

**RBI /2006-07/ 126**  
**RPCD.SP.BC. 24 /CLCC/09.01.01/2006-07**

**September 14, 2006**

The Chairman and Managing Director  
All Scheduled Commercial Banks  
(Excluding RRBs)

**Dear Sir,**

Delegation of adequate powers to the Bank Managers for sanctioning loans without referring to higher authorities and following of the procedure for calculating interest on loans excluding subsidy amount under SGSY Scheme.

It has been brought to our notice by Ministry of Rural Development GOI, New Delhi that some banks are charging interest on the full loan amount without excluding subsidy amount given by the Government. In this connection, we advise that as per extant guidelines banks should not charge/ calculate the interest on the subsidy amount. You are therefore, advised to instruct the concerned branch officials to follow the correct procedure for calculating interest on loan amounts.

2. Please acknowledge the receipt, and advise us the action taken in this regard.

Yours faithfully,

(G.Srinivasan)

Chief General Manager

Withdrawn w.e.f May 13, 2022