

GOVT. OF NCT OF DELHI
DIRECTORATE OF HIGHER EDUCATION
B-WING, 2ND FLOOR, 5, SHAM NATH MARG, DELHI-110054.

**HIGHER EDUCATION AND SKILL DEVELOPMENT
GUARANTEE SCHEME FOR
PURSUING HIGHER EDUCATION IN DELHI**

1. INTRODUCTION

Government of NCT of Delhi, as a part of its 70 Action Points, has envisaged a **Higher Education and Skill Development Guarantee Scheme** for students who wish to pursue diploma or degree level courses or specified skill development courses in Delhi and have done their class X and class XII from Delhi. For courses for which the qualifying examination is class X, students who have done class X from Delhi will be eligible under the scheme. Under the scheme, bank loans upto Rs.10 lakhs taken by the students will be provided guarantee through a **Higher Education and Skill Development Credit Guarantee Fund** to be created by the Government for providing guarantee to the banks in case of default. Students will not be required to furnish any collateral or margin money and the scheme will be universal in nature regardless of the student's background.

2. OBJECTIVE OF THE SCHEME

The Higher Education and Skill Development Guarantee Scheme outlined below aims at providing financial support from the banking system to meritorious students for pursuing higher education in Delhi and pursuing recognized degree or diploma level courses or skill development courses from Central /State Govt. Universities /Institutions located outside Delhi, **within India**. The main emphasis is that a meritorious student is provided with an opportunity to pursue higher education with the financial support from the banking system with reasonable and affordable terms and conditions.

3. SALIENT FEATURES OF THE HIGHER EDUCATION CREDIT GUARANTEE FUND

The scheme envisages creation of a corpus of Rs. 30 Crores called the **Higher Education and Skill Development Credit Guarantee Fund** (hereinafter referred to as the **Fund**), initially which will be used to provide appropriate guarantee. The said corpus fund shall be managed by the Delhi Higher Education and Skill Development Credit Guarantee Fund Trust. This Trust shall give guarantee to the banks/ financial institutions for providing education loan to students within the limit (limited to the corpus with the Trust for the purpose). Banks wishing to avail of this facility will have to pay an Annual Guarantee Fee (AGF) of 0.5% of the outstanding amount as on the date of application of the guarantee cover upfront to the front within 30 days from the date of Credit Guarantee Demand Advice Note (CGDAN) of guarantee fee. All subsequent AGFs could be collected on the basis of the outstanding loan amount as at the beginning of the financial year. On default of the loan and invocation of claim, the Fund shall settle 75% of the

claims (out of the 100% of total amount under default) after the credit facility has been recalled and the recovery proceedings have been initiated under due process of law and the balance 25% of the claim, if any, shall be paid after conclusion of the recovery proceedings and ascertaining the net/final loss incurred by the lending institution. The scheme shall be confined to education loans sanctioned by Member Banks of Indian Bankers Association (IBA) or other Banks/Financial Institutions as identified by Govt. of NCT of Delhi.

4. ELIGIBILITY CRITERIA

4.1 Students Eligibility

- Students who wish to pursue diploma or degree or specified skill development courses in Delhi and have done their Class-X and Class – XII from Delhi are eligible under this Scheme. For courses for which the qualifying examination is Class-X, students who have done Class-X in Delhi would be eligible under this Scheme. Students who are children of employees of Govt. of NCT of Delhi or Officials/government servants who are posted with the Govt..of NCT of Delhi are also eligible under this scheme.
- The student should have secured admission to a higher education course or specified Skill development courses (diploma or degree including bachelors, Masters and Doctoral Degree) in recognized institutions in Delhi through Entrance Test/ Merit Based Selection process after completion of Secondary Examination/Senior Secondary Examination/required qualifying examination.
 - The guarantee would be available for loans for all recognized diploma/degree courses from Government Institutions /Universities and constituent colleges of University of Delhi. It would also be available for Private/ Self-financed Institutions located in Delhi having NAAC/NBA/SFRC grading. The department will persuade all the Private Institutions to get accreditation from NAAC/NBA. Till such time, grading as given by the Third State Fee Regulatory Committee (SFRC) set up by Directorate of Higher Education and Directorate of Training & Technical Education may be used for Private Institutions, since this grading is based on the infrastructure, faculty and academic standards of the institutions as also the costs being incurred by it.
 - It would also be available for Institutions of Technical/Training Skill Development such as courses by World Class Skill Centre or any other technical training/skill development institutions specified by the Government of NCT of Delhi.
 - It would also be available to those students who have passed out 10th and 12th from Delhi and are pursuing recognized degree or diploma level courses or skill development courses from Central /State Govt. Universities /Institutions located outside Delhi, **within India.**

- Other reputed and recognized Institutions may be considered on the basis of employability.
- The Private Institution in which admission has been secured should have NAAC/NBA grading.* Since presently all institutions do not have NAAC/NBA grading, SFRC grading will also be considered for a limited period.**

*For private institutions having NAAC/NBA accreditation, minimum grade of A or B is required.

