

**** Hand out on BOI Star Education Loan - Studies in India.**

(1) Eligibility Criteria.

(a) Nationality.

(i) The student should be an Indian National.

(ii) Non-Resident Indian / Persons of Indian Origin (PIO) / Overseas Citizens of India (OCI) shall also be eligible.

(b) Admission Criteria - Student Should have secured admission to a higher education course i.e. Graduation, Post-Graduation, Technical, professional and other courses in recognized institutions in India through Entrance Test / Merit based selection process after completion of HSC (10 plus 2 or equivalent).

(i) Merit Channel & Management Quota.

(aa) Loan to be granted to students who have secured admission under merit quota.

(ab) Meritorious student who qualifies for a seat under merit quota but chooses to pursue a course under Management quota seat in an institution for reasons of convenience (proximity) or Choice of course will be eligible for loan subject to.

(ac) Margin - As per scheme norms Up to Rs. 4 lakhs – Nil and above Rs. 4 lakhs - 5%.

(ad) Quantum of loan - As per fee structure approved by State Government / Government approved regulatory body for payment seats subject to viability of repayment.

(ae) Collateral security as per Star Education loan circular.

(af) Sanctioning authority to satisfy that the students has financial resources to meet the funding gap, if any. Also, the risk perception, reputation of the institution, employability of student and consequent ability to repay the loan.

(c) Marks Criteria - Where entrance test or selection purely based on marks obtained in qualifying examination may not be the criterion for admission such as to some of the post graduate courses or research programs, Sanctioning authority to adopt appropriate criteria based on employability of the student and reputation of the institution concerned. Request of such students for education loan could be considered subject to.



(i) Marks scored in qualifying examinations the following cut-off marks is stipulated.

(aa) For General Category - 60%

(ab) For SC / ST / OBC - 50%

(ii) Sanctioning authority to satisfy about the risk perception, reputation of the institution, employability of student and consequent ability to repay the loan.

(d) Credit History of student.

(i) Normally, the Applicant i.e. student borrower may not have a credit history and as such he/she is assumed to be creditworthy.

(ii) In case of adverse credit history of Applicant i.e. CIBIL personal score less than 675 shall not be considered.

(iii) Note - The NBGLCC shall have the authority to consider such cases based on the merit and genuine need of the student. All above mentioned criteria should be taken into account before considering the loan.

(e) Considering the present pandemic of Covid 19, we shall issue In principle sanction letter to confirm his admission of the College / University after ascertaining the eligibility, obtention of all other documents except the Mark memo, progress reports etc.

(2) Eligible courses –

(a) The course should be approved / recognised by the designation academic authority / regulatory body for the stream of study concerned in India.

(b) Those professional institutions / programmes, which do not come under the ambit of NAAC or NBA, would require approval of the respective regulatory body viz approval of

(i) Medical Council of India for Medical courses

(ii) Nursing Council of India for Nursing courses

(iii) Bar council of India for Law etc.

(c) Important website references for courses.

(i) www.ugc.ac.in

(ii) www.aicte.org.in

(iii) www.education.nic.in

(iv) <http://mhrd.gov.in/itechnical-education-1>

(v) <http://mhrd.gov.in/institutions-national-importance>

(vi) http://www.naac.gov.in/universities_colleges.asp



(vii) <http://www.nbaind.org/accreditation-status.aspx>

(3) NRI / PIO / OCI students.

(a) NRI Student should hold Indian Passport and they should meet other eligibility requirements.

(b) For NRI / PIO / OCI, co-applicant should be a permanent resident of India. However, if the parents are also NRI / PIO / OCI, additional co-applicant (who is a permanent resident of India) acceptable to the bank to be stipulated.

(c) Collateral security - 100% tangible security, enforceable in India. Any deviation in collateral security to be approved by NBGLCC.

(4) Parties to the Loan.

(a) The joint borrower should normally be parent(s) / guardian of the student borrower.

