



केन्द्रीय कार्यालय, चन्द्रमुखी
नरीमन पॉइंट, मुंबई-400 021

Central Office, Chander Mukhi,
Nariman Point, Mumbai-400021

RETAIL BANKING DEPARTMENT

MASTER CIRCULAR NO: 2018-19/12	DATED :1 APRIL 2018
MASTER CIRCULAR : SCHEME FOR EDUCATIONAL LOAN TO THE STUDENTS OF IIMS & 4 REPUTED INSTITUTIONS	
PRODUCT CODE	6290-1054
This Master Circular will be effective from 1 April, 2018. Amendments in the scheme, if any, shall be communicated through Instruction Circulars. These amendments shall be incorporated in next updated Master Circular, as and when the next Master Circular is issued. This Master circular supersedes all the previous circulars on the subject.	

Scheme In Brief : Education loan To students of IIMs and 4 Reputed Institutions	
Maximum Loan Amount	Rs. 30.00 Lakhs
Borrower/ Joint Borrower	Loan to be sanctioned in individual name of the student. Parent(s)/guardian/ spouse/parents-in-law of the student may also be taken as joint-borrower.
Margin	No Margin
Security	No collateral Security. No third party guarantee. Assignment of future income of the student. Comprehensive life insurance policy for the student availing Educational Loan to the minimum of loan amount for a minimum period of loan term (i.e., course period + moratorium period + repayment period) assigned in favour of the Bank. Premium to be paid regularly by the borrower.
Rate of Interest	MCLR (12m).

Scheme in Detail

Indian Institutes of Management (IIMs) are premier Management Institutes in the country. Students passing out of IIMs command preference in the job market. In order to encourage students of IIMs to avail educational loans from our Bank, various concessions are offered in existing Cent Vidyarthi Scheme. This Scheme is applicable to students admitted to IIMs through the Common Admission Test (CAT) and pursuing two year full time management course. The scheme is also applicable to students pursuing full time regular management course (through CAT/XAT/GMAT/GATE/XGMAT, etc.) in the four reputed institutions. Five year integrated programmes conducted by IIMs based on Entrance Test for selection of students are eligible. The scheme is not applicable for any part time courses or for one year courses.

The details of the scheme are given below.

Sr. No	Parameter	Particulars
1	Borrower/ Joint Borrower	Loan to be sanctioned in individual name of the student. Parent(s)/guardian/ spouse/parents-in-law of the student may also be taken as joint-borrower.
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5	Rate of Interest	MCLR (12m). No further interest concession will be given for servicing of interest during moratorium period.
6	Expenses considered for loan	<ul style="list-style-type: none"> i. Fee payable to college/hostel. Reasonable lodging and boarding charge will be considered in case the student chooses / is required to opt for outside accommodation. ii. Examination/ Library/ Laboratory fee. iii. Travel expenses. iv. Insurance premium for student borrower, if applicable. v. Caution deposit, Building fund/refundable deposit supported by Institution bills/receipts. vi. Purchase of books/ equipments/ instruments/ uniforms. vii. Purchase of computer at reasonable cost, if required for completion of the course. viii. Any other expense required to complete the course – like study tours, project work, thesis work, etc. ix. Visit to foreign universities in Exchange Programme. x. Living Expenses upto Rs.120000/- p.a. on declaration basis. xi. Membership & subscription to Alumni/professional

		<p>organization.</p> <p>xii. Reimbursement of above expenses already incurred/loan taken from identified sources (to meet the contingencies) by the applicant on merits is allowed, subject to production of original receipts within three months from the date of payments of fees/expenses incurred.</p> <p>Xiii. Regional Manager is empowered to allow reimbursement of payment of fees/expenses incurred within six months from the date of payment.</p>
7	Appraisal / Sanction/ Disbursement	<ul style="list-style-type: none"> ✓ Applications will be received either directly at bank branches or through on-line mode. Upon receipt of application, standard acknowledgement giving a reference number will be issued. The acknowledgement will contain contact details of the bank official who, could be contacted in case of delay in disposal of application. ✓ Normally, sanction/rejection should be communicated within Three days of receipt of duly completed application with supporting documents. ✓ In the normal course, while appraising the loan, the future income prospect of the student only will be looked into. ✓ Students may submit their loan applications either at the bank branch near to the residence of parents or near to the educational institution. However, after the loan is sanctioned, the cases may be transferred to the bank branch near to the institution for follow up with student / institution. The KYC compliance for the purpose has to be done by the branch nearest to the residence of parents. ✓ The loan to be disbursed in stages as per the requirement/ demand, directly to the Institutions/ Vendors of equipment/ instruments to the extent possible. ✓ Branches should note that professional colleges allow students to move to the higher class even if they fail in a few subjects in the examination for previous year/semester. The disbursement of subsequent instalments should not be stopped for the reason that the student has failed in one or two subjects in the examination provided he has been allowed to keep terms.
8	Repayment	<p>Repayment holiday/Moratorium - Course period + 1 year</p> <p>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. In case the student discontinues the course midway, appropriate repayment schedule will be worked out by the Bank in consultation with the student/parent.</p>

