

Interest Free Education Loan Scheme for Higher Education

Objectives of the Scheme : The main objectives of the scheme are to promote pursuit of higher education and technical education by younger population of Goa, to ensure that economics conditions and financial difficulties do not come in the way of such pursuit and, to assist eligible candidates by way of interest free loans to undertake approved degree and diploma courses at undergraduate and post graduate levels, in India or abroad.

Details of the Scheme: The scheme envisages grant of loans to younger population of Goa to assist them in their pursuit of higher and technical education education. It provides for exemption from the payment of interest charges, as long as the loanees adhere to repayment schedule strictly. For this purpose, five different financing plans are offered. In the event that the situation faced by a particular candidate requires minor modification in the financing plan, the scheme provides for flexibility to make adjustments. Failure to comply with the repayment schedule, however, will attract the liability of payment of interest at a prescribed rate.

The scheme enumerates the eligibility criteria to be followed for the selection of candidates, criteria for economic/financial constraints and details of approved courses that can be undertaken.

The Government will establish a "Higher Education Promotion Fund" (HEPF, from which all loans that are sanctioned under this scheme will be disbursed and to which all recoveries made under the scheme shall be credited. The Government will make arrangements for management of HEPF and its audit.

Eligibility for grant of loans: Any person below the age of 30 years, who has been a resident of Goa continuously for a period of atleast 15 years, shall be entitled to apply for, and receive, loans under the Scheme provided

He fulfills all the following conditions:

1. Has passed the qualifying examination i.e
 - a) Std Xth or XIIth for professional /non-professional courses at diploma /degree level.
 - b) Graduation for postgraduate courses.
 - c) Post graduation for PhD courses.
2. Has obtained 55% or more marks in the qualifying examination. (For candidates belonging to SC/ST/OBC categories, the qualifying marks will be relaxable by 10%)
3. Meets the prescribed eligibility conditions relating to economic/financial constraints.
4. Undertakes any of the courses approved under this Scheme.

Reservation of Candidates: Efforts will be made to accommodate all eligible applicants for grant of loan. In the event that the number of candidates has to be restricted in any particular year owing to the financial situation of the HEPF, it shall be ensured that not less than 2% of the number of selected candidates belong to Scheduled Caste, 12% to Scheduled Tribe and 19.5% to Other Backward Classes.

Further 30% of the selected candidates in each category (General, SC, ST and OBC) shall be women. In case the number of otherwise eligible candidates among reserved categories is less than the percentage prescribed above the slots remaining vacant shall be offered to General category candidates.

Criteria for economic/financial constraint:- Applicants whose total family income, including the income of both the parents, is up to Rs.5,00,000 per annum shall be eligible to apply for loans under this Scheme for undertaking approved courses within India. In the event that a brother or sister of the applicant is also pursuing studies at Higher/Technical education level (whether or not such sibling has applied for, or availed, loan under this Scheme), the eligibility limit for family income will be raised to Rs.6,00,000 lakhs per annum.

For pursuing Higher or Technical education in an institution located outside India, the family income limit for eligibility to apply for loans will be Rs.10,00,000 p.a. In the event that a brother or sister of the applicant is also pursuing studies at Higher/Technical education level, within India or abroad, (whether or not such sibling has applied for, or availed loan under this Scheme), the relevant eligibility limit for family income shall be raised to Rs.12,00,000 lakhs per annum.

Approved Courses: Loans under the scheme can be availed of for pursuing any higher/technical education courses, at undergraduate or post graduate level in the fields of Engineering (degree and diploma), Dentistry, Medicine, Pharmacy, Architecture, Finance including Chattered Accountancy and Cost Accountancy, Law, Fine Arts, Home Science, Management, Environment and Computer Science

The following conditions must be fully met :

1. The course requires fully time attendance.
1. The tuition fees payable to the institution for undertaking the course exceed Rs.10,000/- p.a. or on pro-rata basis, e.g. Rs.5000/- per semester of six months duration. This limit of minimum qualifying amount of fees shall not be insisted upon incase of Below Poverty Line (BPL) families.
2. The course is recognized by any of the following institutions/authorities:
 - University Grants Commission (UGC)
 - All India Council of Technical Education (AICTE)
 - Medical Council of India (MCI)
 - Dental Council of India (DCI)
 - Architechtrual Council of India (ACI)
 - Board of Technical Education, Goa

Any other recognising authority approved by Govt. of India or Govt. of Goa.

