

Guidelines for providing relief on interest outstanding component as on 31.12.13 for all Educational Loans sanctioned/availed up to 31.03.2009 & outstanding as on 31.12.2013.

This is with reference to the announcement made by Finance Minister in Para 64 of the Budget Speech 2014-15 in which, in order to provide relief to students who were sanctioned/dispensed educational loans up to 31.03.2009 and outstanding as on 31.12.2013, the Central Government will take over the liability for outstanding interest as on 31.12.2013 and the borrower will have to pay the interest for the period after 01.01.2014.

2. INTRODUCTION

The Government of India in the Budget of 2009-10, had introduced the Central Scheme for Interest Subsidy (CSIS) in respect of education loans disbursed after 01.04.2009 under which Government took over the burden of interest for the duration of the period of study plus one year or six months after getting the employment, whichever is earlier. In continuation, this scheme is prepared to provide benefit to those students who have taken education loan up to 31.3.2009 which is outstanding as on 31.12.2013 to the extent of interest component.

3. OBJECTIVE OF THE SCHEME

The Government of India will take over the entire liability of the interest outstanding as on 31.12.2013 for all education loans sanctioned up to 31.3.2009 and which are outstanding as on 31.12.2013, by students belonging to Economically Weaker Sections from scheduled banks/RRBs for pursuing any of the approved courses of studies in technical and professional streams from recognized institutions in India. Government of India will take over the liability for outstanding interest as on 31.12.2013, but the borrower would have to pay interest for the period after 01.01.2014.

4. APPLICABILITY OF THE SCHEME

The Scheme will be adopted by all scheduled Banks/RRBs and would be applicable only for students from Economically Weaker Sections who have taken education loan up to 31.3.2009 and outstanding as on 31.12.2013 and were pursuing studies in recognized Technical/Professional Courses in India. RRBs should submit their claim directly to Canara Bank, the nodal bank and not to route it through the sponsor bank.

5. BENEFITS AVAILABLE UNDER THE PRESENT SCHEME

For those educational loans sanctioned/availed up to 31.03.2009 and outstanding as on 31.12.2013, the interest component as outstanding on 31.12.2013 will be eligible for relief under this Scheme. It means that only the interest component of those education loans which were availed up to 31.03.2009 and are outstanding as on 31.12.2013 shall be adjusted under the Scheme. Principal amount (ie original loan amount + interest capitalized at the start of repayment) shall continue to be as it is and no kind of adjustment shall be done against the principal amount.

For cases which are NPAs & outstanding as on 31.12.2013, the interest during the moratorium period (the capitalized interest) OR the interest outstanding as on 31.12.2013, whichever is less, will be eligible for relief.

6. INCOME LIMIT /PROOF OF INCOME:

The benefits of the scheme would be applicable to those students belonging to economically weaker sections, with an annual gross parental/family income upper limit of Rs 4.5 lacs per year (from all sources) as on date/at the time of availing loan, if available, from the appropriate authorities. The responsibility of producing an income certificate lies with the student/parents claiming relief under the scheme. Income proof, in the form of Income Certificate Issuing Authorities (ICIA) as designated by the respective State Governments under the existing CSIS shall be required from the students. The present scheme is intended to cater to the needs of students belonging to economically weaker sections, with prescribed upper parental gross income limit of the family from all sources, which is based on economic index and not on social background. The scheme is independent of any other schemes which may cater to EWS.

7. COMPETENT AUTHORITY:

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

8. OTHER TERMS AND CONDITIONS:

The interest subsidy under the scheme shall be available to the eligible students only once, either for the first under-graduate degree or the post graduate degrees/ diplomas in India and for integrated courses (graduate + post graduate) courses, provided no subsidy has been claimed under the existing CSIS after 01.04.2009. **If any student borrower has claimed subsidy for post graduate course after 01.04.2009 then he is not eligible under this scheme.** Interest Subsidy under this Scheme shall not be available for those students who had discontinued the course midstream, or who were expelled from the Institutions on disciplinary or academic grounds. However, the interest subsidy will be available 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.

9. LIST OF ELIGIBLE COURSES:

A list of Technical/Professional courses which was brought out by the Ministry of Human Resource Development in consultation with the concerned Ministries/Departments and the Indian Banks' Association and publicized from time to time for CSIS Scheme, shall be applicable under this scheme. As regards list of accredited universities/institutions and recognized professional courses, UGC and AICTE have displayed the names of such institutions and courses in their websites, which may be accessed for verification purposes. In case of doubt, Banks may approach UGC/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.

10. NODAL BANK:

The nodal Bank for the scheme is Canara Bank.

11. MONITORING/SUBMISSIONS OF CLAIMS

The interest relief so arrived as per Para 5 will be uploaded by the Banks in the CSIS portal already under operation by Canara Bank.

A monitoring mechanism shall be evolved by Canara Bank i.e. the Nodal Bank to monitor the progress being made under this scheme & timely submission of interest outstanding as on 31.12.2013 of loans availed up to 31.3.2009 by all participating Banks.

12. ADDITIONAL INFORMATION:

The interest subsidy is only for interest debited on account of fees paid, and not on any other debits such as insurance premium etc. If similar scheme is implemented by any state government, then claim should be made either to Central or state Government and not to both i.e the benefit of outstanding interest waiver can be claimed only once.

All other operational details as applicable for CSIS scheme shall be applied for this scheme unless otherwise specifically stated. Each Bank should contact all eligible beneficiaries under this scheme immediately and obtain the requisite documents from them(affidavit as stipulated under CSIS including a certificate that the beneficiary has not claimed interest subsidy under CSIS after 01.04.2009 & income certificate) and get the interest outstanding settled by submitting the claims to the Nodal bank.

The entire exercise for all eligible outstanding cases shall be completed by 30th June, 2014.

13. DISBURSEMENT OF INTEREST SUBSIDY CLAIMS

The disbursement of interest subsidy claims under this scheme to the Banks shall be on a one time basis for all outstanding cases.

14. AUDIT

Statutory Audit of the Accounts coinciding with the Annual Statutory Audit of the Bank should be conducted immediately at the end of first quarter of 2014-15 and should be finalized in the half yearly accounts statements of each Bank.