		<p>Banks may also provision for moratorium taking into account spells of under-employment/ unemployment, say two or three times (Maximum of 6 months at a time) during the life cycle of the loan. Bank may also encourage a student borrower who wants to set up start-up units by giving moratorium on repayment of principal and interest during incubation period which may be considered up to 2 years.</p> <p>Extension of moratorium period or repayment beyond the time specified at the sanction would amount to restructuring of the loan and will be governed by the RBI guidelines on restructuring of advances. However, in case the student takes up higher studies immediately upon completion of the course, the commencement of repayment would get shifted one year from completion of the course without treating the change as restructuring. This would be so irrespective of whether the student had taken fresh/top up loan for higher studies or not.</p> <p>The accrued interest during the repayment holiday period to be added to the principal and repayment in Equated Monthly Installments (EMI) fixed. Repayment of the loan will be in equated monthly instalments for a period of Maximum 15 years after moratorium period.</p> <p>Note: No prepayment penalty will be levied for prepayment of loan at any time during the repayment period.</p>
9	Insurance	<p>Comprehensive life insurance policy for the student availing Educational Loan equivalent to loan amount, for a minimum period of loan term (i.e., course period + moratorium period + repayment period) should be obtained and assigned in favour of the Bank.</p> <p>One time premium based term policy for life of the student for entire tenure of loan to be considered for payment within the ceiling of sanctioned limit.</p> <p>Our Bank has tie up arrangement with Aditya Birla Sun Life Insurance Company (ABSLI) for providing life insurance policy of students availing loan from the bank.</p> <p>Regional Manager is empowered to waive the condition of insurance very selectively but the education loan amount should be covered by 100% liquid security/collateral security.</p> <p>Branches should populate insurance policy details in all Education Loan accounts in CBS module. Branches should also ensure that Policy premium should be debited to the account after the first disbursement made in the Education Loan account.</p>
10	Follow Up/Monitoring	<p>Branches to contact college / university authorities to obtain progress report on the student at regular intervals in respect of those who have availed loans. In case of studies abroad, branch may obtain the SSN/Unique Identification Number (UIN)/Identity Card and note the same in the bank's records. Aadhaar number issued by UIDAI may be captured in bank's system.</p>

11	Processing Charges	No processing / upfront charges may be levied on loans for studies in India sanctioned under the scheme.										
12	Other Conditions	<p><u>I. Sanction of loan to more than one child from the same family</u> Existence of an earlier education loan to the brother(s) and/or sister(s) will not affect the eligibility of another meritorious student from the same family obtaining education loan as per this scheme from the bank.</p> <p><u>II. Minimum Age</u> There is no restriction with regard to the age of the student to be eligible for education loan.</p> <p><u>III. Top up loans</u> Branches may consider top up loans to students pursuing further studies within the overall eligibility limit, if such further studies are commenced during the moratorium period of the first loan. The repayment of the loan will commence after the completion of the second course and further moratorium period, as provided under the scheme.</p> <p><u>IV. Tracking of students:</u> It is found that branch will be able to track the student after completion of the course effectively in co-ordination with the educational institutions. Educational institutions will be able to provide placement details and in some cases changes in the initial years after education. Obtaining Permanent Account Number (PAN) of the student, issued by Income Tax Department will be useful for future tracking of the student. As most of the students may not require PAN during education period, submission of PAN details should not be made a pre-condition for loan sanction. However, considering the ease of registering PAN, the students may be asked to submit PAN during the course of studies.</p>										
13	Sanctioning Powers:	<table border="1"> <thead> <tr> <th>Delegated Authority</th> <th>Sanctioning Power</th> </tr> </thead> <tbody> <tr> <td>Small Branch - Branch Manager Scale I</td> <td>Rs. 4.00 lakh</td> </tr> <tr> <td>Medium Branch - Branch Manager Scale II</td> <td>Rs. 7.50 lakh</td> </tr> <tr> <td>Large Branch - Branch Manager Scale III</td> <td>Rs.10.00 lakh</td> </tr> <tr> <td>Branch Manager-Scale IV & above/CCPC Incharge RM/SRM</td> <td>Rs.30.00 lakh (for Clean Loan)</td> </tr> </tbody> </table> <p>Education Loan where staff member is co-borrower will be considered as loan to general public.</p>	Delegated Authority	Sanctioning Power	Small Branch - Branch Manager Scale I	Rs. 4.00 lakh	Medium Branch - Branch Manager Scale II	Rs. 7.50 lakh	Large Branch - Branch Manager Scale III	Rs.10.00 lakh	Branch Manager-Scale IV & above/CCPC Incharge RM/SRM	Rs.30.00 lakh (for Clean Loan)
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14	Authority For Rejection Of Application	Sanctioning Authority cannot reject any loan application on his own. Rejection of loan application, if any, shall be done with the concurrence of the controlling authority of the branch and conveyed to the student stating reason for rejection.										
15	Asset Classification:	The student loan will not be affected by any change in asset classification of any separate bank borrowing of the joint borrowers.										
16	No Due Certificate:	No due certificate will not be insisted upon as a pre-condition for considering education loan.										
17	Loan Request Received From NRIs	Requests received from NRIs can be considered if student is Indian passport holder and they meet other eligibility requirements.										
18	Credit Risk	Each education loan proposal should be risk rated using "Manual										