In respect of educational courses offered by institutions located outside India. The list as maintained and updated by Shanghai Ranking /US News.com shall be considered. Only those courses shall be considered that are not available in India.

Amount of Loan: Following table provides information regarding the maximum amount of loan that can be availed of by a candidate in a year: -

Sr. No.	Tuition fee charged by the Institution	Maximum Loan per year
1	Rs. 10,000 and above	Actual Tuition fee subject to maximum of Rs. 1.00 Lakh per annum.
2	For studies abroad	Actual Tuition fee subject to maximum of Rs. 4.00 Lakh per annum.

Any amount received by the selected candidate as scholarship or benefit under any other scheme shall be deducted from the maximum loan permissible under this scheme. It shall be the duty of the selected candidate to inform relevant details in his application.

It shall be open to the applicants whether to avail loans at the maximum level of entitlement or to seek a lesser amount that would fulfill actual needs and will entail easier repayment Schedule.

Five different financing plans are envisaged under the scheme covering periods of 3 years, 5 years 7 years 9 years and 11 years. In the event that specific needs of an applicant are not met within any of the packaged financing plan, a modified plan may be worked out by the Selection Committee for such candidate after obtaining and assessing full details of the case and recording the reasons for non-adherence to one of the packaged financing plan.

The 3 year financing plan is suitable to the needs of those applicants who wish to pursue approved courses of up to 1 year duration, or are in the midst of their course and have only 1 year of studies left.

The 3-year financing plan envisages disbursement of approved amount of loan at the beginning of first year. Year 2 shall be the period of moratorium and Year 3 shall comprise the “Pay Back Period” (PBP). During the PBP, loanee shall repay monthly.

It shall be open to the candidates to seek different quantum of loan amount in first and second years as long as the amount sought in a particular year is within the maximum prescribed limit. In such cases the monthly repayment installment shall be equal to an amount arrived at by dividing the total loan taken by 12 i.e. the number in months of Pay Back Period.

No interest will be charged as long as the loanee strictly adheres to repayment schedule during PBP i.e. the year 3.76.

Failure to make regular and timely repayments in accordance with the repayment schedule during PBP will make the loanee liable to payment of interest. Such interest will be charged at a prescribed rate (not less than 10%) compounded monthly up to the end of moratorium period, and then calculated as equated monthly installments at the same rate of interest on “Annual Rests” basis. Any loan amount or a part thereof shall be recoverable from loanee or the surety/s as if it were arrears of land revenue.

The 5 year financing plan is suitable to the needs of those applicants who wish to pursue approved courses of up to 2 years duration, or are in the midst of their course and have up to 2 years of studies left.

The 5 years financing plan envisages disbursement of approved amount of loan at the beginning of first and second years. Year 3 shall be the period of moratorium and Year 4 and year 5 shall comprise the “Pay Back Period” (PBP). During the PBP, loanee shall repay monthly installments equal to $1/12^{\text{th}}$ of the amount disbursed to him annually (in the year 1 and 2 above). For example, a candidate who received a loan of Rs. 30,000 per year in the first and second years of the financing plan will have to pay back Rs. 2500 per month during the PBP i.e. Year 4 and Year 5. Such monthly installment shall become payable on 1st day of every month and must be paid by 10th day of each month in order to claim exemption from payment of interest.

It shall be open to the candidates to seek different quantum of loan amount in first and second years as long as the amount sought in a particular year is within the maximum prescribed limit. In such cases the monthly repayment installment shall be equal to an amount arrived at by dividing the total loan taken by 24 i.e. the number in months of Pay Back Period.

No interest will be charged as long as the loanee strictly adheres to repayment schedule during PBP i.e. the year 4 and year 5.

Failure to make regular and timely repayments in accordance with the repayment schedule during PBP will make the loanee liable to payment of interest. Such interest will be charged at a prescribed rate (not less than 10%) compounded monthly upto the end of moratorium period, and then calculated as equated monthly installments at the same rate of interest on “Annual Rests” basis. Any loan amount or a part thereof shall be recoverable from loanee or the surety/s as if it were arrears of land revenue

The 7 year financing plan is suitable to the needs of those applicants who wish to pursue approved courses of up to 3 years duration, or are in the midst of their course and have up to 3 years of studies left. Applicants who are in the last year of their

current course and desire to undertake an advanced level course after that may also wish to avail of this plan.

