

## 1. Name of the Scheme

The name of the scheme is “**Central scheme to provide interest subsidy (CSIS) for the students from Economically Weaker Sections**” from scheduled banks under Education loan scheme of Indian Banks’ Association to pursue Technical/Professional Education studies in India.

### Eligibility for interest subsidy

- a) The interest subsidy shall be linked with existing Education Loan scheme of IBA.
- b) Students enrolled for technical and professional courses(after class XII) for academic year 2009-10 in India in recognized Educational Institutions established by Act of Parliament, other recognized by Statutory Bodies, Indian Institutes of Management (IIMs) and other institutions set up by Central Government.
- c) Students belong to Economically Weaker Sections, with parental income upper limit of Rs. 4.5 Lakh per year. **The authority for issuing such income certificate will be designated by the State Government.** The communication in this regard will be made available to the bank through District Level Consultative Committee(DLCC) (Economic weaker section in the scheme is used to indicate class of student eligible, which does not match with EWS category used in general)

### Applicable Academic Year

The Scheme shall be applicable for the education loans disbursed (irrespective of the date of sanction) for the academic year 2009-10 starting from 1<sup>st</sup> April, 2009.

### Interest Subsidy

Under the scheme, interest payable by the student availing Educational loan for technical & professional courses for the period of moratorium (i.e. Course period plus one year or six months after getting job, whichever is earlier) under the Educational Loan Scheme of Indian Banks’ Association shall be borne by the Government. After the period of moratorium, the interest on the outstanding loan amount shall be paid by the student, in accordance with the provisions of existing Educational Loan Scheme.

### Terms for subsidy

- a) The Subsidy shall be provided for moratorium period only i.e. Course duration plus one year or six months after getting job, whichever is earlier.

- b) After the moratorium, the interest on outstanding loan amount shall be borne by the student.
- c) Interest subsidy to be available only once, either for the first undergraduate degree course or the post graduate degrees/diplomas in India. Interest subsidy shall, however be admissible for integrated courses (graduate + postgraduate).
- d) In case of discontinuance of the courses midstream due to expulsion on disciplinary or academic ground, no interest subsidy will be paid.
  - e) Subsidy may be given if discontinuation on purely medical grounds for which necessary documentation to the satisfaction of the Head of educational institution will have to be given and the subsidy shall be paid only for the actual period of the study.
  - f) The parental/family income proof shall be required from the students from such public authorities which are authorized by the state Government for certification of income status for this scheme.
  - g) An agreement between the eligible students/co-borrower & bank will be executed as per format provided by IBA. Format of agreement is enclosed as Annexure-A

**AGREEMENT**

(To be stamped as an Agreement)

**(Between the Student and the Branch of the Bank)**

This Agreement for availing of interest subsidy under the Central Sector Scheme of Interest Subsidy on Students' Loan for Professional Education in India made at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_

**BETWEEN**

Sri/Smt. \_\_\_\_\_ (Parent/Guardian) S/o/D/o \_\_\_\_\_  
aged \_\_\_\_\_ Years, residing at \_\_\_\_\_

**AND**

Sri/Smt. \_\_\_\_\_ (Student) S/o/D/o \_\_\_\_\_ aged  
\_\_\_\_\_ Years, residing at \_\_\_\_\_ represented by  
father/guardian Sri /Smt, \_\_\_\_\_ S/o/D/o \_\_\_\_\_ aged  
\_\_\_\_\_ Years, residing at \_\_\_\_\_

Parent and Student hereinafter jointly called the Borrowers and individually as Borrower of the FIRST PART (which teiin wherever the context so requires or admits shall also include his/her/their heirs, executors and assigns).

**AND**

\_\_\_\_\_ Bank, a body corporate constituted under the Banking Companies [Acquisition & Transfer of Undertakings] Act, 1970 having its Head Office at \_\_\_\_\_ and having among other Offices, a branch office at \_\_\_\_\_ represented by their duly constituted attorney Sri/Smt.

\_\_\_\_\_ hereinafter called the `Bank' (which expression wherever the context so requires or admits shall also include its Attorneys, Administrators, Successors and Assigns) of the OTHER PART.

