

Government of India
Ministry of Human Resource Development
Department of Higher Education

Central Scheme to provide Interest Subsidy for the period of moratorium on Educational Loans taken by students from economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian Banks' Association to pursue technical/professional education studies in India.

One of the major concerns of the Government is to ensure that nobody is denied professional education because he or she is poor. The Indian Banks' Association (IBA) had formulated a comprehensive model educational loan scheme for adoption by all Banks, aimed at providing financial support from the banking system to deserving/meritorious students for pursuing higher education in India and abroad. Government of India has now approved a Scheme to provide full interest subsidy during the period of moratorium on loans taken by students belonging to economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian Banks' Association, for pursuing any of the approved courses of studies in technical and professional streams, from recognized institutions in India.

2. The broad parameters of the Scheme are :-

(i) The Scheme would be only applicable for studies in technical and professional courses in India. The interest subsidy shall be linked with the existing Educational Loan Scheme of IBA and restricted to students enrolled in recognized professional courses (after Class XII) in India in Educational Institutions established by Acts of Parliament, other Institutions recognized by the concerned Statutory Bodies, Indian Institutes of Management (IIMs) and other institutions set up by the Central Government.

(ii) Under the Scheme, interest payable by the student availing of the Educational Loan Scheme of the Indian Banks' Association for professional courses for the period of moratorium (i.e., course period, plus one year or six months after getting job, whichever is earlier) as prescribed under the Educational Loan Scheme of the Indian Banks' Association, shall be borne by the Government. After the period of

moratorium is over, the interest on the outstanding loan amount shall be paid by the student, in accordance with the provisions of the existing Educational Loan Scheme and as may be amended from time to time.

* (iii) The benefits under the Scheme would be applicable to those students belonging to economically weaker sections, with an annual parental income upper limit of Rs. 4.5 lakh per year.

(iv) The interest subsidy under the Scheme shall be available to the eligible students only once, either for the first undergraduate degree course or the post graduate degrees/diplomas. Interest subsidy shall, however, be admissible for combined undergraduate and post graduate courses.

(v) Interest subsidy under this scheme shall not be available for those students who either discontinue the course midstream, or for those who are expelled from the Institutions on disciplinary or academic grounds. However, the interest subsidy will be available for the actual period of study, only if the discontinuation was due to medical grounds for which necessary documentation to the satisfaction of the Head of educational institution will have to be given.

(vi) There would be a tag/marker on the degree of the student indicating his repayment liabilities.

(vii) The National Minorities Development & Finance Corporation (NMDFC) has an Educational Loan Scheme for individual beneficiaries, which is implemented through State Channelizing Agencies (SCAs). The National Safai Karamcharis Finance and Development Corporation under the Ministry of Social Justice and Empowerment also provides educational loan to the students of the target group for higher education. Interest on Educational Loan provided under these two schemes, if the loans are for pursuing professional courses after XII class, shall also be subsidized for the period of moratorium as per the terms and conditions of this Scheme.

(viii) The Scheme shall be implemented through Canara Bank, which is the nodal bank for the Ministry of Human Resource Development. Modalities for

implementation and monitoring mechanism shall be finalized in consultation with the Canara Bank.

(ix) The Scheme shall be applicable from the academic year 2009-10.

(x) A list of professional courses for which the scheme shall be applicable, shall be brought out, in consultation with the concerned Ministries/Departments and the Indian Banks' Association, and publicised from time to time.

** (xi) A monitoring mechanism shall be evolved to monitor the benefits accruing to different categories of loanees, such as, the Scheduled Castes, Scheduled Tribes, Minorities, Disabled etc.

* Income proof shall be required from the students from such public authorities as are authorised by the State Governments for certification of income status for various purposes, including Central and State Sector Schemes.

** For better statistical reference and collation of data, information pertaining to beneficiaries shall be maintained in respect of the categories to which they belong, namely, Scheduled Castes, Scheduled Tribes, Minorities, Other Backward Classes, and Others; alongwith sub-classification in terms of gender, differently-abled/ persons with disabilities as well as the disciplines/programmes of study, year of enrolment and programmes as also the specialisation of study, institutions, locations, State-wise and Bank-wise.