

EDUCATION LOANS BY SCHEDULED BANKS - VIDYALAKSHMI YOJNA

Introduction:

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 with initiatives of Government of India, RBI, NSDL and IBA, Common portal has been designed name as www.vidyalakshmi.co.in

Objective of the Scheme

The Government of India has approved a scheme to provide full interest subsidy during the period of moratorium i.e., Course Period plus one year or six months after getting job, whichever is earlier, 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.

The nomenclature of the Scheme is "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"

Applicability of the Scheme

The Scheme could be adopted by all scheduled Banks and would be applicable only for studies in recognized Technical/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 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.

Interest Rates to loan accounts

The interest rates charged on the education loan shall be as per the rates prescribed by Banks.

Period for which Interest Subsidy is available

Under the Central Scheme, the interest payable by the student belonging to EWS for availing of the Educational Loan for Technical/Professional Courses in India 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 of India. 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 of Bank and as may be amended from time to time, whichever is earlier.

Income Limit/Proof

The benefits under the Scheme would be applicable to those students belonging to economically weaker sections, with an annual gross parental/family income upper limit of Rs.4.50 Lakhs per year (from all sources). Income proof shall be required from the students from such public authorities which are authorized by the State Governments for certification of income status for this Scheme, including Central and State Sector 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 EWS.

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 postgraduate degrees/diplomas in India. Interest Subsidy shall, however, be admissible for integrated courses. 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.

Noting Lien of Education Loan in the Awards/Certificates

There would be tag/marker on the degree of the student indicating his repayment towards liabilities. Electronic Tags will enable employers to identify loaners. (The Ministry of HRD has initiated the proposal to dematerialize the educational awards/certificates, setting up of Depository for maintaining the records in

dematerialized form and providing service to the users. Banks can have online access for verification process, which would eliminate fraudulent practices like forging of certificates and marks sheets.)

Nodal Bank and web portal

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.

For the presses of the same candidate has to register on web portal www.vidyalakshmi.co.in.

List of Technical/Professional courses

A list of Technical/Professional courses for which the Scheme shall be applicable, shall be brought out by the Ministry of HRD in consultation with the concerned Ministries/Departments and the Indian Banks' Association and publicized from time to time. As regards list of accredited universities/institutions and recognized professional courses, UGC and AICTE would immediately display the names of such institutions and courses in their websites, which may be accessed for verification purposes.

Monitoring

A monitoring mechanism shall be evolved by the Ministry of HRD to monitor the benefits accruing to different categories of loaners, such as, the Scheduled Castes, Scheduled Tribes, Minorities, Disabled, etc.