	Rating	Scoring Model for Retail Loans (Education Loans)” devised by Risk Management Department, Central Office. Minimum Score of 50 is required to sanction the proposal.
19	Disposal Of Loan Applications:	Loan applications have to be disposed of in the normal course within three working days.
20	Prudential Norms for Restructure	<p>Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Education Loans restructured from 01.04.2015.</p> <p>01. As prescribed in the scheme banks may allow upto three spells of moratorium (not exceeding six months each) during the life cycle of the loan, taking into account spells of unemployment/underemployment, without treating the exercise as restructuring, subject to appropriate inclusion of the same in terms and conditions of the loan agreement. However, banks would be required to maintain a higher provisioning of 5% during the said additional moratorium period and one year thereafter.</p> <p>02. Any other concession or moratoriums (exceeding those specified in the original sanction) for a borrower under financial difficulty would be treated as restructuring and attract the prudential norms thereof.</p> <p>03. The facility of extended repayment period and increased number of moratoria for repayment may be extended to existing borrowers whose accounts are classified as “standard”.</p>
21	Central Sector Interest Subsidy Scheme	<p>It need to be noted that while the Central Sector Interest Subsidy Scheme of MoHRD is based on ‘IBA Model Educational Loan Scheme’, the subsidy is applicable only for loans given for Professional and Technical courses (after 12th standard) in India.</p> <p>It may be noted here that subject to satisfaction of other conditions of Central Sector Interest Subsidy scheme, the interest subsidy shall be available to educational loans sanctioned for study in India for an amount up to Rs.10 lakh only even if the loan is sanctioned for a higher amount.</p> <p>Please note that if any student availed CSIS in previous course, then he is not eligible for further interest subsidy.</p> <p>Branches are advised to check the validity of income certificate received in Education Loan account for eligibility of interest subsidy in CSIS, ACSISOBCEBC and Padho Pardes from the issuing Authorities through State Government Portal, if any or from issuing Authorities.</p>

22	IIMs And 4 Other Reputed Institutions		IIMs
		1	Indian Institute of Management, Ahmedabad, Gujarat
		2	Indian Institute of Management, Bangalore, Karnataka
		3	Indian Institute of Management, Kolkata, West Bengal
		4	Indian Institute of Management, Indore, Madhya Pradesh and Mumbai Campus of IIM Indore
		5	Indian Institute of Management, Kashipur, Uttarakhand
		6	Indian Institute of Management, Kozhikhode, Kerala
		7	Indian Institute of Management, Lucknow, Utter Pradesh
		8	Indian Institute of Management, Raipur, Chattisgarh
		9	Indian Institute of Management, Ranchi, Jharkhand.
		10	Indian Institute of Management, Rohtak, Haryana.
		11	Indian Institute of Management, Shillong, Meghalaya
		12	Indian Institute of Management, Trichhy, Tamil Nadu
		13	Indian Institute of Management, Udaipur, Rajasthan
		14	Indian Institute of Management, Amritsar , Punjab
		15	Indian Institute of Management, Indore for IPM Programme and other similar Integrated 5 year programmes of IIMs.
		16	Indian Institute of Management, Bodhgaya, Bihar
		17	Indian Institute of Management, Nagpur, Maharashtra
		18	Indian Institute of Management, Sirmour
		19	Indian Institute of Management, Visakhapatnam
			Other 4 Reputed Institutions
		1	Xavier Labour Relation Institute (XLRI), Jamshedpur.
		2	Xavier University for Bhubaneswar Campus (XIMB).
		3	SP Jain Institute of Management and Research (SPJMR), Mumbai.
4	Management Development Institute (MDI), Gurgaon.		

The students admitted to the following two institutions can be sanctioned education loans as per “Scheme for Education Loan to the students of IIMs & 4 reputed institutions” subject to the following additional terms and conditions.

1. Co-borrower condition is compulsory.
2. Tangible Collateral security equal to minimum 100% of loan amount if the loan sanctioned is more than Rs.7.50 lakh.

The additional Institutions are

1. RAS AL KHAIMAH (RAK), UAE.(Two Year Post Graduate Programme in Management (PGP) through IIM, Indore – studies abroad)
2. S.P. Jain School of Global Management (Campus at Dubai, Singapore & Sydney – studies abroad)

Any deviation from the stated terms and conditions will be considered by HLCC -2/ CAC as per the Retail Loan Policy.

(UPAGUPTA MOHAPATRA)
GENERAL MANAGER-RETAIL BANKING