



**GOVERNMENT OF KERALA**

Abstract

Finance Department – Implementation of Education Loan Repayment Support Scheme for providing repayment support to borrower students announced in the Budget Speech 2016-17 and 2017-18 - Guidelines - Orders issued.

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**FINANCE (PLANNING - A) DEPARTMENT**

**G.O (P)No.65 /2017 /Fin.**

**Dated, Thiruvananthapuram 16/05/2017**

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**ORDER**

A scheme for providing government support to those who find it extremely difficult to repay the educational loan debts after the completion of their course was announced in the Budget 2016-17 and 2017-18. Such a scheme envisages Government support to those who availed of education loan for a relief period of four years after the repayment holiday. Under this Scheme, education loans sanctioned to students are classified into two categories namely (i) Education Loan Non-NPA/standard account and (ii) Education loan turned to NPA account on or before 31<sup>st</sup> March, 2016. Annual repayment amount (Principal plus Interest) will be shared between the Government and the borrower in the specified ratio during the 4 year relief period for the first category. In the case of the second category, Government will assist the borrower to settle and close the loan account by paying specified amount as per eligibility.

2. Government are pleased to issue the detailed guidelines for the effective implementation of *Education Loan Repayment Support Scheme as Annexure* to this Government order.

**(BY ORDER OF THE GOVERNOR)**

**DR. K. M. ABRAHAM**  
**ADDITIONAL CHIEF SECRETARY (FINANCE)**

To

The Principal Accountant General (A&E), Kerala, Thiruvananthapuram

The Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram

The Accountant General (E&RSA), Kerala, Thiruvananthapuram

The private Secretaries to Chief Minister, other Ministers and Leader of Opposition

The Additional Secretary to Chief Secretary

The Higher Education Department

The Planning & Economic Affairs Department

The Director, Information & Public Relations Department (For publicity through print & visual media including web & new media)


The Director of Treasuries, Thiruvananthapuram

The Convenor, SLBC, Thiruvananthapuram

The Nodal Officer, [www.finance.kerala.gov.in](http://www.finance.kerala.gov.in)

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Section Officer

# Guidelines on Education Loan Repayment Support scheme

## 1. Short title and commencement: -

(1) This scheme may be called "*Education Loan Repayment Support Scheme*".

(2) The Scheme shall come into force with retrospective effect from 1<sup>st</sup> April, 2016.

## 2. Scope of Scheme, Objective, Applicability and Financial Support: -

- a. **Objective:-** The unmanageable education loan debt of youngsters is a social menace in Kerala now a days, as education loan has become a debt trap for a number of financially distressed families. This poses a socio-economic threat that drives many a families to misery and ruin. The fear of coercive measures against defaulting families exacerbates their plight. Furthermore, once a borrower defaults on the repayment, he or she is denied access to the credit system itself. The Government has now proposed an *Education Loan Repayment Support Scheme* which is intended to help those who are struggling to repay the education loan debts after the completion of their course.
- b. **Scope of the Scheme:-** The Scheme, announced in the revised budget 2016-17 and 2017-18, is intended to help the students, hailing from low to middle income groups, who had availed education loans from banks and other financial institutions for their higher education, but are struggling to repay the loans owing to factors such as unemployment and low pay packages, hereinafter called *Borrower*. The '*Education Loan Repayment Support Scheme*' is not a debt relief scheme, but rather a loan repayment support/prompt repayment incentive scheme offered to the youngsters by providing them with government support for a relief period of four years after the repayment holiday. Under this Scheme, education loans sanctioned to students are classified into two categories namely (i) Education Loan Non-NPA/standard account and (ii) Education loan turned to NPA account on or before 31<sup>st</sup> March, 2016.

c. **Applicability:-** The scheme would be adopted by all the Scheduled Commercial Banks/Co-operative banks and would be applicable only for the recognized Technical/Professional Courses in India. But this scheme would not be applicable for the students admitted in Management/NRI quota as well as unrecognized institutes except students who secured admission for nursing courses under management quota.

d. **Financial Support**

I. Financial support for the repayment of loan under the scheme shall be available to all the eligible students under the categories (i) and (ii), as per the paragraph 2.b. mentioned above, during the relief period of four years.

