

PRADHAN MANTRI UCHCHATAR SHIKSHA PROTSAHAN (PM-USP) YOJANA

GUIDELINES FOR THE COMPONENT SCHEME – CENTRAL SECTOR INTEREST SUBSIDY (PM-USP CSIS)

(Applicable for Education Loans taken w.e.f. 01.04.2022)

1. Introduction

One of the major objectives of the Government is to ensure that no student is denied the opportunity to pursue higher education because she or he is poor. To achieve this objective, Ministry of Education (Erstwhile Ministry of Human Resource Development) launched a Scheme titled "Central Sector Interest Subsidy Scheme" (CSIS) in 2009. The scheme provides **full interest subsidy during the moratorium period** on loan availed under Model Education Loan Scheme of Indian Banks' Association (IBA) for pursuing technical/professional courses in India. Students whose annual gross parental/ family income is up to Rs.4.5 lakh are eligible under the scheme. The existing Scheme has been modified with the approval of the Union Cabinet on 19.01.2022.

2. Scope

- i. The Scheme is adopted by all Scheduled Banks/Regional Rural Banks (RRBs)/Co-operative Banks and is linked with the existing Model Educational Loan Scheme of the Indian Banks' Association.
- ii. Interest Subsidy under CSIS is admissible only once either for undergraduate or post graduate or integrated course. Under the scheme, interest subsidy on education loan is provided for a maximum amount of Rs. 10.0 lakh (Even sanctioned loan amount in excess of Rs. 10 lakh would qualify for interest subsidy up to Rs. 10 lakh only).
- iii. In CSIS scheme, no collateral security or third party guarantee is required for Education Loan sanctioned upto Rs. 7.5 lakh. The lonee bank is to ensure that this part of the loan is covered for guarantee under Credit Guarantee Fund Scheme for Education Loan (CGFSEL).
- iv. Under the Scheme, the interest payable on the Educational Loan for the moratorium period, i.e. **Course Period plus one year** will be borne by the Government of India. After the period of moratorium, the interest on the outstanding loan amount shall be paid by the student, in accordance with the provisions of the existing Model Educational Loan Scheme of Banks and as may be amended from time to time.

3. Eligibility of students for CSIS

- i. Education Loans taken under IBA Model Education Loan Scheme.
- ii. Students having gross parental/ family income upto Rs. 4.5 lakh per annum.
- iii. Students enrolled in professional/ technical courses only from NAAC accredited Institutions or professional/ technical programmes accredited by NBA or Institutions of National Importance or Central Funded Technical Institutions (CFTIs). Those Professional Institutions/programmes, which do not come under the ambit of NAAC or NBA, would require approval of the respective regulatory body.
- iv. Admissible only once either for Undergraduate or for Post Graduate degree course. This is also admissible for Integrated Courses (Graduate + Post Graduate).
- v. Student availing any other Central /State Government Scholarship or Fee reimbursement shall not be eligible for availing benefits under CSIS Scheme.
- vi. Interest Subsidy under this Scheme shall not be available to those students who discontinue their course midstream, or who are expelled from the Institution on disciplinary or academic grounds. However, the interest subsidy would be available only if discontinuation is due to medical grounds for which necessary documentation to the satisfaction of the Head of educational institution needs to be provided.

4. Interest Rates

The interest rates charged on the educational loan shall be as per the Benchmark Prime Lending Rate (BPLR)/Base Rate of the individual banks and as per the provisions for interest rates under the IBA Model Educational Loan Scheme.

5. Moratorium Period

Under the Scheme, moratorium period is defined as **Course Period plus one year. Interest for only the moratorium period, at simple rate of interest** will be borne by the Government of India, subject to the condition that the student completes the course of study successfully. After the period of moratorium, the interest on the outstanding loan amount shall be paid by the student, in accordance with the provisions of the existing Model Educational Loan Scheme of Banks and as may be amended from time to time.

6. Income Limit/Proof

The benefit of the Scheme is applicable to students belonging to economically weaker sections having gross parental/ family income upto Rs. 4.5 lakh per annum from all sources. Income

proof is required from authorised Public Authority of the State Government. The scheme is independent of any other schemes which may cater to economically weaker sections.