**For private institutions having SFRC grading, A+ or A is required.

(SFRC grading has been given by the 3rd State Fee Regulatory Committee (SFRC) and is based on various parameters including infrastructure, faculty and academic standard. Institutions are advised to get NAAC/NBA accreditation at the earliest).

Note:

It would be in order for banks to consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota.

4.2 Courses Eligible for Studies in Delhi: (Indicative list)

- Approved courses leading to graduate/ post graduate degree and PG diplomas conducted by recognized colleges/ universities recognized by UGC/ Government/ AICTE/ AIBMS/ ICMR etc
- Courses like ICWA, CA, CFA etc
- Courses conducted by IIT, NIFT, NLU, IIFT etc
- Regular Degree/Diploma courses like aeronautical, pilot training, shipping, including those run by Polytechnics etc., degree/diploma in nursing, physiotherapy or any other discipline approved by Director General of Civil Aviation/Shipping/Indian Nursing Council or any other regulatory body as the case may be, if the course is pursued in Delhi.
- Skill Development Courses as may be specified by Govt. of NCT of Delhi.

Note:

1. **The above list is indicative in nature. Banks may approve other job oriented courses leading to technical/professional vocational/other degrees, post graduate degrees/diplomas offered by recognized institutions under this scheme.**
2. **Courses other than the above offered by reputed institutions may also be considered on the basis of employability.**
3. The guarantee would be available for loans for only those institutions whose fee is regulated by the Government.

5. EXPENSES CONSIDERED FOR LOAN

- i. Fee payable to college++/ school/ hostel*
- ii. Examination/ Library/ Laboratory fee
- iii. Insurance premium for student borrower
- iv. Caution deposit, Building fund / refundable deposit supported by Institution bills/receipts. **
- v. Purchase of books/ equipment / instruments / uniforms***
- vi. Purchase of computer at reasonable cost, if required for completion of the course***
- vii. Any other expense required to complete the course - like study tours, project work, thesis, etc.***
- viii. While computing the loan required, scholarships, fee waiver etc., if any available to the student borrower may be taken into account.
- ix. If the scholarship component is included in the loan assessment, it may be ensured that the scholarship amount gets credited to the loan account when received from the Government.

Notes:

++ For courses under Management quota seats considered under the scheme, fees as approved by the State Government/Government approved regulatory body for payment seats will be taken, subject to viability of repayment.

* Reasonable lodging and boarding charges will be considered in case the student chooses / is required to opt for outside accommodation.

** These expenses could be considered subject to the condition that the amount does not exceed 10% of the total tuition fees for the entire course.

*** It is likely that expenditure under Item Nos. vi, vii & viii above may not be available in the schedule of fees and charges prescribed by the college authorities. Therefore, a realistic assessment may be made of the requirement under these heads.

6. QUANTUM OF FINANCE

Need based finance to meet the expenses worked out as per para 5 above will be considered taking into account margins as per para 7 subject to the following ceiling:

Studies in Delhi - Maximum upto Rs. 10 lakhs.

- Ordinarily loans upto Rs. 7.5 lakhs where conditions as prescribed under the Credit Guarantee Fund Scheme for Education Loans (CGSEL) of Govt. of India are satisfied can be granted by the Banks under the Govt. of India scheme as and when the same becomes operational.
- However loans above Rs. 7.5 lakhs & upto Rs. 10 lakhs and loans in respect of Private Institutions which presently do not have NAAC accreditation as required under Govt. of India scheme but have SFRC grading of A+ or A and otherwise satisfy the requirements under the scheme of Govt. of NCT of Delhi will be covered under this scheme

7. MARGIN

Upto Rs. 10 lakhs - Nil

8. SECURITY

Upto Rs. 10 lakhs Parents/legal guardians to be joint borrower(s).
No security

Note:-

The loan documents should be executed by the student and the parent/ guardian as joint-borrower.

9. RATE OF INTEREST

Interest to be charged at rates linked to the Base rate as decided by individual banks

- Simple interest to be charged during the study period and up to commencement of repayment. The maximum interest rate to be charged in Base Rate + 2 %.

Note:-

Servicing of interest during study period and the moratorium period till commencement of repayment is optional for students. Accrued interest will be added to the principal amount borrowed while fixing EMI for repayment.