(i). Financial support to eligible students under the category (i) as per the paragraph 2 (b) mentioned above, ie., Education loan non-NPA /standard account with sanctioned loan amount upto Rs.9 lakh.

*The repayment support shall be available to those who started their repayment before 1.04.2016 only.* The annual repayment amount (Principal plus interest) will be shared between the Government and the borrower in the following ratio during the four year relief period (after repayment holiday), w.e.f 1.04.2016. If repayment was already made by the borrower during the first year (from 1.04.2016 to 31.03.2017), 90% Government share of repayment amount will be adjusted against their loan outstanding and will not be reimbursed to the borrower in case where there is no amount outstanding to be adjusted in future. The financial assistance will be provided by the government only after receiving assurance from the corresponding bank that the beneficiary has remitted his share for the respective period.

Year	Sharing Ratio	
	State Government	Borrower
1 <sup>st</sup> Year	90%	10%
2 <sup>nd</sup> Year	75%	25%
3 <sup>rd</sup> Year	50%	50%
4 <sup>th</sup> Year	25%	75%

**(ii) a. Financial assistance to eligible students under the category (ii) as per the paragraph 2 (b) mentioned above, ie., Education loan with sanctioned loan amount upto Rs.4 lakh turned to NPA account on or before 31<sup>st</sup> March,2016.**

The Government will assist the borrower to settle and close the loan account by paying 60 % of the base amount (see the definition for base amount) , provided

- a) The borrower pays the balance 40 % of the base amount in advance.
- b) The bank agrees to waive the entire interest charged to the loan account and settle the loan account on receipt of the base amount in full.
- c) Any repayment received in the account is to be treated as repayment of Principal and will be accounted towards the 40 % share to be paid by the borrower.
- d) Any repayment exceeding 40 % of the base amount will be accounted towards the 60% share to be paid by the Government.
- e) In cases where loan account is fully wiped off with the application of clause (c) and (d) above, 10 per cent of loan outstanding will be shared between Government and borrower in the ratio of 5:5 for settlement of loan account.
- f) Interest subvention received from Central/State Government shall not be treated as repayment for this purpose as it is specifically intended to service the interest.

**(ii)b. Financial assistance to eligible students under the category (ii) as per the paragraph 2 (b) mentioned above, ie., Education loan with sanctioned amount above Rs.4 lakh and upto Rs.9 lakh turned to NPA account on or before 31<sup>st</sup> March,2016.**

Government will bear 50% of principal outstanding subject to *maximum of Rs.2,40,000/-* in cases where Banks willing to settle the loan account through a special package scheme of banks. For repayment of remaining loan outstanding by the borrower, bank shall reschedule the loan provided there is sufficient remaining period for repayment. Otherwise, the borrower should repay the entire dues in lump.

**II.** The Government will bear the entire principal amount outstanding on the education loan sanctioned to those students who have become permanently mentally/physically disabled due to accident/illness or have expired during the course of study/tenure of the loan, irrespective of the date, sanctioned loan amount and classification of the loan account, provided the bank agree to waive the entire dues on account of interest/penal interest. For this, documents proving the disability/death certificate shall be produced by the borrower student/applicant from the competent authorities.

### 3. Definitions :

- a. **Education Loan** means money borrowed from financial institutions for financing higher education.
- b. **“Accrued interest”** means amount of interest due but not paid.
- c. **Repayment holiday** means course period plus one year will be reckoned as repayment holiday for this scheme
- d. **Base amount:** Base Amount means “Amount disbursed plus legal expenses if any”
- e. **Moratorium period :** Course period plus one year will be reckoned as Moratorium period for this scheme
- f. A **“non performing asset (NPA)** :NPA refers to the classification of the loan as Non Performing Asset in accordance with the Income Recognition and Asset Classification (IRAC) norms of the Reserve Bank of India
- g. **Management quota** refers to the seats in private education institutions for which the management has discretion to give admission on factors other than merit
- h. **Competent Authority for issuing Disability Certificate:** A disability certificate shall be issued by a Medical Board consisting of three members duly constituted by the Central/ State Government as stipulated in the Persons with Disabilities Act,1995.
- i. **Recognised course :** Recognised course refers to courses recognised by a UGC recognized University or deemed University , and/or recognised by the respective statutory councils like IMC, IDC, INC, ICAR AICTE etc

**4. Date of Effect:** The date of effect of the scheme will be w.e.f. 1st April, 2016

**5. Relief Period:** The relief period for financial support will be for a maximum period of four years after repayment holiday w.e.f. 1st April, 2016.

