

THE HARYANA STATE COOPERATIVE APEX BANK LTD;
CHANDIGARH

Education Loan Scheme for pursuing Higher Education
in India and Abroad
(HARCOBANK–SARASWATI)

1. Objective:

The Education Loan Scheme aims at providing financial support to students for pursuing higher education in **India and Abroad**. The main emphasis is that a meritorious student, though poor, is provided with an opportunity to pursue education with the financial support from the banking system with affordable terms and conditions.

2. Eligibility Criteria:

2(i) Student eligibility:

a) Should be an Indian National.

b) Should have secured admission to a higher education course in recognized institutions in India through Entrance Test/ Merit Based Selection process after completion of HSC(10 plus 2 or equivalent).

2.(ii) Courses Eligible:

a) Studies in India:

i) Approved courses leading to Graduate/ Post Graduate degree and PG Diplomas conducted by recognized colleges/ universities recognized by UGC/ Govt. / AICTE/ AIBMS/ ICMR etc.

ii) Courses like ICWA, CA, CFA etc.

iii) Courses conducted by IIMs, IITs, IISc, XLRI. NIFT, NID etc.

iv) Regular Degree/Diploma courses like Aeronautical, pilot training, shipping, Nursing 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 India.

v) Approved courses offered in India by reputed foreign universities.

vi) Managing Director may consider financing following courses where placement record gives confidence about employability:

a) For studying part-time job oriented courses (evening classes or otherwise), which are approved/recognized by the regulatory body/ authority.

b) Studies Abroad:

i) **Graduation:** For job oriented professional/ technical courses offered by reputed universities.

ii) **Post graduation:** MCA, MBA, MS, etc.

iii) **Courses conducted by CIMA- London, CPA in USA etc.**

iv) **Degree/ Diploma courses*** like aeronautical, pilot training, shipping, etc. provided these are recognized by competent regulatory bodies in India/ abroad for the purpose of employment in India/ abroad.

***** Diploma Course and certificate courses shall not be covered under the eligible courses for study abroad except as mentioned above.

Note: For ascertaining Eligibility criteria:

i) **Sanctioning Authority** to assess employability and earning potential in respect of approved courses leading to Graduate/ Post Graduate degree, PG Diplomas, Research Programmes recognized by the designated academic authority/ regulatory body and other courses.

Where Sanctioning Authority considers employability and earning potential as unfavorable, the same requires concurrence of the Managing Director.

ii) The assessment of employability earning potential be done on the basis of placement record of the Institute, average salary offers/ drawn by the students on completion of such courses

and be formed part of the appraisal note at the time of sanction.

2.(iii) Expenses considered for loan:

- i) Fee payable to college/ school/ hostel.***
- ii) Examination/ Library/ Laboratory fee.**
- iii) Insurance premium for student borrower, if applicable.**
- iv) Caution deposit, Building fund/refundable deposit supported by Institution bills/receipts. ****
- v) Purchase of books/ equipments/ 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.*****

***Lodging and boarding charges be considered in case the student chooses / is required to opt for outside accommodation. However, these charges should not exceed the charges stipulated by the respective college/ University for the accommodation/ hostel facilities provided by them. In case, no such facility is provided by the college/ educational institute, the charges being levied by other colleges/ educational institutes in the area shall be applicable. However, in cases where these facilities are not being provided by any educational institutes in the area where the respective institute is situated, sanctioning authority to take a decision in the matter after taking a realistic view regarding expenses on boarding/ lodging based on local enquiries/ market reports etc., which shall also form a part of appraisal note.**

Reimbursement of expenses incurred by student borrower towards lodging and boarding charges, in case they opt for outside accommodation other than that provided by College/ University, be allowed on the basis of self declaration of the students borrower in having incurred these expenses to the extent the amount was taken into consideration at the time of sanction of loan.

**** 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 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. However, the maximum expenses included under vi & vii may be capped at 20% of the total tuition fees payable for completion of the course.**

3. Quantum of Finance - Maximum Rs.40 lakhs

4. Re-imbursement of fees:

Reimbursement of tuition fee paid before release of advance, Branch Manager is permitted to reimburse the fees paid by the student/ guardian at the time of admission or subsequent stages within six months from the date of payment of fees on individual merits of the case. The reimbursement will, however, be within the sanctioned limit and subject to production of proper receipt /documentary evidence or proof of payment to the satisfaction of the bank.

