

To

.....
.....
.....
.....

Date: 29.12.2010

Dear Sir,

EDUCATION LOAN

GOVT. INTEREST SUBSIDY SCHEME FOR ECONOMICALLY WEAKER SECTION (EWS)

LOAN ACCOUNT NO:-

We are glad to inform that the Central Govt. has introduced a scheme for providing interest Subsidy on Education Loans during moratorium for technical and professional courses (after class XII) for studies in India from recognized institutions in India under the IBA Model Education Loan Scheme for students from Economically Weaker Sections (EWS) with annual gross parental/family income up to Rs.4.50 lacs per annum from the academic year 2009-10.

2. Applicability of the Scheme

The scheme would be applicable only for studies in recognized Technical/Professional courses in India. The interest subsidy shall be linked with the existing Education Loan Scheme of IBA and restricted to students enrolled in recognized Technical/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/State Government. The maximum loan limit under Education Loan Scheme of IBA for studies in India is Rs.10 lacs.

3. Moratorium Period

The subsidy is provided for the period of moratorium i.e. course period plus one year or six months after getting job whichever is earlier or as prescribed under Education Loan Scheme. After the moratorium period is over, the interest on the outstanding loan amount shall be paid by the student in accordance with the provisions of the Education Loan Scheme.

4. Criteria for Economically Weaker Section

The benefit of the scheme would be applicable to those students belonging to economically weaker sections with an annual gross parental/family income with upper limit of Rs.4.5 lacs per year (from all sources). Income proof shall be required from the students from such public authorities which are authorized by State Governments for certification of income status for this scheme, including Central and State Government schemes. 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 Economically Weaker Section.

5. Competent Authority to issue Certificate

The Ministry of HRD, 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). A format for issue of uniform certificate is enclosed.

6. Eligibility for Interest Subsidy

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 graduates degree/diploma in India. Interest subsidy shall however, be admissible for integrated courses (graduate plus Postgraduate). Interest subsidy under this scheme shall not be available for those students once they discontinue the course midstream, or who are 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.

7. Applicable Academic Year

The scheme shall be applicable only in respect of disbursements made by the bank on or after 1.4.2009 from the academic year 2009-10, irrespective of date sanction. In respect of the courses started and loans availed prior to 1.4.2009, the subsidy is available to the extent of disbursements made **after** 1.4.2009.

8. Nodal Bank

The scheme shall be implemented through Canara Bank, which is the Nodal Bank for the Ministry of Human Resources Development. The subsidy claim will be lodged with Canara Bank which in turn will claim the same from Ministry of Human Resources Development and send to SBI. The interest subsidy amount will be credited to the education loan account only after receipt from the Govt. through Canara Bank.

9. You are requested to contact the Branch concerned for any further details. If you are eligible for subsidy you may submit the required documents for claiming the interest subsidy.

Yours faithfully

Branch Manager