The 7 years financing plan involves disbursement of approved amount of loan at the beginning of first, second and third years. Year 4 shall be the period of moratorium and Year 5, Year 6 and Year 7 shall comprise the "Pay Back Period" (PBP). During the PBP, loanee shall repay monthly installments equal to $1/12^{\text{th}}$ of the amount disbursed to him annually (in the year 1, 2 and 3 above). For example, a candidate receiving a loan of Rs. 30,000 per year during the first three years of the plan will have to pay back Rs. 2500 per month during the PBP i.e. Year 5, 6, and 7. Such monthly installment shall become payable on 1st day of every month and must be paid by 10th day of each month in order to claim exemption from payment of interest.

It shall be open to the candidates to seek different quantum of loan amount in different years as long as the amount sought in a particular year is within the maximum prescribed limit. In such cases the monthly repayment installment shall be equal to an amount arrived at by dividing the total loan by 36 i.e. the number of months in Pay Back Period.

No interest will be charged as long as the loanee strictly adheres to repayment schedule during PBP i.e. the year 5, year 6 and year 7.

Failure to make regular and timely repayments in accordance with the repayment schedule during PBP will make the loanee liable to payment of interest. Such interest will be charged at the prescribed rate (not less than 10%) compounded annually upto the end of moratorium period, and then calculated as equated monthly installments at the same rate of interest on "Annual Rests" basis. Any loan amount or a part thereof shall be recoverable from loanee or the surety/s as if it were arrears of loan revenue.

The 9 year financing plan is suitable to the needs of those applicants who wish to pursue approved courses of up to 4 years duration, or wish to combine the remaining portion of their current course with a subsequent advanced level course.

The 9 years financing plan involves disbursement of approved amount of loan at the beginning of first four years. Year 5 shall be the period of moratorium and Year 6 to Year 9 shall comprise the "Pay Back Period" (PBP). During the PBP, loanee shall repay monthly installments equal to $1/12^{\text{th}}$ of the amount disbursed to him annually (in the first 4 years above). Such monthly installment shall become payable on 1st day of every month and must be paid by 10th day of each month in order to claim exemption from payment of interest.

It shall be open to the candidates to seek different quantum of loan amount in different years as long as the amount sought in a year is within the maximum prescribed limit. In such cases the monthly repayment installment shall be equal to an

amount arrived at by dividing the total loan taken by 48 i.e. the number of months of Pay Back Period.

No interest will be charged as long as the loanee strictly adheres to repayment schedule during PBP i.e. the year 6 to year 9.

Failure to make regular and timely repayments in accordance with the repayment schedule during PBP will make the loanee liable to payment of interest. Such interest will be charged at a prescribed rate (not less than 10%) compounded annually upto the end of moratorium period, and then calculated as equated monthly installments at the same rate of interest on "Annual Rests" basis. Any loan amount or a part thereof shall be recoverable from loanee or the surety/s as if it were arrears of land revenue.

The 11 year financial plan is suitable to the needs of those applicants who wish to pursue approved courses of up to 5 years duration.

The 11 years financing plan envisages disbursement of approved amount of loan at the beginning of first, second, third, fourth & fifth year 6 shall be the period of moratorium and year 7 to 11 shall comprise the 'Pay Back Period' (PBP). During the PBP, loanee shall repay monthly installments equal to 1/60th of the amount disbursed to him annually (in the year 1 to 5 above). For example, a candidate who received a loan of Rs.30,000 per year in the five years of the financing plan will have to pay back Rs.4,500 per month during the PBP i.e. Years 7 to 11 such monthly installment shall become payable on 1st day of every month and must be paid by 10th day of each month in order to claim exemption from payment of interest.

It shall be open to the candidates to seek different quantum of loan amount in first and second years as long as the amount sought in a particular year is within the maximum prescribed limit. In such cases the monthly repayment installment shall be equal to an amount arrived at by dividing the total loan taken by 60 i.e. the number in months of Pay Back Period.

No interest will be charged as long as the loanee strictly adheres to repayment schedule during PBP i.e. the years 7 to 11.