(b) In case of a married person, joint borrower can be spouse or the parent(s) / parent-in-law.

(c) However, if the Parent(s) / guardian / spouse is having adverse credit history, then a joint borrower acceptable to the Bank to be obtained. Other person taken as joint borrower should be a relative or a person genuinely concerned about the well- being / education of the student.

(d) For NRI / PIO / OCI, co-applicant should be a permanent resident of India. However, if the parents are also NRI / PIO / OCI, additional co-applicant (who is a permanent resident of India) acceptable to the bank may be stipulated.

(5) Execution of Documents - The loan documents should be executed by both the student and the parent / guardian / spouse / other acceptable person as joint-borrower. In case of minor student, security documents are to be executed by parent / guardian and upon attaining majority, fresh set of documents to be executed by the parent / guardian and student jointly. An undertaking to be taken from the parent / guardian to that effect.

(6) Expenses considered for loan.

(a) Fee payable to college / school / hostel.

(b) Examination / Library / Laboratory fee.



- (c) Caution deposit / building fund / refundable deposit supported by institution bills / receipts.
- (d) Purchase of books / equipment / instruments / uniforms.
- (e) Purchase of computers / Laptops – essential for completion of the course. Hypothecation Charge on such computer need not be obtained as value of security vis-à-vis quantum of education loan is negligible. Similarly, Insurance of such computer / system need not be insisted upon.
- (f) Any other expense required to complete the course – like study tours, project work, thesis, etc. these items may not be available in the schedule of fees. Therefore, a realistic assessment may be made of the requirement under these heads.
- (g) Life Insurance premium for life cover of student / co-borrower for total tenure of loan.

(7) Reimbursement of expenses.

- (a) Reimbursement of fees paid in advance or at the time of selection / admission for first year of admission before applying for loan is permitted. The sanctioning authority to satisfy about the expenses already incurred preferably by verifying proof of expenses i.e. Bills / receipts.
- (b) No reimbursement is to be made in case of non-compliance of sanction terms.
- (c) However, reimbursement for more than first year expenses may be considered by NBGLCC for genuine need-based cases only.
- (d) The sanctioning authority to ascertain the same and satisfy about the expenses already incurred before recommendation to NBG.

(8) Maximum quantum of loan.

- (a) Need based finance to meet expenses, subject to earning potential of students upon completion of the course and not the parental income / family worth, worked out taking into account the margin stipulated, subject the following ceilings
 - (i) Maximum Rs. 80 lakhs for pursuing of Medical course (excluding nursing) for Graduation / post-graduation studies in India. In case of loans for Medical students, Bank guarantee facility as sublimit of Term Loan, can also be considered.
 - (ii) Maximum Rs 40 lakhs for Graduation / post-graduation studies other than Medical courses in India.



(b) Higher limit can be considered in respect of recognised courses of approved universities / institutions subject to evaluation of course / employability at the level of NBGLCC and above subject to.

(i) Loan limit to be fully secured by tangible collateral security and margin to be stipulated at 25%.

(ii) Servicing of interest during moratorium period as and when applied. However, servicing of interest during moratorium period shall be optional by student. In case of non-servicing of interest during moratorium period adequate security to cover capitalised / accrued interest to be obtained. In case of inadequate security to cover the interest accrued during moratorium period, the sanctioning authority may consider obtention of suitable third party guarantee of reasonable net worth duly supported by documentary evidences.

(c) Existence of an earlier education loan to the brother(s) / sister(s) will not affect the eligibility of another meritorious student from the same family obtaining education loan as per this scheme.

(d) Collateral free loan up to Rs. 4 lakhs is student specific and not family specific. No restriction on giving second, third collateral free loan to other siblings when one of the siblings has already taken a collateral free loan.

(e) Family as unit for quantum of finance / margin / security has been discontinued. Loan to be considered on individual student basis.

