

## Education loan for Studies abroad (Non-vocational courses)



Education loan is extended as a term loan granted to students who have secured admission for pursuing higher studies abroad.

### Features

#### Eligible Candidate

- ▶ Should be Indian National including NRIs
- ▶ Student who have secured admission for full time regular courses in recognized institutions abroad through Entrance Test/ Merit Based Selection process after completion of HSC (10 plus 2 or equivalent).

#### Eligible Courses

- ▶ Graduation: For job oriented professional/ technical courses offered by reputed universities / institutions abroad.
- ▶ Post-graduation: MCA, MBA, MS, etc.
- ▶ Courses conducted by CIMA- London, CPA in USA etc. (For CPA/CIMA courses only examination fee and travel cost to be considered for calculating loan amount)
- ▶ 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.
- ▶ Post graduate studies leading to PG degrees and PG diplomas offered by reputed institutes/universities only

Assessment of employability and earning potential of the student upon completion of course and consequent ability to repay the loan is an important criteria.

Diploma courses and certificate courses have not been included as eligible courses

Reference:

[www.webometrics.info/](http://www.webometrics.info/) [www.topuniversities.com /](http://www.topuniversities.com/) [www.qs.com](http://www.qs.com) (indicative only)

#### Quantum of Finance

- ▶ Need based finance to meet the education expenses taking in to account margins and subject to the following ceilings based on country of studies/ course. Bank at its discretion may consider finance in excess of the specified ceiling limit on case to case basis.

| <b>Country of Studies / Course</b>   | <b>Maximum Loan Amount</b> |
|--|----------------------------|
| Eligible Courses offered by foreign Institutes/Universities in:<br><br>USA, UK, Canada, Australia, European Union, Singapore, Japan, Hong Kong & New Zealand | Rs. 75 lakhs               |
| Courses offered by universities in other countries   | Rs. 30 lakhs               |
| Aeronautical, Pilot training, Shipping courses etc recognized by competent regulatory bodies abroad  | Rs. 30 lakhs               |

### Expenses Covered under Loan

#### Expenses covered under Loan

- ▶ Fee payable to college/ school/ hostel
- ▶ If student chooses / is required to opt for outside accommodation, reasonable lodging and boarding charges (living expenses) may be considered with maximum expenditure capped to the charges for the same being charged by the institute/university for students opting for hostel facility.
- ▶ Examination/Library/Laboratory fee
- ▶ Caution deposit, Building fund / refundable deposit supported by Institution bills/receipts (maximum upto 10% of total tuition fees)
- ▶ Purchase of books/ equipment/ instruments/ uniforms/computer at reasonable cost if essential for the course, any other expense like academic and maintenance fees, study tours, project work, thesis, exchange programme etc. required to complete the course (maximum upto 20% of total tuition fees)
- ▶ Service Tax & Cess if applicable.
- ▶ Insurance premium for student borrower. Various options to choose from our Insurance partner.
- ▶ Scholarships, fee waiver etc. may be taken into consideration on condition that the same gets credited to the loan account when received.
- ▶ Travel expenses/ passage money for studies abroad
- ▶ Guaranteed Investment Certificate (GIC) applicable for Canada
- ▶ For CPA/CIMA courses only examination fee & travel cost to be considered for calculating loan amount.

## Expenses covered under loan in Countries where tuition fee is waived

- ▶ Expenses mentioned in schedule of fees /admission letter.
- ▶ Reasonable lodging and boarding charges in case the student chooses / is required to opt for outside accommodation with maximum expenditure capped to the lodging and boarding charges being charged by the institute/university for students opting for hostel facility with them.
- ▶ Travel expenses/ passage money for studies abroad.
- ▶ Any other expense required to complete the course at actual like academic and maintenance fees, study tours, project work, thesis, exchange programme etc.
- ▶ Insurance premium for student borrower.
- ▶ Note: Tangible collateral security to be mandatorily obtained in such cases irrespective of loan amount.

### Repayment terms

- ▶ Loan repayment will commence after moratorium period and to be paid in equated monthly installments in a period of up to 15 years
- ▶ Moratorium period: Course period + 1 year
- ▶ If student opts for interest servicing during moratorium period and accordingly makes payment of full interest before commencement of repayment, then EMI will be based on principal amount
- ▶ If student opts for interest moratorium, then accrued interest will be added to the principle to fix EMI accordingly

### Interest

- ▶ Floating Rate of interest linked to RLLR i.e Repo Linked Lending Rate
- ▶ Concession in Interest rate for existing customer / Girl child / Minority/ SC /ST/ Physically challenged
- ▶ Interest concession if interest is serviced during moratorium
- ▶ Simple interest charged during moratorium period
- ▶ Servicing of interest during moratorium is optional for student
- ▶

## Margin & Security

|                                      | Margin  | Security  |
|--------------------------------------|---|---|
| Standard criteria<br>(for all cases) | Margin= Total Course Fee (including Living Expenses)- Sanctioned Loan Amount<br>Scholarship may be included in margin | Parent(s) / guardian(s) to be joint borrower(s) for all cases, which may be spouse/ parents/parents in-law for married candidates and in case they are unable to join due to genuine reasons then any relative. Non relative may join subject to specific conditions. |
| <b>Loan amount</b>                   | <b>Minimum Margin</b>   | <b>Security norms</b>   |
| Up to Rs. 4 Lakh                     | Nil   | No security. Only co-obligation   |
| > Rs. 4 lakh -<br>Rs. 7.5 Lakh       | 15%   | Suitable third-party guarantee apart from co-obligation   |
| Above Rs. 7.5 Lakh                   | 20%   | Collateral security required <ul style="list-style-type: none"> <li>Ownership of security - in the name of student/ parent/ guardian/ Co-applicant(s).</li> <li>Options: various options of liquid collateral and Immovable property</li> </ul>                       |

