

CENTRAL SECTOR INTEREST SUBSIDY SCHEME, 2009
(As Revised -- Applicable for loans taken w.e.f. 01.04.2018)

Introduction

One of the major objectives of the Government is to ensure that no student is denied the opportunity to pursue higher education because he or she is poor. To achieve this objective, Ministry of Human Resource Development (MHRD) launched a Scheme titled "Central Sector Interest Subsidy Scheme" (CSIS) in 2009. The scheme provides full interest subsidy during the moratorium period on modern education loans without any collateral security and third-party guarantee, for pursuing technical/professional courses in India. Students whose annual gross parental/ family income is up to Rs.4.5 lakhs are eligible under the scheme. The existing Scheme has been modified with the approval of the Cabinet on March 28th, 2018.

Objective of the Scheme

CSIS is a unique scheme which pivots around the vision that no student desiring to pursue higher education is denied of the opportunity if he/ she is financially poor. This scheme benefits all categories of economically weaker students for pursuing professional/ technical courses in India only, and intends to provide affordable higher education. The Scheme, envisages to uplift the students from the grassroot level and increase the number of qualified technicians/ professionals in the nation. CSIS aims to check the existing geographical imbalance with regard to Gross Enrolment Ratio (GER) in Higher Educational Institutions.

Features of the Scheme

The Scheme is adopted by all Scheduled Banks and is linked with the existing Model Educational Loan scheme of the Indian Banks' Association, and restricted to students enrolled in professional/ technical courses only from NAAC accredited Institutions or professional/ technical programmes accredited by NBA or Institutions of National Importance or Central Funded Technical Institutions (CFTIs). Those Professional Institutions/programmes, which do not come under the ambit of NAAC or NBA, would require approval of the respective regulatory body viz, approval of Medical Council of India for Medical courses, Nursing Council of India for Nursing courses, Bar Council of India for Law etc. The scheme is applicable to students belonging to Economically Weaker Sections, i.e. students whose annual gross parental income is up to Rs.4.5 lakhs. Subsidy is admissible only once either for undergraduate or post graduate or integrated course. Under the scheme, education loan is provided without any collateral security and third-party guarantee and for a maximum amount of Rs. 7.5 lakhs.

Eligibility

- Education Loans taken under IBA Model Education Loan Scheme.
- Students having parental income up to Rs. 4.5 lakhs per annum.
- Students enrolled in professional/ technical courses only from NAAC accredited Institutions or professional/ technical programmes accredited by NBA or Institutions of National Importance or Central Funded Technical Institutions (CFTIs). Those Professional Institutions/programmes, which do not come under the ambit of NAAC or NBA, would require approval of the respective regulatory body viz, approval of Medical Council of India for Medical courses, Nursing Council of India for Nursing courses, Bar Council of India for Law etc.
- Admissible only for once either for UG, PG. Also admissible for integrated courses (graduate + post graduate).

Interest Subsidy under this Scheme shall not be available to those students who discontinue their course midstream, or who are expelled from the Institution on disciplinary or academic grounds. However, the interest subsidy would be available only if discontinuation is due to medical grounds for which necessary documentation to the satisfaction of the Head of educational institution needs to be provided.

Interest Rates

The interest rates charged on the educational loan shall be as per the BPLR/Base Rate of the individual banks and as per the provisions for interest rates under the IBA Model Educational Loan Scheme.

Moratorium Period

Under the Scheme, the interest payable on the Educational Loan for the moratorium period i.e., **Course Period plus one year** as will be borne by the Government of India. After the period of moratorium, the interest on the outstanding loan amount shall be paid by the student, in accordance with the provisions of the existing Model Educational Loan Scheme of Banks and as may be amended from time to time.

Income Limit/Proof

The benefits of the Scheme is applicable to students belonging to economically weaker sections, with having parental income upto Rs. 4.5 lacs per year (from all sources). Income proof is required from authorised Public authority of the State Government. The present scheme is intended to cater to the needs of students belonging to economically weaker sections with prescribed upper parental gross income limit of the family from all sources, which is based on economic index and not on social background. The scheme is independent of any other schemes which may cater to EWS.

Competent Authority

The Ministry of HRD, Government of India has issued an Advisory to all the State Governments requesting them to designate appropriate authority or authorities who are competent to issue income certificates, based on economic index and not social background, for the purpose of this scheme.

The Banks shall implement the Scheme based on the notification of the certification authority by State Governments communicated through District Level Consultative Committees (DLCCs).

Awards/Certificates

There would be tag/marker on the degree of the student indicating his repayment liabilities. Electronic Tags will enable employers to identify loanees.

Similar Schemes

The National Minorities Development and Finance Corporation (NMDFC) has an Educational Loan Scheme for individual beneficiaries, which is implemented through State Channelizing Agencies (SCAs). The National Safai Karamcharis Finance and Development Corporation (NSKFDC), National Backward Classes Finance and Development Corporation (NBCFDC), National Scheduled Castes Finance and Development Corporation (NSCFDC), and the National Handicapped Finance and Development Corporation (NHFDC), under the Ministry of Social Justice and Empowerment also provide educational loan to the students of the target group for higher education. Interest on Education Loan provided under the educational loan schemes of these four corporations, if the loans are for pursuing professional courses after XII class, shall also be subsidized for the period of moratorium as per the terms and conditions of this Scheme. The interest charged by NMDFC, NSKFDC, NBCFDC, NSCFDC and NHFDC are to be paid by Government direct to the respective Corporations.

Nodal Bank

The Scheme shall continue to be implemented through Canara Bank, which is the Nodal Bank for the Ministry of Human Resource Development. Modalities for implementation and monitoring shall be finalised in consultation with the Canara Bank!

Applicable Academic Year

The Modified Scheme shall be applicable from the academic year 2018-19, starting 1st April, 2018.

List of Technical/ Professional courses

List of Centrally Funded Technical Institutions and Institutions of National Importance is available on MHRD website URLs <http://mhrd.gov.in/technical-education-1> and <http://mhrd.gov.in/institutions-national-importance>. The list of NAAC accredited universities/ institutions is available at NAAC website URL http://www.naac.gov.in/Universities_Colleges.asp and NBA recognised professional courses is available at NBA website URL <http://www.nbaind.org/accreditation-status.aspx>. In case of doubt, Banks may approach UGC/AICTE and other councils for clarification, for which UGC/AICTE and other councils would be requested to create Cells and identify Nodal officers, whom banks can approach for relevant information.

Monitoring

An Interest Subsidy & Credit Guarantee dashboard would be set up by the Nodal Bank for the Scheme with real-time data from banks on geographical/ socio-economic/ gender/ institution/ accreditation grade of the institution/ category/ course-wise distribution of loan applications, sanctions, subsidy released and adjusted, loan repayments, NPAs, etc. This dashboard will ensure effective monitoring and enable the Ministry to measure the outcome of the Scheme.

Disbursement of Interest Subsidy claims

The disbursement of interest subsidy claims to the Banks shall be on half yearly or yearly basis, as decided by the Ministry of HRD, Govt. of India.

Interest Concession

Under the IBA Scheme, 1% interest concession is provided for the loanees if the interest is serviced during the period when repayment holiday is specified for interest/repayment under the scheme. This 1% interest concession would be extended under the Central Scheme of Interest Subsidy, provided the Government of India disburses interest subsidy claims to the Banks on half-yearly or yearly basis.

Claims by RRBs

RRBS should submit their claim directly to Canara Bank, the nodal bank and not to route it through the sponsor bank.

Audit

Statutory Audit of the Accounts coinciding with the Annual Statutory Audit of the Bank should be conducted once a year.
