eligible affected borrowers for restoration and continuation of productive activities, including crop cultivation, allied agricultural activities, working capital, inputs, fodder/feed, repair/restoration of productive assets and other viable activities.

The above measures may be treated as the recommendations by SLBC and the same may be extended by the financing bank based on

- ➢ Their board approved policies and
- ➢ the borrower-wise assessment, viability and projected cash flows.

3.1 RBI Master Directions for recommendations of Relief Measures By SLBC:

1. Nature of Resolution Plan (As per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (updated as on July 01, 2026)	Point No.124P. The resolution plan to be implemented by a bank, taking into account inter alia the recommendation of the SLBC / UTLBC / DCC, may include rescheduling of payments; conversion of any interest accrued or to be accrued into another credit facility, etc. based on an assessment of the viability prospects of the borrower, etc.
2.Treatment of Insurance Proceeds (As per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (updated as on July 01, 2026)	Point No.124R. While restructuring various types of loans in an area affected by a calamity, banks may also take into account the insurance proceeds, if any, receivable from insurance companies in respect of those loans. The insurance proceeds upon receipt shall be adjusted towards the 'restructured accounts' in cases where fresh loans have been granted to the borrower. However, a bank may consider restructuring and sanctioning fresh loans without waiting for the actual receipt of the claim.
3.Interest Subvention Continuity (As per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (updated as on July 01, 2026)	Point No.124S. Interest Subvention / Prompt Repayment Incentive benefits as notified by the Government from time to time shall be made available to the eligible categories of borrowers without any exception.
4. As per Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (updated as on July 01, 2026)	Point No. 124T. While extending relief measures under this framework Res shall ensure that relief measures are already provided/being provided by GoI/States are duly factored in.

Internal

4. Proposed Coverage of Loan Categories:

4.1. Agricultural Short-Term Loans:

- Crop Production Loans
- Animal Husbandry, Fisheries and Sericulture Loans

4.2. Agricultural Term Loans :

Agriculture Term loans including loans extended to dairy/milch animals, sheep/goat rearing, poultry, piggery and other allied agricultural activities affected by the Drought may be considered.

4.3. Agro-Processing and Food-Processing Units:

Agro-processing and food-processing units whose operations and cash flows are predominantly dependent upon agricultural produce/crops from the drought-affected areas, and whose repayment capacity has been adversely affected by the drought, may be considered for suitable resolution measures including Conversion of an appropriate portion of existing working-capital outstanding into Working Capital Term Loan (WCTL) based on the cash flow assessment, viability and board approved policies of the Bank.

4.4. Other loans which are predominately dependent on agriculture for inputs or cash flows, adversely impacted by the drought the recommended relief measures may be extended as per the board approved policies of the Banks and extant RBI guidelines and SOP.

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5. Implementation and Monitoring

Member banks may immediately identify eligible accounts in the notified drought-affected talukas.

- Banks should initiate processing without waiting for borrowers to approach the branch wherever suitable identification mechanisms are available.
- Invocation and implementation shall be completed within the timelines prescribed by RBI as mentioned in point No.7
- Banks should maintain appropriate records of accounts covered, nature of relief granted and implementation status.
- LDMs/DCCs may monitor district-level implementation and report issues for escalation through the SLBC mechanism.
- The Convenor Bank may consolidate implementation status and place periodic progress before the appropriate SLBC/DCC forum.
- SLBCs / UTLBCs / DCCs shall ensure adequate publicity regarding decisions taken in the above-mentioned meetings through advertisement in newspapers, banners and brochures, field visits, and other suitable channels for the benefit of the affected borrowers.
- Member banks may publicize the relief measures through branches, websites, SMS/digital channels and field-level awareness programmes.

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6. **Terms and Conditions.**

- All the member Banks has been advised to follow the RBI master circulars/directions on

1.Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (updated as on July 01, 2026)

2. Income Recognition, Asset Classification and Provisioning Directions 2025.

3. Credit Risk Management Directions, 2025.

4. Responsible Business Conduct Directions, 2025 and

Standard Operating Procedures (SOP) on Relief Measures by Banks in Areas Affected by Natural Calamities issued and Communicated by RBI.

7.Drought Declaration Timeline

Date	Event
27.08.2026	Declaration of Drought
31.08.2026	Notification received officially
10.09.2026	Special SLBC being held
26.09.2026	SLBC to upload the calamity notification on the CIMS portal (within 15 days of this Special Meeting
11.10.2026	Last date for invocation of resolution plan by Res (45 days from date of declaration)
09.01.2027	Last date for implementation of resolution plans (135 days from declaration)
30.09.2026/ 31.03.2027	Half-yearly reporting of relief-measures data on CIMS by REs; 'NIL' statement if none extended

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Appendix – Full List of Declared Taluks (101)

Annexure to Government Order No. RD 586 TNR 2026 & RD 585 TNR 2026, dated 27.08.2026

SI.NO	DISTRICT NAME	TOTAL TALUKAS	SEVERELY AFFECTED TALUKAS	MODERATELY AFFECTED TALUKAS
1	Bengaluru Urban	4	4	
2	Bengaluru Rural	3	2	1
3	Bengaluru South	2	2	
4	Kolar	6	6	
5	Chikkaballapura	8	8	
6	Tumakuru	9	9	
7	Chitradurga	3	3	
8	Davangere	4	3	1
9	Mysuru	8	8	
10	Mandya	7	5	2
11	Ballary	4	4	
12	Koppala	3	3	
13	Raichur	5	3	2

SI.NO	DISTRICT NAME	TOTAL TALUKAS	SEVERELY AFFECTED TALUKAS	MODERATELY AFFECTED TALUKAS
14	Bidar	4	4	
15	Bagalkote	5	5	
16	Vijayapura	3	3	
17	Gadag	1	1	
18	Hassan	5	5	
19	Chikmagaluru	4	1	3
20	Kodagu	1		1
21	Uttara Kannada	2		2
22	Yadgir	1	1	
23	Vijayanagara	4	4	
24	Chamarajanagara	5	5	
Total		101	89	12

Internal

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- All Banks, Govt Departments and District Authorities to work in close Co-ordination and ensure that timely and meaningful relief is extended to affected borrowers.

Relief measures should be implemented with speed, empathy, transparency and financial discipline, while safeguarding the interest of the affected citizens as well as the stability of the Banking system.

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THANK YOU