7. Competent Authority

The Ministry of Education, Government of India has issued an Advisory to all the State Governments requesting them to designate appropriate authority or authorities who are competent to issue income certificates, based on economic index and not social background, for the purpose of this scheme.

The Banks shall implement the scheme based on the notification of the certification authority by State Governments communicated through District Level Consultative Committees (DLCCs).

8. Similar Schemes

The National Minorities Development and 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 (NSKFDC), National Backward Classes Finance and Development Corporation (NBCFDC), National Scheduled Castes Finance and Development Corporation (NSCFDC), National Handicapped Finance and Development Corporation (NHFDC) under the Ministry of Social Justice and Empowerment and the National Scheduled Tribes Finance and Development Corporation (NSTFDC) under the Ministry of Tribal Affairs also provide educational loan to the students of the target group for higher education. Interest on Education Loan provided under the educational loan schemes of these six corporations, 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. The interest charged by NMDFC, NSKFDC, NBCFDC, NSCFDC, NHFDC and NSTFDC are to be paid by Government direct to the respective Corporations.

9. Nodal Bank

The Scheme shall continue to be implemented through Canara Bank, which is the Nodal Bank for the Ministry of Education. Modalities for implementation and monitoring shall be finalised in consultation with the Canara Bank.

10. Applicable Academic Year

The Modified Scheme shall be applicable from the academic year 2022-23, starting 1st April, 2022.

11. List of Technical/Professional Courses

List of Centrally Funded Technical Institutions and Institutions of National Importance is available on Ministry of Education website URLs <http://mhrd.gov.in/technical-education-1> and <http://mhrd.gov.in/institutions-national-importance>. The list of NAAC accredited universities/institutions is available at NAAC website URL <http://naac.gov.in/index.php/en/2-uncategorised/32-accreditation-status> and NBA recognised professional courses is available at NBA website URL <https://www.nbaind.org/accreditationprogram/AccreditedProgram>. In case of doubt, related to eligibility of course under the scheme etc., banks may approach University Grants Commission (UGC)/ All India Council for Technical Education (AICTE) and other councils for clarification, for which UGC/AICTE and other councils would be requested to create Cells and identify Nodal Officers, whom banks can approach for relevant information. It shall be the responsibility of the loan disbursing bank to ensure that only technical/professional courses are covered by them under the scheme.

12. Monitoring

An Interest Subsidy & Credit Guarantee dashboard would be set up by the Nodal Bank for the Scheme with real-time data from banks on geographical/ socio-economic/ gender/ institution/ accreditation grade of the institution/ category/ course-wise distribution of loan applications, sanctions, subsidy released and adjusted, loan repayments, NPAs, etc. This dashboard will ensure effective monitoring and enable the Ministry to measure the outcome of the Scheme.

13. Disbursement of Interest Subsidy Claims

The disbursement of interest subsidy claims to the Nodal Bank shall be on Quarterly/Half yearly/Yearly basis, as decided by the Ministry of Education, Government of India. Nodal Bank shall disburse the subsidy in Education Loan account of the beneficiaries in DBT mode through PFMS Portal. It is the sole responsibility of lending bank to claim interest subsidy on behalf of eligible beneficiary on yearly basis. If any lending bank fails to claim interest subsidy for current year, backlog claim of interest subsidy will not be entertained. Any delay in submission or non submission of claim by the lonee bank to Canara Bank, the Department of Higher Education will not be responsible for such delay/ non-submission of claim and non-payment of interest subsidy.

14. Interest Concession

Under the IBA Scheme, 2021, Banks at its discretion may provide 1% interest concession if interest is serviced during the study period and subsequent moratorium period prior to commencement of repayment. However, the subvention provided by Government should not be a cause for providing 1% concession in rate of interest.

15. Claims by Regional Rural Banks (RRBs)

The Regional Rural Banks should submit their claim directly to Canara Bank, the nodal bank and not to route it through the sponsor bank.

16. Audit

Statutory Audit of the Accounts coinciding with the Annual Statutory Audit of the Bank should be conducted once a year.