**6. Loan limit:** Financial support under this scheme shall be available to loans with sanctioned limit upto Rs.9 lakhs.

### 7. Income limit

The support/benefit of the scheme would be applicable to those borrower students with an annual gross parental/family income of not more than Rs.6 lakh as on 1.04.2016. Income proof shall be produced by the borrower student from such public authorities which are authorized by State Government for certification of income status. In the case of borrower students with 40% disability upper annual income limit will be Rs.9 lakh (Document proving disability shall be produced by the borrower student from competent authorities)

## 8. Eligibility for financial support

(i) The financial support under the scheme shall be available to the eligible students only once, either for the first under graduate degree course/post graduate degrees/diploma in India. Financial support shall also be admissible for integrated courses (Graduate + Post Graduate).

(ii) The repayment support under this scheme shall be available to educational loans sanctioned to students who secured admission for recognized Professional Courses in India including national premier institutions like IIT,IIM,IIST,IISC etc. This scheme however would not be applicable for the students admitted in Management/NRI quota as well as unrecognized institutes. Course completion certificate, Degree/Diploma certificate issued by the Institute/University shall be attached along with the application, except categories of borrower coming under clause (iv) below.

(iii) Nursing courses under management quota will also eligible for repayment support under this scheme

(iv) The repayment support shall not be available for those who discontinued their course, except on medical grounds, in the midstream or who were expelled from the institution on any disciplinary or academic grounds. If the discontinuation was due to any medical grounds/ death of the supporting parent/ragging and other circumstances beyond control, certificate to that effect issued by Head of educational institution will have to be given for repayment support.

(v) The beneficiary will be eligible for the repayment support till he/she gets an employment in the formal/informal sector and his/her consolidated annual gross salary income therein exceeds four hundred percent of the annual installment(principal and interest),scheduled by the banks, of the education loan taken. Salary certificate (annual) issued by the Appointing Authority/Head of Office shall be submitted if the beneficiary is in the formal sector.

(vi) If the beneficiary is working in the informal sector he/she shall submit a certificate of eligibility as in Annexure 2 issued by the concerned village officer and counter signed by a grade-I gazetted officer in their locality (locality means Taluk of persons residing/working) to the effect that his/her income from the informal sector is within the limit fixed in 8(v) above. The eligibility certificate shall be renewed annually and produced before the bank so as to ensure continued support under the scheme.

(vii) The borrower will not be eligible for repayment support under the scheme if he/she gets an employment in formal/informal sector and his/her consolidated annual gross salary income exceeds the amount specified in 8(v) above.

(viii) Participating financial institutions under the scheme shall ensure that the recovery from salary of the education loan beneficiaries shall not exceed 1/4<sup>th</sup> of his/her salary.

(ix) The repayment support shall not be available for those students who have already closed their loan account. There shall not be any reimbursement for the amount already paid.

(x) In the case where more than one loan was availed by a borrower from either a bank or from different banks, financial support under this scheme shall be available to his or her first loan only.

## **9. Nodal Agency**

SLBC will be the nodal agency for the smooth implementation of 'Education Loan Repayment Support Scheme'. SLBC will be given option in the online software to recommend and monitor the level of submission from banks and also for grievance redressal follow up. Individual banks shall make available records relating to the claimed accounts for audit purpose.

## **10. Mode of Scheme implementation**

(a) The borrower/borrower student shall submit an application for repayment support to bank concerned along with relevant documents. Application shall be made by borrower, or in his absence, the co borrower/guarantor / any person authorized by the borrower in writing.

(b) Bank shall submit their claims to Government through web based software after scrutiny of applications.