(9) Top up Loan – In cases where the students pursuing further studies within the overall eligibility limit, top up loans may be considered, even if moratorium of the first loan is over and repayment of the first loan has been already commenced. The repayment of both the loans will commence after the completion of the second course and further moratorium period, as provided under the scheme.

(10) Margin.

(a)

Quantum of Loan	Purpose	Margin %
Upto Rs. 4.00 lakhs	All study courses in India	NIL
Above Rs. 4.00 lakhs and upto Rs. 7.50 lakhs	All study courses in India	5%



Above Rs. 7.50 lakhs to Rs. 80.00 lakhs	Studies in India for Medical courses	5%
Above Rs. 7.50 lakhs to Rs. 40.00 lakhs	Studies in India for other than Medical courses	5%

(b) Scholarship / assistantship to be included in margin.

(c) Margin need brought-in on year-to-year basis as and when disbursements are made on a pro-rata basis.

(d) If the scholarship component (Conditional scholarship) is not included in the loan assessment, the same to be factored while disbursement of loan. Suitable undertaking to be obtained from student borrower to ensure that the scholarship amount received will be credited to the loan account when received from the government / respective patron.

(e) Loan upto Rs. 7.50 lakhs to be covered under Credit Guarantee Scheme.

(11) Repayment.

(a) Repayment holiday / moratorium – Course period + 1 year.

(b) Repayment period – 15 years after completion of moratorium period. Repayment of the loan will be in equated monthly installments for a maximum period of 15 years for all categories (excluding course and moratorium period). No prepayment penalty will be levied for prepayment of loan at any time during the repayment period.

(c) 15 years of repayment of the loan has to be reckoned from the date of commencement of repayment and not the date of first disbursement.

(d) Additional moratorium period / re-schedulement of accounts (not amounting to restructuring) is permitted / warranted.

(12) Rate of Interest –

(a) Up to Rs 7.50 Lakhs - @RBLR + CRP 1.70% i.e. 8.55% currently (floating rate) & Above Rs. 7.50 Lakhs - @RBLR + CRP 2.50% i.e. 9.35% currently (floating rate).

(b) Student's pursuing Professional courses like Medical / Engineering / management etc are eligible for 0.50% concession.

(c) Interest concession of 0.50% for loans / advances to women beneficiaries.



(d) 1% interest concession for servicing of interest during study period and subsequent moratorium period prior to commencement of repayment.
(e) Further concession of 0.50% in addition to existing concessions, applicable in the following cases.

(i) where the loan limit is more than Rs. 20 lakhs and where more than 100% collateral security is available to cover the loan amount likely interest to be accrued during moratorium period

Or

(ii) Education loan to students belonging to 184 Credit Deficient Districts, as notified by RBI, irrespective of loan limit and collateral security.

(f) Maximum interest concession on account not exceed 2.50% p.a. subject to minimum RBLR.

(g) Simple interest to be charged during the repayment holiday / moratorium period. Simple interest to be charged even during any subsequent moratorium considered.

(h) Penal interest @2% to be charged for loans above Rs. 4 lakhs for the overdue amount and overdue period.

(13) Security – Obtention of guarantee under Credit Guarantee Fund Scheme for Education loans (CGFSEL) by National Credit Guarantee Trustee Company (NCGTC) is mandatory for all loans upto Rs. 7.50 lakhs.
(a) Upto Rs. 4.00 lakhs.

(i) Parents or co-borrower is mandatory. No security.

(ii) Authority to waive co-borrower rest with ZLCC, on case to case basis.

(iii) Obtention of cover under CGFSEL is mandatory,

(b) Above Rs. 4 lakhs and upto Rs. 7.50 lakhs.

(i) Parents or co-borrower is mandatory.

(ii) Obtention of cover under CGFSEL is mandatory,

(c) above Rs. 7.50 lakhs (always with collateral security).

(i) Parents or co-borrower is mandatory.

(ii) Tangible Collateral security of suitable value acceptable to the Bank.

