

Accounting of subsidy amount under SJSRY

RPCD. SP. BC NO. 66 / 09.16.01 /2001-02
March 07, 2002

The Chairman / Managing Director,
All Indian Scheduled Commercial Banks,
(Except RRBs)

Dear Sir,

Accounting of subsidy amount under SJSRY

Please refer to our circular No. RPCD. SP. BC. 100/ 09.16.01/ 98-99 dated May 29, 1999, wherein banks were advised that the subsidy amount under USEP/DWCUA component of SJSRY is to be treated as back ended subsidy. Some banks have been seeking clarifications in regard to accounting procedure for the subsidy under the Scheme. In this context, it is clarified that the subsidy admissible to the borrowers under SJSRY should be kept in the Subsidy Reserve Fund Account borrower-wise instead of in term deposit in the name of the borrower. Banks should not apply interest on the Subsidy Reserve Fund Account. In view of this, for the purpose of charging interest on the loan, the subsidy amount should be excluded. The balance lying to the credit of Subsidy Reserve Fund Account will not form part of DTL for the purpose of CRR/SLR.

2. Please acknowledge receipt.

Yours faithfully,
Sd/-
(P.K. Bahinipati)
Deputy General Manager.