

**COMPREHENSIVE GUIDELINES ON EDUCATION LOAN SCHEME
FOR PURSUING HIGHER STUDIES IN INDIA AND ABROAD**

Parameter	Comprehensive guide lines
Purpose	To extend financial assistance to all eligible / deserving / meritorious students for pursuing higher education in India & Abroad.
Student Eligibility	<ul style="list-style-type: none"> * Student Should be an Indian National. * Secured admission to professional/ technical courses through Entrance Test / Selection process. * Secured admission to foreign University / Institution.
Courses Eligible	<p><u>a. Studies in India:</u> <u>(Indicative list)</u></p> <ul style="list-style-type: none"> * School education including plus 2 Stage. * Graduation courses: BA, B.Com. B.Sc., etc. * Post Graduation courses: Masters & Phd. * Professional courses: Engineering, Medical, Agriculture, Veterinary, Law, Dental, Management, Computer etc. * Computer certificate courses of reputed institutes accredited to Dept. of Electronics or Institutes affiliated to University. * Courses like ICWA, CA, CFA etc. * Courses conducted by IIM, IIT, IISc, XLRI, NIFT etc.
Courses Eligible	<ul style="list-style-type: none"> * Courses offered in India by reputed foreign universities. * Evening courses of approved institutes. * Other courses leading to Diploma/Degree etc. conducted by colleges/Universities approved by UGC/Govt./AICTE/AIBMS/ICMR etc. * Courses offered by National Institutes and other reputed private institutions. <p>General Manager (Ops) may approve those Institutions and the specific courses for which loans may be granted for their area of operations depending on future prospects / recognition by user Institutions.</p> <ul style="list-style-type: none"> * In case of students who discontinued studies in the past and resuming again, the reasons for the same should be ascertained and loan application be processed only if satisfied with the reasons for the same. <p>As the Pilot Training Programme and Air Hostess Training Programmes are only training programmes and not education courses, these proposals should not be considered under Education Loan Scheme instead they may be considered under Personal Loans with adequate Collateral Security.</p> <p>*Teachers training courses and other diploma courses not recognized by the appropriate accreditation body in terms of the Education Loan Scheme should not be considered.</p>

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Courses Eligible	<p><u>b. Studies abroad :-</u></p> <p>Graduation: For job oriented professional / technical courses offered by reputed Universities.</p> <p>Post graduation: MCA, MBA, MS, etc.</p> <p>* Courses conducted by CIMA- London, CPA in USA etc.</p> <p>* Medical Courses conducted by Universities in the countries of erstwhile USSR, China, Nepal and other countries, which are not recognized by the Medical Council of India, should not be considered.</p>
Expenses considered for loan.	<p>* Fee paid to the Educational Institution upto a period of 3 months prior to the date of sanction of the loan.</p> <p>* Loan can be sanctioned during the middle of the course by assessing the requirement for the remaining period of the study.</p> <p>* Caution deposit/ building fund/ refundable deposit supported by Institution bills/ receipts.</p>
Quantum of Finance	<p>Need based finance subject to repaying capacity of the parents / students.</p> <p>- Studies in India - Maximum Rs.10.00 lacs.</p> <p>- Studies abroad - Maximum Rs.20.00 lacs.</p>
Margin	<p>Upto Rs.4.00 Lacs – NIL</p> <p><u>Above Rs. 4.00 Lacs</u></p> <p>Studies in India – 5% AND Studies Abroad – 15%</p> <p>– Scholarship /assistantship to be included in margin.</p> <p>– Margin may be brought in on year to year basis as and when disbursements are made on a pro-rata basis.</p>
Security	<p>Upto Rs. 4.00 Lacs – No Security (Co-obligation of parent / guardian is compulsory).</p> <p>Above Rs.4.00 Lacs and upto Rs.7.50 Lacs: Collateral in the form of a suitable third party guarantee.</p> <p>Above Rs.7.50 Lacs: - Collateral security of suitable value or Co-obligation of parents / Guardians / third party guarantee along with the assignment of future income of the student for payment of instalments.</p> <p>*The security can be in the form of land / buildings / Govt. securities / Public Sector Bonds / Units of UTI, NSC, KVP, Life policy, Gold, Shares/debentures, bank deposit in the name of student / parent / guardian or any other third party with suitable margin as specified in the various schemes for loaning against the concerned securities. Assignment of future income of the student for payment of instalments may be obtained.</p>