Failure to make regular and timely repayments in accordance with the repayment schedule during PBP will make the loanee liable to payment of interest. Such interest will be charged at a prescribed rate (not less than 10%) compounded monthly upto the end of moratorium period, and then calculated as equated monthly installments at the same rate of interest on Annual Rests' basis. Any loan amount or a part thereof shall be recoverable from loanee or the surety is as if it were arrears of land revenue.

The cases once Rejected by the Sanctioning Committee constituted under the Scheme will not be reopened/considered for sanction in the subsequent years.

Application procedure and calendar: Applications under the Scheme will be kept open in prescribed format every year from 1st June till 28th February of the next year. All candidates, whether applying for the first time or for sanction of 2nd or subsequent installment of loan., will be required to submit their applications with full details with in the due date. Applicants, who fail to submit the prescribed form duly filled in complete with other necessary documents, shall not be eligible to be considered for grant of loan than year. If applicant does not complete his documentation within 2 weeks of receipt of intimation from the Corporation or the Directorate of Higher Education either by phone call, which shall be duly recorded in register maintained for this purpose only in the Corporation, or through letter or email or any other form of communication, the application form would be filed and considered as rejected. In no case, any application/documents will accept after The 31st March of the year when the Scheme for that year will be closed.

All applications received under the scheme shall be registered and a unique registration number shall be generated and provided to the applicant. The registration number must be quoted in all subsequent correspondence and documentation.

The applications for loan under the Scheme will generally be decided upon by the Sanctioning Committee within two months of receiving complete applications. Applicants may be required to submit additional details or to appear for a personal interview before the Sanctioning Committee should such a need arise.

Any applicant, who furnishes false or incorrect information or fails to furnish any necessary information, shall be disqualified from obtaining any benefit under the scheme. In even that some loans have already been disbursed to such disqualified applicant, the loans shall become payable at once and will attract the liability of payment of interest at prescribed rate.

In the event that the applicant has applied for a course that involves deadlines in relation to payment of fee and other charges, it shall be the responsibility of the applicant to arrange adequate finances for meeting such deadlines. In such cases, the loan amount granted under the scheme can be utilized to pay back any such bridging loan obtained by the applicant from relatives, friends or Banks

Activities relating to scrutiny of applications and sanctioning of loans shall be undertaken by the Selection Committee constituted by the Govt. The Committee shall frame, and be guided by, appropriate rules of procedure for smooth operation of the scheme. Such rules of procedure can be changed from year to year but generally will not be modified after notice inviting applications has been issued for that year.

A fund by the name of “Higher Education Promotion Fund “ (HEPF) shall be established by the Govt. through an initial contribution of Rs. 2.5 crores. All loans sanctioned under the scheme shall be paid out of this fund and all recoveries effected from the loanees during the “pay back period” shall be credited to this fund. The

Govt. will take steps to replenish the quantum of funds available with HEPF from time to time.

All loans disbursed under the scheme during academic year 2002-03 will be deemed to have been, sanctioned under this scheme, out of HEPF. All candidates who availed of this scheme during 2002-03 must furnish an undertaking to the effect that they shall comply with this scheme before the next quantum of disbursement of loan is made to them.

For management of HEPF, Govt. may entrust the work to any department, public sector undertaking or corporation, financial institution, co-operative Bank or commercial Bank. Any management fees charged by such appointed managing agency/bank shall be paid out of HEPF itself.

HEPF will be subject to audit by Comptroller and Auditor General of India every year.

Documentation required: On approval of the application, and before the first disbursement of the sanctioned loan amount, the beneficiary applicant shall execute a bond in favour of the Govt. of Goa for repayment of the loan amount in accordance with the terms and conditions of the relevant financing plan. A similar bond will also need to be executed by one of the parent of the beneficiary applicant. In the event of neither of the parents are in a position to execute the bond, the same can be executed by a relative or friend who is of major age and is an income tax payer or, owns a house or a plot of land exceeding 1000 sq. mts. in Goa.

In the event that both the parents of the approved beneficiary applicant are deceased or special personal conditions exist, Selection Committee or the Govt. may permit that the bond may be executed only by the beneficiary applicant.

The Sanctioning Committee constituted under the Scheme will strictly follow the guidelines pertaining to financial and eligibility criteria mentioned as per the Scheme. No relaxation of any sort in financial or eligibility criteria will be allowed.