5. Margin:

Up to Rs. 5 lakhs - 10%

Above Rs. 5 lakhs - 20%

- Margin may be brought-in on year-to-year basis as and when disbursements are made on a pro-rata basis.

6. Security:

i) Upto Rs. 5 lakhs:

Parent(s) / guardian be made joint borrower(s). Obtain one 3rd party guarantee. No tangible security.

ii) Above Rs.5 lakhs:

Parent(s) / guardian be made joint borrower(s) and obtain Tangible collateral security of suitable value i.e. minimum **1 ½ times (150%)** of loan amount.

Note: -

i) Assignment of future income of the student for payment of installments to be taken in all the cases.

ii) The loan documents should be executed by the student and the parent/ guardian as joint-borrower. However, Sanctioning Authority to consider joint-borrower (other than parent/ guardian acceptable to the Bank, in case of adverse credit history of the parent/ guardian of the student borrower.

iii) The security can be in the form of land/ building, NSC, KVP, life policy, bank deposit in the name of student / parent / guardian / any other 3rd party or any other tangible security acceptable to the bank with suitable margin.

iv) In case of Immoveable Property(s) being offered as Collateral Securities for sanction of Education Loan Sanctioning authorities must ensure enforceability of SARFAESI Act on such securities.

7. Rate of Interest – As decided by ALCO from time to time.

However it is to be ensured that:

i) The accrued interest during the repayment holiday / moratorium period will be recovered on monthly basis.

ii) Rebate of @ 1% in ROI is permitted to girl child/women beneficiaries.

iii) The rate of interest to children of Harcobank's Employees where employee is either co-borrower or guarantor shall continue as per repayment schedule even after the employee retires provided the loan has been availed during the service period of the employee. This will be applicable for employees who retire under Voluntary Retirement Scheme but not to those employees who resign from the service of the Bank.

- iv) **Interest switch over option** :- The interest switch over option can be exercised by borrowers only once during the currency of loan on any occasion, when they feel that the current prevailing rate of interest of Education loan in their favour as compared to interest actually applied in their account. They may exercise the interest switch over option subject to paying one time fee as under :

Particulars	Switch over option fee (payable one time)
Education loan	0.50% of outstanding as on the date of switch over
Note: The Staff members availing loans for self and dependent children shall be exempted for paying above-said switch-over fee.	

8. Penal Interest :

@ 3% p.a. on default amount over and above the normal rate of interest after 30 days.

9. Processing fees - 0.50% of loan amount.
For Staff : Nil

10. Documentation Charges:

For Public

- I) Upto Rs. 5 lakh- Rs.250/- plus taxes if any,
- II) Above Rs.5 lakhs Rs.500/- plus taxes if any.

For Staff - NIL-

11. Pre-Payment Charges : - NIL

12. Late Payment Charges :

- a) Late payment charges Rs. 250/- (Plus taxes if any) after 30 days
- b) Cheque bounce charges Rs. 250/- (Plus taxes if any) per cheque.

(Also applicable to Harcobank staff)

13. Disbursement:

Education loan is to be disbursed in the shape of Term Loan. The amount of loan be disbursed in stages as per requirements/demand, directly to the institutions (Preferably through electronic channel wherever facility of such remittance is available) / vendors of the books/equipments/instruments to the extent possible as per terms of sanction (in case of purchase of stationery and books, amount may be disbursed/reimbursed by crediting his/her Savings account, on declaration by the applicant and production of bills).

14. Repayment:

- i) Repayment of the loan will be in equated monthly installments (EMIs) for a period of 15 years.
- ii) Repayment Holiday/Moratorium: Course period + 1 year. (Branch Manager may permit to extension in moratorium period up to maximum two years in deserving cases with the permission of Managing Director).
- iii) If the student is not able to complete the course within the scheduled time for reasons beyond his control, Sanctioning Authority may at his discretion, consider such extension of time for completion of course as may be deemed necessary to complete the course up to maximum period of 2 years.

In case the student discontinues the course midway, appropriate repayment schedule be worked out in consultation with the student/parent subject to full and final repayment of loan by the borrower(s) within the original repayment tenor/ period.