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Security	<p>* All charges in connection with valuation of property, search report from the Bank Advocate and stamp duty etc., to be borne by the borrower.</p> <p>*In case parent / guardian undertakes to service the interest fully during moratorium period the collateral security to obtain may be in the range of 110% to 125%.</p> <p>*In case parent / guardian do not undertake to service the interest fully during moratorium period the collateral security to be obtained may be approximately 150%.</p> <p>No Education Loan be rejected only for the reason that there is shortfall in the value of Collateral Security as mentioned above. All deserving cases should be considered on merits even if security falls short of the above percentages.</p> <p>No application received for Education Loan be rejected with out the approval of the next higher authority.</p> <p>* The documents should be executed by both the student and the parent / guardian. If the student is a minor the documents will be signed by the guardian acting 'for self' as well as "for and on behalf of the minor".</p>
Rate of Interest	<p>Upto Rs. 4.00 Lacs – Not to exceed BPLR Above Rs4.00 Lacs – Not to exceed BPLR +1%</p> <p>Present Interest Rates: Loans upto Rs. 4.00 Lacs – 11.50% (1% less than BMPLR) Loans above Rs4.00 Lacs & UP TO Rs.10.00 Lacs – 12.50% (0.50% less than BMPLR) Loans above Rs.10.00 Lacs - 13.00% (At BMPLR)</p> <p>The accrued interest for the moratorium period has to be added to the principal on conclusion of moratorium period and repayment fixed in EMI accordingly.</p> <p>* The interest to be debited mothly/quarterly/half yearly on simple basis during Repayment holiday / Moratorium period.</p> <p>* Penal interest is to be levied @2% on all irregular Education Loans above Rs.4.00 Lacs for the overdue amount and over due period.</p>
APPRAISAL / SANCTION / DISBURSEMENT	<p>* The loan to be sanctioned as per delegation of powers preferably by the Branch nearest to the place of domicile.</p> <p>* No application for educational loan received should be rejected without the concurrence of the next higher authority.</p> <p>* The loan to be disbursed in stages as per the requirement/ demand directly to the Institutions/ Vendors of books/ equipments/ instruments to the extent possible. (Contd..)</p>

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	<p><u>No-due Certificate:</u> No due certificate need not be insisted upon as a pre-condition for considering Education Loan. However, banks may obtain a declaration / an affidavit confirming that no loans are availed from other banks.</p> <p><u>Disposal of Application:</u> Loan applications have to be disposed within a period of 15 days to 1 month, but not exceeding the time norms stipulated for disposing of loan applications under priority sector lending.</p> <p><u>Flexibility in terms:</u> In order to bring flexibility, margin, security norms relaxation in the norms may be considered on a case-to-case basis with the approval of General Manager (Ops).</p>
Repayment	<p>*Course period + one year or six months after getting job, whichever is earlier.</p> <p>* The loan to be repaid in 5-7 years after commencement of repayment. If the student is not able to complete the course within the scheduled time extension of time for completion of course may be permitted for a maximum period of 2 years. If the student is not able to complete the course for reasons beyond his control, sanctioning authority may at his discretion consider such extensions as may be deemed necessary to complete the course.</p> <p>* The accrued interest during the repayment holiday period to be added to the principal and repayment in Equated Monthly Instalments (EMI) be fixed.</p> <p>* A concession of 0.50% in interest during the moratorium period if 0.50% of loan amount is paid every month towards part payment of interest. Concession of 1% in interest during the moratorium period if full interest is paid during the moratorium period. This concession has to be calculated and credited back to the account in the month of January every year.</p>
Insurance	Insurance is optional.
Processing Charges	<p>No processing charges for studies abroad upto Rs.4.00 Lacs and in case of studies in India irrespective of loan amount. In case of loans above Rs.4.00 Lacs for studies abroad.</p> <ol style="list-style-type: none"> 1. Rs. 5000/- to be collected at the time of delivering sanction letter to the student / guardian. 2. Rs.1000/- to be appropriated towards processing fees. 3. Rs.4000/- to be adjusted towards student's margin at the time of release of the loan. 4. In case the loan is not availed for any reason by the student, the amount of Rs.4000/- to be refunded to the student without interest. <p>No processing charges to be levied on the loans to the wards of Bank's staff members including Retired Staff.</p>