10. APPRAISAL / SANCTION/ DISBURSEMENT

- 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.
- Domicile Certificate issued by the Tehsildar (Executive Magistrate), Revenue Department, Govt. of NCT of Delhi, will be accepted by the Banks as proof of domicile, if required.
- Normally, sanction/rejection will be communicated within 15 days of receipt 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.
- State Level Bankers Committee (SLBC) will provide information regarding loans sanctioned under the Govt. of India scheme to students of Delhi on quarterly basis.
- Rejection of loan application, if any, shall be done with the concurrence of the controlling authority of the branch concerned and under intimation to the **Directorate of Higher Education, Delhi** and conveyed to the student stating reason for rejection.

- Students may submit their loan applications either at the bank branches near the residence of parents or to the educational institution. However, after the loan is sanctioned, the cases would be transferred to the bank branch near 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.
- The Directorate of Higher Education in collaboration with State Level Bankers Committee will set up a portal to monitor the entire process. Loans sanctioned will be immediately uploaded on the Portal.
- Recovery proceedings by Banks will also be monitored by the Dte. of Higher Education and Banks will upload the information regarding recovery and default status every six months.
- Grievance Redressal Committee will be formed which will be headed by Director, Higher Education with one member each from Indian Bankers Association (IBA), Lead Bank, Canara Bank to handle any complaint, grievances including those relating to cases rejected by Banks. The committee will meet on a monthly basis or as frequently as may be necessary.

11. **REPAYMENT**

Repayment Holiday / Moratorium - Course period + 1 year.

- 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.
- The accrued interest during the repayment holiday period to be added to the principal and repayment in Equated Monthly Installments (EMI) fixed.
- 1% interest concession may be provided by the bank, if interest is serviced during the study period and subsequent moratorium period prior to commencement of repayment.
- Repayment of the loan will be in equated monthly installments for a period of 15 years for all categories.
- While EMI based repayment is the generally accepted practice, many times the salary levels at the start of the career may not facilitate comfortable payment of EMI in certain cases (e.g. professionals like Doctors). Telescoping of repayment with stepped up installments with passage of time may be considered in such cases.

Note:-

No prepayment penalty will be levied for prepayment of loan any time during the repayment period.

12. INSURANCE

Banks may arrange for life insurance policy for the students availing Education Loan. Individual Banks may work out the modalities with insurance companies. Schemes such as Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) may be availed to ensure reasonability of premium and to cover the loan and act as a safety net for the parents.

13. FOLLOW UP / MONITORING

Banks will contact college / university / institutional authorities to obtain progress report on the student at regular intervals in respect of those who have availed loans. The UID number issued by UIDAI /PAN may also be captured in bank's system. Immediately on a loan becoming a Non-performing Asset (NPA), this UIDAI/AADHAAR linkage could be used to deny benefits of any project or scheme of Government of NCT of Delhi to an individual. Banks may enter into Memorandum of Understanding (MoU) with the educational institutions to provide the educational loans to the students if so desired. However the student will have the freedom to approach any Bank as per his/her choice/convenience. There may be an annual review of the asset quality of educational loans between banks and educational institutions.

14. No processing charges may be levied on the loans sanctioned under the scheme.

15. OTHER CONDITIONS:

15.1 Sanction of loan to more than one child from the same family

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.

15.2 Minimum Age

There is no specific restriction with regard to the age of the student to be eligible for education loan. However, if the student was a minor while the parent executed Documents for the loan, the bank will obtain a letter of ratification from him/her upon attaining majority.

15.3 Top up loans

Banks 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 provided under the scheme.

15.4 Joint Borrower

The joint borrower should normally be parent(s)/guardian of the student borrower. In case of a married person, joint borrower can be either spouse or the parent(s)/parents-in-law.

15.5 No Dues Certificate

No dues certificate will not be insisted upon as a pre-condition for considering education loan. However, banks shall obtain a declaration/ an affidavit confirming that no loans are availed from other banks.

15.6 Disposal of loan application

Loan applications have to be disposed of in the normal course within a period of 15 days to 1 month, but not exceeding the time norms stipulated for disposing of loan applications under priority sector lending.

15.7 Credit Score

In case of default of loan credit score such as Credit Information Bureau (I) Ltd. (CIBIL) of parents as well as students will be affected which will adversely impact their capacity to take future loans as well as increases the cost of loan.

15.8 Furnishing of Documents

Students shall have to furnish to the Banks authenticated copies of documents related to their academic performance sheet, if so desired by the Banks.

15.9 Sharing of Student's Progress Reports by Institutions.

In order to reduce the possibility of deliberate default, the Educational / Technical Training/ Skill Development Institutions will be involved in the process. They will share progress reports of the students who have taken loans with the banks, at regular intervals, if so desired by the Banks.