**Borrowers** and \_\_\_\_\_ **Bank** shall be individually referred to herein as a 'Party' and collectively as '**Parties**'

WHEREAS

1. The Borrowers availed/intend to avail Educational Loan from the Bank and the Bank sanctioned/agreed to sanction Rs. \_\_\_\_\_(Rupees \_\_\_\_\_ )for pursuing **technical**/professional education in India. The Borrowers in consideration of the said sanction/promise has executed/shall execute the Educational Loan Agreement, besides such other agreement/s or security/ies as per the **Model Educational Loan Scheme**.
2. Integrated Finance Division, Department of Higher Education, Ministry of Human Resources Development, Government of India (MoHRD) has come out with a Central Sector Scheme of Interest Subsidy on Students' Loan for **Technical**/Professional Education in India' (hereinafter called the Interest Subsidy Scheme) to provide interest subsidy on the education loans availed by students having lower than a specified parental income as decided by the MoHRD in the said Scheme for pursuing professional education in India, during their study/ repayment holiday, from the Academic Year **2009-2010**.
3. The Borrowers represented that they are eligible for interest subsidy under the said Interest Subsidy Scheme and requested the Bank. to grant such benefit to them.
4. **Based on the documents submitted by** the Borrowers, the Bank agreed to extend the benefit under the said Interest Subsidy Scheme to the Borrowers and the parties hereto desire to enter into an agreement setting out the terms and conditions as hereinafter appearing, in addition to the loan/security documents executed/to be executed by the Borrower/s.

**IT IS HEREBY AGREED AND DECLARED BY AND BETWEEN THE PARTIES AND THIS DEED WITNESSETH AS FOLLOWS:**

1. The borrowers hereby covenant:
  - a) That they have read and understood the Interest Subsidy Scheme of the MoHRD, which is enclosed as part of this Agreement and declare and affirm that they are eligible under the said Scheme and are eligible for the interest subsidy as per the said Scheme.

- b) That they shall produce all proof and documents or any other further/ supporting documents as required by the Bank/MoHRD.
- c) That all the clauses contained in the Educational Loan Agreement or any other documents executed by them shall be binding on them and this is in addition to the covenants/clauses contained in the said Agreement/ documents.
- d) That they shall return/refund the amount received towards interest subsidy under the Scheme, with applicable rate of interest then prevailing, forthwith on a mere demand by the Bank under the following circumstances:
  - (i) if MoHRD rejects the interest subsidy claim in respect of their Educational Loan Account for whatever reason; or
  - (ii) if it is found that the subsidy has been claimed by misrepresentation/ fraud; or
  - (iii) if Borrower/s fail/s to furnish the documents/information, which they are called upon to furnish; or
  - (iv) if Borrowers commit breach of any of the covenants herein contained or of the **terms** and conditions of the Scheme as amended from time to time or any of the declarations made herein is found false/incorrect; or
  - (v) if Borrowers commit breach of any of the covenants contained in the Educational Loan Agreement or any other documents/s executed by the Borrower/s; or
  - (vi) if the Borrower/s discontinue the said professional education in India; or
  - vii) Any other reason by which the Bank recalls the said Educational Loan.

The repayment holiday/other eligibility as is available under the **Model** Educational Loan **Scheme** shall not be **eligible for the** subsidy.

The Bank shall also have the right to recall the loan, if the said refund is not made within the period stipulated by the Bank in its demand, besides the right not to claim further reimbursement from the MoHRD.

- e) That they shall directly take up with MoHRD, in case of rejection of their interest subsidy claim submitted by the Bank and the Bank shall not be made a party to the same. Borrowers shall, on receipt of such intimation from the Bank/MoHRD, submit further clarification/documents, if any, required by the MoHRD directly to MoHRD.
- f) That they shall comply with and faithfully observe all the terms and conditions of the said Interest Subsidy Scheme and also all the subsequent amendments and modifications and additions thereto together with the conditions of the sanction of the said Educational Loan.

That they shall bear all expenses required in connection with the execution of the Agreement or enforcement of its terms and conditions.

IN WITNESS WHEREOF BORROWERS and the BANK have hereunto set their respective hands on the day and place mentioned above.

BORROWERS:

FOR BANK

1. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_