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Capability Certificate	Banks can also issue the capability certificate for students going abroad for higher studies. For this financial and other supporting documents may be obtained from applicant, if required. (Some of the foreign universities require the students to submit a certificate from their bankers about the sponsors' solvency/ financial capability, with a view to ensure that the sponsors of the students going abroad for higher studies are capable of meeting the expenses till completion of studies.)
Other Terms and Conditions	<p><u>a. Multiple Loans:</u> Loans may be given to two or more wards of a parent / guardian provided collateral security is taken as per the scheme requirements corresponding to the quantum of all such education loans put together. The basic concept is that the “family” has to be taken as a unit and security taken accordingly and margin and interest to be charged student borrower wise.</p> <p><u>b. Minimum Age:</u> There is no specific restriction with regard to the age of the student to be eligible for Education Loan.</p> <p><u>c. Change of Address:</u> In case the parent’s Job is transferable then the “address for correspondence” must be meticulously noted in the system as well as in the records, so that whenever the parent is transferred, the Bank will be in a position to track the loan.</p> <p><u>d. Top up loans:</u> A second loan (Education Loan Plus), selectively, to meritorious students for prosecuting higher studies (for those who have already availed Education Loan) like M.B.A., M.Tech., M.S in Universities abroad etc., as per the conditions of normal Education Loan applicable for combined loan limits.</p> <p><u>e. Co-obligator:</u> The Co-obligator should be parent(s) / Guardian of the student borrower. In case of married person, Co-obligator can be either spouse or the parent(s) / parents-in-law.</p>
Other Terms and Conditions	<p>* The legal guardian i.e. a guardian appointed by any authority or a person-in charge to take care of the person and property of the student who intends to avail loan facility.</p> <p><u>Opening of Camp Offices:</u> The branches should take initiative and organize the camps at counseling centres, the campus of the professional educational institutions and Universities located in their area of operation for sanctioning the Education Loans to deserving students who meet the criteria for Education Loans. Lead Bank Managers should coordinate with other banks functioning in all the areas where we are the Lead Bankers for arranging camps by bringing together all the banks functioning in their area of operation on the campus of the concerned professional educational institutions.</p>

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O t h e r Terms and Conditions	<p>Assignment of future income of the student: This agreement can only be entered into by a student who is a major. A minor student may agree for the same provided it is ratified by him on his attaining majority.</p> <ul style="list-style-type: none"> * Educational institutions often enhance the fees during the course increasing the overall cost. Funding of enhanced cost is permitted on a case-to-case basis. This will need to be reviewed in the context of various ceilings for the security related issues. * Education Loans can be sanctioned based on the meritorious record of immediate preceding year / immediate preceding course even though the student had completed prior courses compartmentally. However there is no stipulation with regard to the marks. All eligible and meritorious students can be financed. * If there is a request from the institution, in writing, the entire loan amount can be paid in one lump sum to the institute by way of Demand Draft. * If it is a pre requisite as per the regulations of the concerned University / Embassy granting the visa, the loan amount can be released before receipt of Visa, subject to verification of the Pre-Visa and obtaining a letter of undertaking from the applicant stating that the amount will be repaid to the Bank, if Visa is not granted. * The loan amount to the extent of fee may be released by way of Demand Draft / Bankers' cheque favouring the Convenor of the common entrance test like EAMCET, Hyderabad, so that the same can be presented at the time of counseling. * In case a borrower (Parent / Student) pays some amount to the credit of the loan account (On different dates) after part release of the loan during study period the excess payment can be allowed for making payment to the institution towards fees or to the student towards living expenses etc., through a draft subject to the total debits not exceeding the project cost and the outstanding being within the limit and interest accrued. * The proposals from students whose parents/siblings have defaulted earlier should not be entertained. Discreet enquiries to be made before considering the proposals regarding the status of any previous loan. Where possible, CIBIL data may be used for getting this information.