(iii) Assignment of future income of the student for payment of installments,

(d) The security can be in the form of land / building / Govt securities / Public Sector Bonds / Units of UTI, NSC, KVP, LIC policy (surrender value), gold, shares / mutual fund units / debentures, bank deposit in the name of student / parent / guardian or any other tangible security in the



form of Relief Bonds, Gold Bonds acceptable to the bank with suitable margin.

(14) Proposal Processing / Loan disbursement through CAPS - Till the introduction of the scheme on Vidya Lakshmi portal (VLP), branches shall process the proposals in CAPS and open accounts in Finacle through CAPS. VSAT Branches are presently exempted from compulsory processing through CAPS.

(15) TAT.

(a) Upto loan amount of Rs. 4.00 lakhs – 7 working days from the date of receipt of completed application.

(b) Above loan amount of Rs. 4.00 lakhs – 14 working days from the date of receipt of completed application.

(16) Insurance – Student Life Insurance –

(a) Bank offers specially designed insurance from SUD Life. The Insurance policy to be obtained at the option of the student.

(b) Insurance of property / Asset charged to Bank – Premium of Insurance of property / asset, taken as collateral security covering the loan amount, to be obtained from borrower.

(17) Bank Charges.

(a) No Processing charges – for study in India.

(b) One time charge for any deviation from the scheme norms including approval of courses outside the scheme.

(i) upto Rs. 4 lakhs – Rs. 500/-

(ii) over Rs. 4 lakhs and upto Rs. 7.50 lakhs – Rs. 1500/-

(iii) over Rs. 7.50 lakhs – Rs. 3000/-

(c) VLP Portal charges – VLP charges of Rs. 100/- + 18% GST, subject to change to be collected from the student at the time of sanction.

(18) Finacle Code / CCIS Scheme code –

(a) The accounts are to be opened under Finacle code – LA 722 term loan.

(b) CCIS scheme code – 412.

(c) Free code 3 in ACM for Studes in India – 473.



(21) Documents – The list of documents to be obtained are as below.

(a) L-487 Common Application Form (not to be stamped).

(b) L-488 Education loan agreement (to be stamped as an agreement cum power of attorney).

(c) OD 194 Letter of Guarantee – Wherever guarantee is obtained (stamped as per stamp rules of concerned state).

(d) L- 434 DP Note.

(e) L – 435 Bearer Letter.



(f) If property or other permitted security is obtained as collateral security – all documents related to creation / extension of charge / mortgage as per extant instructions of the Bank.

(g) RBLR agreement.

(h) Documents

Document	Student	Co-applicant
Proof of Identity (PAN & Aadhaar)	Yes	Yes
Proof of Address	Yes	Yes
Income proof (ITR/Form16/Salary slip etc.)		Yes
Academic Records (X, II, Graduation if applicable)	Yes	
Poof of admission	Yes	
Schedule of study expenses	Yes	
2 passport size photograph	Yes	Yes
1 year Bank statement		Yes
VLP portal Reference Number	Yes	
VLP portal Application Number	Yes	
Collateral security details and documents, if any		Yes

(21) Education Loan under priority sector – Loans to Individuals for educational purposes, including vocational courses, not exceeding Rs. 20 lakhs will be considered as eligible for priority sector classification.

(22) Coverage under Credit Guarantee Funds Scheme for Education Loans (CGFSEL) – All educational loans upto Rs. 7.50 lakhs conforming to the guidelines of IBA Model Education Loan Scheme for pursuing studies in India and Abroad are eligible for coverage under CGFSEL by National Credit Guarantee Trustee Company (NCGTC).

(a) Loans sanctioned on and after 16 Sep 2015.

(b) Loan limit – Maximum Rs. 7.50 lakhs.

(c) No Third-party Guarantee or collateral security.

(d) Maximum Interest Rate to be 2% over Base Rate / MCLR of the Bank.