15. Extension in Repayment Period:

- i) Existing Education Loan borrowers, who had availed Education Loan with a repayment period upto 4 years shall have the opportunity of getting the repayment period extended upto 15 years, as the case may be, and the same shall not be treated as restructuring.

ii) The powers for allowing such extension in repayment period under Education Loan Scheme to the existing Education Loan borrowers have been vested with Managing Director.

ALL INCUMBANTS TO ENSURE THAT

- i) Extension, if any, in 'repayment period' is (a) need based; and (b) is allowed only after taking into account the repaying capacity of the borrowers;
- ii) Extension is allowed only in Education Loan accounts, which are 'standard' in the books of Bank as on the date of allowing such extension;
- iii) Such Extension in Repayment Period is not allowed with retrospective effect;
- iv) Total Repayment Period (i.e. before and after allowing such extension) not to exceed the maximum permissible 'Repayment Period' allowed under the Scheme;
- v) Obtain request for extension in Repayment period from the borrower.
- vi) Following documents be obtained at the time of allowing such extension in repayment period:

- 1. Supplementary Agreement (in case of student borrower being 'Major')·
- 2. Supplementary Agreement (in case of student borrower being 'Minor')·
- 3. Consent of Guarantor (wherever applicable).

16. 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 student from the same family obtaining education loan as per Education Loan Scheme of Harco bank. In other words, any number of applicants belonging to the same family may be sanctioned loans uptoRs.15.00 lakhs individually.

For education loan to children of Harco bank Employees, where employee is either co-borrower or guarantor, any number of applicants belonging to the same staff member may be sanctioned loans uptoRs.15.00 lakhs individually.

17. Minimum Age:

There is no specific restriction with regard to the age of the student to be eligible for education loan.

18. Change of Address:

In order to safeguard bank's interest, the permanent address of the student borrower be captured besides obtaining his/her present address in the loan application form and the same shall also be got confirmed from the records available at the educational institution concerned.

19. Joint Borrower:

Joint borrower should be parent(s)/guardian of the student borrower. In case of married person, joint borrower can be spouse or the parent(s)/parent(s)-in-law. In case parents are not alive, grandparent(s) be taken as joint borrower. Further, Sanctioning Authority may consider joint borrower (other than parent/ guardian), acceptable to the Bank, in case of adverse credit history of the parent/ guardian of the student borrower.

20. Documentation:

- i) Loan Application (Annexure-I).
- ii) Sanction Letter (Annexure-II)
- iii) In case the student is Minor - Agreement duly stamped (Annexure-III).
- iv) In case the student is Major - Agreement duly stamped (Annexure-IV).
- v) Supplementary Agreement for Extension in Repayment period for Minor Student (Annexure-V).
- vi) Supplementary Agreement for Extension in Repayment period for Major Student (Annexure-VI).
- vii) Agreement of Guarantee (Annexure-VII)
- viii) Revival Letter (Annexure-VIII)
- ix) Balance & Security Confirmation from Borrower/s (Annexure-IX)
- x) Balance & Security Confirmation from Guarantor/s (Annexure-X)
- xi) Supplementary Agreement for change of Intt. Rate Option (Annexure-XI)
- xii) Investigation Report of Title in respect of immovable property (Annex.-XII)

- xiii) On attaining majority, confirmation from student be obtained.
- xiv) In case Collateral Security is taken in the shape of Mortgage of Immovable Property - equitable charge to be created on it.

21. Illustrative Check List:

- i) Loan application on Bank's format.
- ii) Passport size photograph.
- iii) Proof of Address.
- iv) Proof of Age.
- v) Copy of PAN of student Borrower*.
- vi) Proof of having cleared last qualifying examination.
- vii) Letter of admission.
- viii) Prospectus of the course wherein charges like Admission Fee, Examination Fee, Hostel Charges etc. are mentioned.
- ix) Details of Assets & Liabilities of parents/co-obligates /guarantors.
- x) In case loan is to be collaterally secured by mortgage of Immovable Property, copy of Title Deed, Valuation Certificate and Non-encumbrance Certificate from approved Lawyer of the Bank be obtained at the cost of the borrower.
- xi) A declaration / an Affidavit confirming that no similar nature loans are availed from other Banks may be obtained.
- xii) Any other document/information, depending upon the case and purpose of the loan.

**If PAN is not available at the time of sanction, the same be obtained later on.*
