



2nd August, 2019

GCCI/DYSGR/A-F/2019-20/7831

Shri S.K. Panigrahy
Regional Director
Reserve Bank of India
Ahmedabad.

Respected Sir,

Sub: Request to resolve the financial issues faced by the Cold Storage Units

Greetings from Gujarat Chamber of Commerce and Industry.

We would like to draw your kind attention to the serious financial issues being faced by the Cold Storage Units in Gujarat, and request your kind intervention in resolving the same.

Sir, as you would appreciate, the agriculture sector as well as the cold storage units are facing a situation of high uncertainty and risk due to the weak economic situation prevailing domestically and in international markets. In addition, there is also uncertainty regarding the adequacy of monsoons. Due to the adverse economic conditions coupled with the uncertainty regarding the yield in the current season, the cold storage units are staring at an inevitable financial crisis. If this crisis is to be avoided in the near future, the banks shall have to take supportive measures immediately.

Sir, there are around 368 potato cold-storages and 140 multi-purpose cold storages in Gujarat. Most of these cold-storages are located in Deesa, Dehgam, Sabarkantha, Kheda and Mehsana districts of Gujarat. Currently these cold storages are somehow continuing their operations and are servicing their bank debts, but they are facing a danger of delayed payment or default if they are not supported timely. If such a situation is created, all cold storages in the state will close down, resulting in huge national loss. These cold storages are also willing to provide additional collateral, if some time extension till next season is granted by the banks.

In the interest of the cold storage units as well as in larger interest of the State, we propose that below mentioned support options be considered by the banks:

1. The farmer loan accounts for which cold storages are guarantor should be restructured whereby moratorium period should be given for the principal amount against additional collateral and only interest amount should be recovered for the intervening period. It should be taken care to ensure that such restructuring does not have any adverse impact on the CIBIL rating of the borrower.

2. Conversion of the accounts into fresh commercial/term loan.

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer



Sir, these cold storages have a good repayment potential and also the willingness to repay the loan amount. The only issue being faced by them currently is that of time limit. We request your kind intervention in this matter, so that the cold storage industry can be saved through banks' support and the State can be saved from incurring a huge loss which could have been avoided.

Thanking you in anticipation,

With Regards,

Durgesh Buch
President

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President

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Sr. Vice President

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