

Chapter-20

Loan for vocational Education and Training

Objective

- Loans for vocational courses aims at providing financial support from the banking system
- To the students who have the minimum educational qualification
- As required by institutions / organization running the course eligible under the sceme

Eligibility

- Student who is Indian National
- Secured admission in a course run or supported by Ministry / Dept/Organisation of the Govt. Supported by National Skill development Corporation, state skill corporation
- Preferably leading to certificate/ diploma / degree

Courses Eligible

- Vocational / skill development courses of duration from 2 months to 3 years
- Courses should be run by Government departments / state skill development corporation leading to certificate/ diploma / degree issued by them
- State level Bankers committee/ state level corporation committee may add other skill development courses/ programs having good employability

Minimum age

- There is no specific restriction with regard to age of the student
- If the student is minor, while parent execute documents of loan
- The bank will obtain the letter of ratification from student up on attaining the majority

Quantum of Finance

- Need based
- Courses of duration up to 3 months: Rs.10,000
- Courses-3 months -6 months: Rs. 25,000
- Courses –duration up to 1 year: Rs. 50,000
- Courses of above 1 year: Rs. 1,50,000
- Bank may at its discretion, consider limit up to Rs.75,000 for courses with duration up to 1 year and limit up to Rs.2 lakh for duration above 1 year

Expenses considered

- Tuition / course fee
- Examination / Library / Laboratory fee
- Caution Deposit
- Purchase of books / equipments / instruments
- Any other reasonable expenditure

Margin / Rate of interest / Security

- Margin – Nil
- Interest rate linked to base rate of individual Bank or at reduced rate if interest subsidy is provided by government dept.
- Simple interest will be charged during the study period up to commencement of repayment
- No processing charges
- No collateral or third party guarantee
- Parents will execute loan document as joint borrower with student

Moratorium and Repayment

- Up on completion of course , repayment will start after following moratorium
 1. Course duration up to 1 Years: 6 month
 2. Above 1 year: 12 months from the date of completion of course

Repayment

1. Loans up to Rs.50,000- up to 2 years
2. Rs.50,000 to Rs. 1 lakh- 2 to 5 years
3. Loans above Rs.1 lakh-3 to 7 years

Insurance, prepayment & other terms and conditions

- Insurance is optional at the requirement of the borrower
- Borrower can pre-pay loan any time after commencement of repayment without any charges
- Other terms and conditions as applicable to Education Loan scheme