(c) *On receipt of the claim, bank shall verify the correctness and eligibility. If it is found that application does not conform to the eligibility criteria and requirements, application will be summarily returned by bank. The bank shall accept only an application which is complete in all respects, along with the borrower's contribution.*

(d) Once the application is accepted, bank shall give an acknowledgment to the borrower and also keep in abeyance all/any of the revenue recovery procedures, execution of court decrees /Recovery certificates initiated till the settlement of claims. The Government will waive RR commission on the remittances made under the scheme.

(e) The Government shall devise an online facility to be adopted by Revenue recovery authorities to keep revenue recovery in abeyance.

(f) On receipt of claims from banks, Government will release the eligible amount to the DBT holding bank account opened for the purpose so as to transfer the support amount to the beneficiary's loan account electronically.



(g) Bank shall initiate Revenue Recovery proceedings using Government machinery only after giving benefit of the Government scheme to the borrower student.

(h) A web based software for Banks to share student loan details will be created by Government in consultation with SLBC. It will help track the students and their loan status and to extend the benefit of Government scheme to students promptly.

#### **11. Disbursement of support claims**

The disbursement of support claims to the banks shall be on quarterly basis.

#### **12. Claim Certificate by bank**

Bank shall submit Claim Certificate in the prescribed format (Annexure-3) to SLBC. The SLBC shall forward consolidated bankwise/ borrower wise claims to Government for financial support under the scheme.

#### **13. Publicity**

The banks shall give due publicity for the scheme among the public by exhibiting the details of the Education Loan support scheme in all branches and publishing in their websites.

#### **14. Grievance Redressal Committee**

A committee consists of SLBC, representative from concerned bank and Additional Secretary, Finance (Planning-A) Department shall be constituted for redressing the grievances regarding the scheme.

#### **Annexure:**

1. Application form (Annexure-1).
2. Certificate of eligibility (Annexure-2).
3. Claim Certificate by Bank (Annexure-3).

#### **List of documents to be attached with application.**

1. Certificate of Eligibility
2. Document proving income limit/disability/death certificate.
3. Certificate issued by the Head of Institution regarding the discontinuance of the studies on account of Medical Ground.
4. Copy of Aadhaar and PAN Card

**APPLICATION FORM****EDUCATION LOAN REPAYMENT SUPPORT SCHEME**

A. To be filled by the borrower/borrower student

1	Name of Student	
2	Address of Student (village, Panchayat, District with pin code and mobile Number)	
3.	Aadhaar Number (Aadhaar number of Co-borrower in the case of deceased student)	
4.	IT PAN Card Number(PAN number of Co-borrower in the case of deceased student)	
5.	Name of Father/Mother/Guardian/Spouse	
6	Undergraduate (U)/Post Graduate (P) Course	
7	Name of Professional Course- Engineering/Medical/Law/Management/ Nursing/Other professional/technical (please specify)	
8	Name and place of Institution/College/University	
9	Affiliation/Accreditation of the Institution/College/ University (to be cross checked by the Branch)	
10	Period of course and date of completion	
11	Sex: Male (M)/Female (F)	
12	Category: SC/ST/OBC/GEN	
13	Name of Bank and Branch from which loan availed	
14	Date and amount of loan sanctioned	
15	Amount repaid if any	
16	Area: (U)rban/(S)uburban/(R)ural/(M)etro	
17	Family Income (in Rupees)	
18	Income certificate No. and Date	
19	Physically disabled/Handicapped (Y/N) (If yes (Y), (attested copy of the Certificate from Medical Board to be attached)	
20	Relief availed/claimed under other scheme, if any other than Central/State Interest Subsidy Scheme/(Amount in rupees)	
21	If relief is claiming on behalf of expired student whether death certificate is attached(Y/N)	

## Declaration

I/We declare that I/We am/are eligible for repayment support under the said repayment support scheme and hereby request the Bank to process my/our application to extend the benefit under the said Scheme to me/us. I/We declare that the information supplied above, is correct and that this application will form the basis of claiming repayment support on my/our Education loan from the State Government under the said scheme. I/We shall inform the Bank immediately in case of any change in the above details and information given in this application form. I/We agree to provide any further information and /or documents required and demanded by the bank/Government. I/We hereby offer my/our consent for disclosure of information relating to me/us & any of the facilities proposed by me/us to regulators i/e. Nodal agency appointed under the scheme by State Government. I/We declare that I am not/none of us is a partner/director or specified near relation of a Senior officer/Director of the Bank or any Banking Company. (If yes full details of relationships should be furnished).

