

IBA SKILL LOAN SCHEME (FORMERLY IBA'S MODEL LOAN SCHEME FOR VOCATIONAL EDUCATION AND TRAINING.)

INTRODUCTION

IBA's Model Loan Scheme for Vocational Education and Training was Implemented in our Bank w.e.f 27.08.2015, based on the guidelines issued by IBA, Mumbai.

Given the huge thrust on skill development in recent years, a need was felt to provide institutional credit to individuals for taking skill development courses aligned to National Occupations Standards and Qualification Packs and leading to a certificate/diploma/degree by the Training Institutes as per National Skill Qualification Framework (NSQF). Thus, "Skill Loan Scheme" has been developed to support the national initiatives for skill development, by the Department of Financial Services(DFS), Ministry of Finance(MoF), GoI

OBJECTIVE

Skill Loan Scheme (herein after called Skilling Loan ') aims at providing a loan facility to individuals who intend to take up skill development courses as per the Skilling Loan Eligibility Criteria.

APPLICABILITY OF THE SCHEME: The Scheme is implemented in all our branches across the country.

ELIGIBILITY CRITERIA:

Training Institutes:

Any individual who has secured admission in a course run by Industrial Training Institutes (ITIs), Polytechnics or in a school recognized by Central or State education Boards or in a college affiliated to recognized university, training partners affiliated to National Skill Development Corporation (NSDC) /Sector Skill Councils, State Skill Mission, State Skill Corporation, preferably leading to a certificate / diploma / degree issued by such organization as per National Skill Qualification Framework (NSQF) is eligible for a Skilling Loan. The Government of India / State Governments may, from time to time, notify institutes/organizations for the purpose.

Training Courses:

Courses run by above mentioned Training Institutes (in 22.4.4.1) aligned to National Skill Qualification Framework (NSQF) shall be covered by the Skill Loan. There is no minimum course duration.

Nationality:

The applicant should be an Indian National.

Minimum Age:

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

Minimum Qualification:

- * The student should have completed 10th standard.
- * As specified by the enrolling institutions/organizations in tune with National Skill Qualification Framework (NSQF) guidelines. All government funded training and educational institutions shall define eligibility criteria for admission to various courses in terms of NSQF levels. The same should be ascertained at the time of processing the loan application.
- * The National Skills Qualifications Framework (NSQF) is a competency based framework that organizes all qualifications according to a series of levels of knowledge, skills and aptitude. These levels, graded from one to ten, are defined in terms of learning outcomes which the learner must possess regardless of whether they are obtained through formal, non-formal or informal learning. NSQF in India was notified on 27th December 2013. All other frameworks, including the NVEQF (National Vocational Educational Qualification Framework) released by the Ministry of HRD, stand superseded by the NSQF.
- * Under NSQF , the learner can acquire the certification for competency needed at any level through formal, non-formal or informal learning. In that sense, the NSQF is a quality assurance framework. Presently, more than 100 countries have, or are in the process of developing national qualification frameworks.

Know your customer (KYC) norms:

Aadhaar number will also be considered as a valid proof for KYC norms in addition to other identity and address proof as determined by respective banks/ lending institutes.

QUANTUM OF FINANCE:

Loans will be in the range of Rs. 5,000/- to Rs. 150,000/-. The estimated per month fees, based on sector & NSQF level, will be available with the NSDC. Skill loan could be availed by beneficiaries of other grant/reward based Government schemes for skill training to cover the cost of such skill training not covered under such grant/reward.

EXPENSES CONSIDERED FOR LOAN:

Tuition / course fee. Banks shall pay such tuition / course fee directly to the Training Institute.

Any other reasonable expenditure found necessary for completion of the course including but not limited to assessment fee, Examination fee, Library charges, Laboratory fee, Caution deposit, Purchase of books, equipment's and

instruments (As such courses are localized boarding, lodging may not be necessary based on the cost of living in the particular area. However, wherever it has been found necessary, the same could be considered on merit).

MARGIN: NIL

Margin need not be insisted for educational loans sanctioned under this scheme as the maximum loan limit under the scheme is only Rs. 150,000.00.

RATE OF INTEREST

Interest rate to be charged to loans sanctioned under the scheme shall be linked to Repo Liked lending Rate (RLLR) (as informed by HO from time to time). Simple Interest will be charged during the study period and up to commencement of repayment. Accrued interest till moratorium period will be capitalized and interest will be charged on compound basis thereafter, as applicable to other Education Loans.

Note:

* Servicing of interest during study period and the moratorium period till commencement of repayment is optional for students. If opted by the student / parent / guardian, undertaking letter as mentioned in **Appendix-18** shall be obtained.

* 0.5 % interest concession may be provided, if interest is serviced during the study period and subsequent moratorium period prior to commencement of repayment. All other instructions applicable to this aspect shall be applicable to this loan also

PROCESSING CHARGES:

No Processing fee will be charged by Banks for educational loans sanctioned under this scheme.

SECURITY:

No collateral securities shall be taken for loans sanctioned under the scheme. Banks have the option to apply to the National Credit Guarantee Trust Company Ltd (NCGTC) , as per which the loans sanctioned under the scheme shall be covered under the credit guarantee against defaults and NCGTC will provide such guarantee at nominal guarantee fee which shall not exceed 0.50% of the amount outstanding. Such credit guarantee cover will be for a maximum of 75% of the outstanding loan amount (including interest, if any). In special cases such as the North Eastern region (NE) and Left Wing Extremism (LWE) affected areas. The percentage may be increased on the discretion of M/s NCGTC.

MORATORIUM PERIOD:

Moratorium period will be extended to the loans sanctioned under this scheme, as below:

Courses of duration up to 1 year Up to 6 months from the completion of the course

Courses of duration above 1 year 12 months from the completion of the course

Branches will have the flexibility to fix the structure of repayment- flat Equated Monthly Instalments (EMI), tube payments or moratorium period as deemed fit for various sectors and student categories.

REPAYMENT

The loan will have a tenure as follows,

Loans upto Rs. 50,000 - Upto 3 years (after moratorium Period).

Loans between Rs. 50,000 to 1 lakh - Upto 5 years (after moratorium period).

Loans above Rs. 1 lakh - Upto 7 years (after moratorium Period).

* In order to instill repayment behaviour and get some commitments from the students, branches may fix instalment during the course period itself wherever feasible at the option of the borrower, with the consent of the borrower.

* During the moratorium / repayment holiday, as the borrower is opting to service the instalments/interest on his / her own accord, no penal interest to be charged for default in interest servicing during this period. Also, during this period, NPA provisions are not applicable.

* However, the total amount paid by the student during the moratorium period should not exceed 10% of the total course fee.

PRE-PAYMENT

The borrower can pre-pay the loan any time after commencement of repayment without having to pay any prepayment charges. In case a student is not able to complete the course because of accident/death/disability the bank can seek a pro-rata reimbursement of the unfinished portion of the course amount from the training institute. This will reduce the loan burden on the student.

INSURANCE

The students who avail loan under this scheme may be covered under the Canara HSBC Life policy, at the option of the borrowers. Please refer HO Circular issued from time to time.