

# Interest subvention on Education Loan for Students' of IITs

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Government of India has decided to provide interest subvention on the education loans, for all students admitted to IITs for 4 years Undergraduate and the 5 year Integrated Degree programmes, covering the period of the study plus one (1) year moratorium (not exceeding 5 years in total). **This scheme will be effective from the Academic Year 2016-17.**

## Scheme for Interest Free Loan

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The loan shall be approved and disbursed by the bank. The interest subvention on education loan is applicable **only on applicable tuition fee** payable by the student as per his eligibility. The subvention of interest (on equated basis) shall be applicable for a maximum period of 5 years (which may include a one year moratorium).

Student is required to enter into an agreement with IIT Kharagpur and also with the Loan disbursing bank.

The interest subvention is subject to the satisfactory performance including academic performance of the student during the course period.

**Academic Performance means :** The students' academic performance in the two consecutive semesters of the preceding session i.e. the Grade Point Average (GPA) of preceding two semesters as updated after the Supplementary Examination which followed the Session, **must not be lower than 6.00** without any back log subject(s) and clearing all prescribed credit requirements in the previous year. Further, no disciplinary case should be pending in respect of the student seeking interest subvention on education loan.

Compliance of performance mentioned above is mandatory in nature, failing which student shall not be eligible for interest subvention in subsequent years.

## Courses Covered

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4 (Four) year Undergraduate and the 5 years integrated degree programmes from the Academic year 2016-17

## Eligibility

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- (i) The facility shall be made available to all the students whose household income **does not exceed Rs. 9 Lakhs per annum.**
- (ii) In case, at the time of admission, the household income of the student exceeds Rs. 9 lakhs p.a. but before completion of course, his/her family income comes down below from the threshold limit of Rs.9 lakhs p.a. , he /she has an option to avail the loan under the above scheme for remaining period of course subject to production of documents and approval of loan by the bank.

# Loan Amount & Security

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**Sanction of Loan :** Sanction of loan under interest subvention scheme shall be as per approved list provided by IIT Kharagpur to the approved bank from time to time. The student will be liable to submit necessary documents as per requirement of the bank(s). Documents should be checked by the bank before sanction of loan.

**Loan Amount:** The Interest subvention on loan amount **is restricted only to the tuition fee.** The loan amount equal to the tuition fee of a particular semester will be disbursed by the bank to the student loan account before start of each semester based on recommendation of the Institute. The student upon receipt of loan amount from the bank is required to pay to the Institute the required tuition fee of each semester within the stipulated period. Loan should be availed from the list of approved banks of IIT Kharagpur.

**Security:** There shall be no collateral for sanction of the loan except the personal guarantee of the student (applicant) and the parent/ guardian (co-applicant)

## Term of Loan

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The term of the loan sanctioned under this scheme is for 10 years.

## Rate of Interest

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Currently, the rate of interest is 9.35% p.a. (0.20 % above MCLR). The Rate of interest on Education Loan will be fixed by the bank that has an agreement with IIT Kharagpur, for the scheme.

Interest shall be calculated on equated terms irrespective of the loan amortization schedule.

## Interest subvention on Expenses Covered

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IIT Kharagpur will re-pay the interest (on equated basis) only on loan for the approved portion of tuition fee at a prescribed rate of interest fixed by the concerned bank time to time for a maximum period of 5 years (which may include a one year moratorium) to the student loan account.

In case, after admission student receives any of Scholarship/ Stipend / Waiver of Tuition Fee etc, the liability of the Institute for Interest subvention on tuition fee will be reduced to the extent of Scholarship/ Stipend / Waiver of Tuition Fees received by the student.

The Interest on education loan for 4/5 years subject to satisfactory performance may be released by the Institute to the loan account of each student through RTGS/NEFT as per interest statement received from bank.

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# Repayment and EMI Generation

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After expiry of the course period of **4 or 5** years whichever is earlier, the interest on the outstanding loan amount shall be paid by the student in accordance with the provisions of the existing education loan scheme of the respective bank(s) as amended from time to time.

Bank will fix the EMI taking into account the Interest repayment being serviced by IIT for the first 4/5 years or course completion period whichever is earlier. The loan amount and interest under this scheme shall be settled by the student with the bank, if any.

Furthermore, if the student discontinues from the course, he/she will not be eligible for interest subvention. However, interest (if any ) paid till the discontinuation, will be recovered from the bank and the interest for the entire period shall be borne by the Student. In case of withdrawal due to medical grounds, the student will be eligible for interest subvention till the period of discontinuation. Interest for the remaining period shall be borne by the student.

The Bank/ Student shall keep IIT Kharagpur, fully indemnified against any liability that may arise with respect to settlement of outstanding loan, interest, penal interest etc. in respect of the loan availed by the student.

## Documents Required by Bank

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The following documents are required for processing of education loan under above scheme subject to the satisfaction of the respective banks

- (i) KYC of Borrower, Co- Borrower (PAN mandatory)/ Aadhar Card
- (ii) Rank Card of JEE Advanced
- (iii) Allotment Letter/ Offer letter issued by IIT
- (iv) Bonafide certificate from Hostel Warden
- (v) Fee Structure of IIT Kharagpur
- (vi) Last Degree Certificate (12<sup>th</sup> Pass Certificate)
- (vii) 2 Copies Photos
- (viii) Non Judicial Stamp Paper of Rs.10 in favour of Branch Manager of the approved bank
- (ix) One Rupee Revenue Stamp – 2 Nos.
- (x) Latest Income Tax Return/Income Certificate is to be issued by the Municipal Commissioner/ Chairman of Municipal Corporation / Tashildar / BDO/ Employer of Govt. Employee )for proof of income of Parents for availing Interest subvention on education loan.

The above scheme is subject to change from time to time.