## Collateral (if applicable)

- ▶ Collateral in the name of student/ parent/ guardian/ Co-applicant(s)

### Type of Collateral & Security coverage:

#### (i) **Immovable Property**

Immovable property including open/vacant plot (*except Agri land/plot used for cultivation*)

**Security coverage:** Value of immovable property to cover 1.33 times of loan amount

#### (ii) **Liquid collateral** options having fixed returns / surrender value

- ▶ Fixed deposit with IDBI Bank (*valued at face value plus accrued interest, margin 10%*)
- ▶ LIC Policy (*valued at surrender value, margin 15%*)
- ▶ NSC/ KVP (*valued at face value, margin 20%*)
- ▶ Government Securities/ Public Sector Bonds (*valued at lower of face value or issue price, margin 30%*)

**Security coverage:** Above Liquid collaterals having fixed returns / surrender value such that security value after deducting applicable margin covers 100% of loan amount.

## Processing Fees

- ▶ Processing fee is 1% of the loan amount subject to a maximum of Rs. 5000/- plus applicable taxes and same shall be refunded at the time of disbursement.
- ▶ Vidyalakshmi Portal Fees: Rs. 100/- plus applicable taxes.

## Reimbursement facility

- ▶ Loan for reimbursement of eligible expenditure can be availed within 6 months of actual expense subject to proper documentation substantiating the expense. Bank at its discretion may consider reimbursement of expense beyond 6 months.

## World Currency Card

- ▶ Students seeking Education Loan for pursuing studies abroad may avail World/Global Currency Card that may be loaded with requisite part of living expenses.

## Part payment/ Foreclosure

- ▶ Loan may be repaid any time after commencement of repayment or earlier without any prepayment/foreclosure charges.
- ▶ If prepayment is made during moratorium period then further disbursement shall not be made.

## Top up loan / Second loan

- ▶ Top up loan for financing increase in course fee or to address rupee depreciation
- ▶ Second loan for pursuing another course or post-graduation

In case Top up loan/ Second loan is availed during moratorium of the existing loan, the moratorium of the existing loan shall be extended to match moratorium period of the subsequent loan.

### **Documents required along with duly completed application form**

#### **I) Documents in respect of Student-applicant:**

- ▶ Age Proof & Proof of Identity and Address based on Officially Valid Document as per KYC norms
- ▶ Mark sheets from Class 10th onwards till the last qualifying examination
- ▶ Proof of admission secured: Offer Letter /Admission Letter from the
- ▶ Schedule of expenses for the course
- ▶ Passport-size photographs
- ▶ Details of previous / existing loan, if any, from Banks/Lenders.
- ▶ Pan Card
- ▶ Aadhaar (mandatory for availing benefit of Govt. subsidy scheme)
- ▶ If eligible for benefit under Government subsidy scheme- relevant documents to be furnished
- ▶ Security documents if applicable
- ▶ Any other document as specified by Sanctioning Authority
- ▶ Self-attested valid passport
- ▶ Self-attested I 20 form (wherever available or any other document issued by the institute for visa purposes)
- ▶ Self-attested copy of VISA.
- ▶ Self-attested copies of travel documents, if borrower claims reimbursement of travel expenses.

#### **II) Documents in respect of Co-applicant / Guarantor:**

- ▶ Age proof, Proof of Identity, address and signature as per KYC norms
- ▶ Passport-size photographs
- ▶ Details of previous / existing loan, if any, from Banks/Lenders.
- ▶ Pan Card
- ▶ Employment or Business or Income Proof
- ▶ Asset liability state of co-applicant /guarantor for ascertaining Net worth, if applicable
- ▶ Income proof depending on profile – if income is considered for the purpose of calculation of loan eligibility.
- ▶ For availing the benefit of Government Subsidy schemes, Income certificate/ proof from the designated officials of the respective states/Competent Authority is mandatory before sanctioning of loan. Also relevant documentation formalities to be completed
- ▶ Any other document as specified by Sanctioning Authority to take the credit decision.

## Balance Transfer

### Balance Transfer facility available subject to compliance of applicable BT norms

#### Features of Balance Transfer:

- **Eligibility criteria** of Loan account to be taken over :
  - ▶ should have been fully disbursed before BT
  - ▶ amount to be taken over to be above Rs. 4 lakh
  - ▶ Loan should have minimum of 12 months repayment track record (RTR) towards repayment of principal.
  - ▶ No instances of cheque bounces/installment default and no overdue in the loan
  - ▶ Loan accounts eligible for Interest subsidy of GoI not eligible for BT facility
- **Maximum tenor** of 10 years for loans up to Rs. 7.5 Lakhs and 15 years for loan above Rs. 7.50 lakh.
- **Loan Eligibility** shall be primarily worked out on applicant's income and if it is not sufficient for the loan amount then co-applicant's income may be clubbed.
- **FOIR:** As per the type of income of the applicant
- **Security/ Guarantee** norms as applicable for non-vocational courses.
- **Margin and moratorium** will not be applicable.
- **Rate of interest** corresponding to amount being taken over & applicable variant of the Loan.
- Applicable Processing fee as per Schedule of charges
- All other norms shall be same as per the applicable variant of education loan