

**GOVERNMENT OF KERALA**

Abstract

Finance Department - Education Loan Repayment Support Scheme - Guidelines - Modifications- Sanctioned- Orders issued.

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**FINANCE (PLANNING - A) DEPARTMENT****G.O (P)No. 89/2017 /Fin.****Dated, Thiruvananthapuram 12/07/2017**

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Read: G.O(P) No.65/2017/Fin. Dated 16.05.2017

**ORDER**

As announced in the budget 2016-17 and 2017-18, Government had issued detailed guidelines for the implementation of the *Education Loan Repayment Support Scheme* for providing repayment support to those who are struggling to repay the education loan debts after the completion of their course vide GO cited above. This scheme envisages government support to the loanees to repay their education loan in the four year relief period after the repayment holiday and to settle and close the loan accounts those which are turned to NPA account on or before 31<sup>st</sup> March 2016.

2. As per the One Time Settlement scheme (OTS) envisaged under Para 2 (d) (I) (ii) (a) of the existing guidelines, no provision was provided to regularize the NPA account under the category of education loan with sanctioned limit up to 4 lakhs, for those who are unable to bear the 40% beneficiary's contribution in lump. Also, certain practical difficulties pertaining to some of the conditions stipulated in the existing guidelines have been pointed out from various quarters including banks.

3. Government after having examined the matter in detail, are pleased to issue the following modifications in the existing guidelines for the effective and smooth implementation of the Education Loan repayment Support Scheme.

Para No.	Existing Clause	Modified Clause
2(d)(I)(ii)(a)	<p><u>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.</u></p> <p>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</p> <p>a) The borrower pays the balance 40 % of the base amount in advance.</p> <p>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.</p> <p>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.</p> <p>d) Any repayment exceeding 40 % of the base amount will be accounted towards the 60% share to be paid by the Government.</p> <p>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.</p>	<p><u>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 and remained as NPA as on 31<sup>st</sup> March, 2016.</u></p> <p>The borrower can opt for any of the following two options.</p> <p><b>1. Regularization of loan Account</b> The Government will assist the borrower to regularize the loan account by paying 60 % of the defaulted annual installments subject to maximum of 60 % of the base amount provided borrower pays the balance 40% of the defaulted annual installments in advance.</p> <p><b>2. One time settlement (OTS).</b> 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.</p> <p>a) The borrower pays the balance 40 % of the base amount in advance.</p> <p>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.</p> <p>c) Any repayment received in the account is to be treated as repayment</p>

	<p>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.</p>	<p>of Principal and will be accounted towards the 40 % share to be paid by the borrower.</p> <p>d) Any repayment exceeding 40 % of the base amount will be accounted towards the 60% share to be paid by the Government.</p> <p>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.</p> <p>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.</p>
2(b)	<p><b>Scope of the Scheme:-</b> 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 <i>Borrower</i>. The '<b>Education Loan Repayment Support Scheme</b>' 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.</p>	<p><b>Scope of the Scheme:-</b> 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 <i>Borrower</i>. The '<b>Education Loan Repayment Support Scheme</b>' 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 and remained as NPA as on 31<sup>st</sup> March, 2016.</p>

2(d)(I)(ii)(b)	<p><u>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 31st March,2016 .</u></p>	<p><u>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 31st March,2016 and remained as NPA as on 31<sup>st</sup> March, 2016..'</u></p>
2(d)(II)	<p>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.</p>	<p>The Government will bear the entire principal amount outstanding on the education loan sanctioned to those students who have become permanently mentally/physically <b>disabled with 80 % or more disability</b> 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. <i>(In the case of disability, borrower should produce disability Certificate from the Medical Board as stipulated in the existing rules)</i></p>
7	<p><b>Income Limit :-</b> 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 lakhs as on 1.04.2016</p>	<p><b>Income Limit :-</b> 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.</p>
8 (v)	<p>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</p>	<p>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</p>

	(annual) issued by the Appointing Authority/Head of Office shall be submitted if the beneficiary is in the formal sector.	loan taken. If the beneficiary is working in the formal sector, he/she shall submit a certificate of eligibility as in Annexure-2 issued by the concerned village officer and counter signed by a Gazetted Officer in addition to Salary certificate (annual) issued by the Appointing Authority/ Head of Office.
8 (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 <b>grade-I gazetted officer</b> 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.	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 <b>Gazetted officer</b> 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.
Annexure -2	<p style="text-align: center;">Annexure-2</p> <p style="text-align: center;"><b><u>Certificate of Eligibility</u></b></p> <p>(For claiming repayment support on Education Loan from Government of Kerala vide G.O.(P) No.65/2017/Fin dated 16-05-2017)</p> <p>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.</p>	<p style="text-align: center;">Annexure-2</p> <p style="text-align: center;"><b><u>Certificate of Eligibility</u></b></p> <p>(For claiming repayment support on Education Loan from Government of Kerala vide G.O.(P) No.65/2017/Fin dated 16-05-2017)</p> <p>I.....(name of borrower) hereby certified that I have/ 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.</p>

	<p>Signature and address of Applicant...</p> <p>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.</p> <p style="text-align: center;">Village Officer (Signature, Name and Designation )</p> <p style="text-align: center;">Office seal</p> <p style="text-align: center;"><b>Counter Signed by Grade-I Gazetted Officer</b></p> <p style="text-align: center;">(Signature, Name and Designation with PEN Number )</p> <p>Date:</p> <p style="text-align: center;">Office seal</p>	<p>Signature and address of Applicant...</p> <p>Certified that the above mentioned information is true and correct to the best of my knowledge and belief and he/she is son/daughter of Sri./Smt.....(Name) and residing at .....( Address with Taluk)"</p> <p style="text-align: center;">Village Officer (Signature, Name and Designation )</p> <p style="text-align: center;">Office seal</p> <p style="text-align: center;"><b>Counter Signed by a Gazetted Officer</b></p> <p style="text-align: center;">(Signature, Name and Designation with PEN Number )</p> <p>Date:</p> <p style="text-align: center;">Office seal</p>
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4. A detailed operational guidelines will be issued separately.

(BY ORDER OF THE GOVERNOR)

**MINHAJ ALAM**  
SECRETARY (FINANCE RESOURCES)

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)

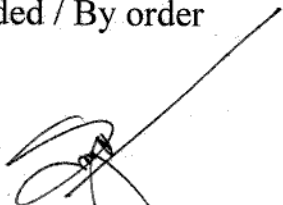
The Director of Treasuries, Thiruvananthapuram

The Convenor, SLBC, Thiruvananthapuram

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

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Section Officer