I/We declare that my share of contribution have been remitted on .....(date)

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Signature of Co-Applicant  
(In the case of expired borrower student)

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Signature of Applicant

Date:

Place:

B. To be filled by the Branch:

1	Account number	
2	Loan limit	
3	Date and loan amount sanctioned	
4	Loan amount disbursed	
5	Bank code	
6	Branch code	
7	Branch IFSC Code	

Checked by the Branch .

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Stamp and Signature of Branch Head

**Certificate of Eligibility**

(For claiming repayment support on Education Loan from Government of Kerala vide G.O.(P) No.65/2017/Fin dated 16-05-2017)

I.....(name of borrower) hereby certified that I do not have a job in the formal /informal sector(any establishment) and my annual income is within the threshold limit as defined in the scheme. I am eligible for repayment support under the Education Loan repayment support scheme of Government of Kerala. I hereby agree to make recovery from my movable/immovable property for any pecuniary loss to Government if found later that I have been sanctioned the financial support due to mistake in information furnished/ non furnishing of correct information by me.

Signature and address of Applicant.....

Certified that above mentioned information is true and correct to the best of my knowledge and belief and he /she is personally known to me for the last three years.

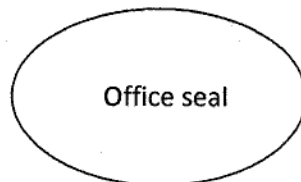


Village Officer  
(Signature, Name and Designation )

**Counter Signed by Grade-I Gazetted Officer**

(Signature, Name and Designation  
with **PEN Number** )

Date:



**Claim Certificate by Bank**

a) Name of the Bank & Branch	
b) Name and address of the applicant /borrower student	
c) Loan Account Number as per CBS	
d) IFSC Code of the Branch	
e) Name of the Course studied	
f) Name and address of Institution	
g) Date of Sanction of Loan	
h) <i>The amount due to the Bank by the borrower</i>	
(i) <i>Principal</i>	
(ii) <i>Interest</i>	
i) Interest waived by bank in the case of	
a. Category (ii)	
b. Students who have become permanently mentally/physically disabled or have expired	
j) Beneficiary contribution (Amount in rupees)	
k) Date of remittance of beneficiary contribution	

l. Claim particulars under category (i) as per para 2 (b) above i.e., Education loan non-NPA /standard account with sanctioned loan amount upto Rs.9 lakh.

Repayment support period	Principal plus Interest claimed (Amount in rupees)
1 <sup>st</sup> Year (2016-17)	
2 <sup>nd</sup> Year (2017-18)	
3 <sup>rd</sup> Year (2018-19)	
4 <sup>th</sup> Year (2019-20)	

m. Claim particulars under Category (ii) a :- Education loan with sanctioned loan amount upto Rs.4 lakh turned to NPA account on or before 31<sup>st</sup> March,2016.

Government support	Amount (Amount in rupees)
60% of base amount	

Category (ii) b :- Education loan with sanctioned amount above Rs.4 lakh and upto Rs.9 lakh turned to NPA account on or before 31<sup>st</sup> March,2016.

Government support	Amount (Amount in rupees)
50% of principal outstanding or maximum of Rs.2,40,000/-	

n. Claim particulars under education loan sanctioned to those students who have become permanently mentally/physically disabled due to accident/illness or have expired during the course of study/tenure of the loan as per para 2d II.

Government support	Amount (Amount in rupees)
Entire principal amount outstanding	

(Strike off whichever is not applicable)

### Certificate

We confirm that repayment support claimed is as per the Education Loan Repayment Support Scheme and that interest and penal interest have been excluded. The amount of the claim may be credited to the beneficiary's loan account provided as above.

Place:

Date:

Signature of the Branch Manager

