

# **Guidelines of Dr. Ambedkar Central Sector Scheme of Interest Subsidy on Educational Loans for Overseas Studies for Other Backward Classes (OBCs) and Economically Backward Classes (EBCs)**

*(With effect from 01.10.2017)*

## **1. Background**

The scheme of Interest Subsidy on educational loans for overseas studies will promote educational advancement of students from Other Backward Classes and Economically Backward Classes.

## **2. Objective**

The objective of the scheme is to award interest subsidy to meritorious students belonging to the Other Backward Classes and Economically Backward Classes so as to provide them better opportunities for higher education abroad and enhance their employability.

## **3. Scope**

There is a Central Sector Scheme to provide interest subsidy to the student belonging to the OBCs and EBCs on the interest payable for the period of moratorium for the Education Loans for overseas studies to pursue approved courses of studies abroad at Masters, M.Phil. and Ph.D. level.

## **4. Conditions for Interest Subsidy**

- i. The Scheme is applicable for higher studies abroad. The interest Subsidy shall be linked with the existing Educational Loan Scheme of Indian Banks Association (IBA) and restricted to students enrolled for course at Masters, M.Phil and Ph.D level.
- ii. The interest subsidy under the scheme shall be available to the eligible students only once, either for Masters or Ph.D levels. Interest subsidy shall not be available to those students who either discontinued the course mid-stream due to any reason, or those who are expelled from the institutions on disciplinary or academic grounds.
- iii. If a student violates any condition of the scheme, the subsidy will be discontinued forthwith.
- iv. If a student is found to have obtained the subsidy by false statement/certificates, the subsidy will be withdrawn/ cancelled forthwith and amount of the subsidy paid shall be recovered with penal interest, apart from taking criminal action as per law.
- v. The students obtaining benefits under this Scheme shall not be given the interest subsidy if he gives up Indian citizenship during the tenure of the loan.
- vi. The nodal bank will maintain a separate account and records relating to the funds received from the Ministry of Social Justice and Empowerment and these will be subject to inspection/audit by the officers of the Ministry, or any other agency designated by the Ministry and C&AG.
- vii. The Nodal Bank shall place all relevant details of financial and physical achievements on its website and implement the scheme as per the Memorandum of understanding to be signed between the designated Banks and the Ministry of Social Justice and Empowerment.
- viii. The Nodal Bank will lay down the detailed procedure for processing and sanctioning of interest subsidy to eligible students in consultation with the Ministry.

- ix. The Scheme will be evaluated at regular intervals by the Ministry or any other agency designated by the Ministry and the cost of the evaluation study will be borne by the Ministry.
- x. The term and conditions of the Scheme can be changed at any time at the discretion of Ministry of Social Justice and Empowerment to improve procedure and achieve more effective implementation. However, there should not be financial implications.
- xi. The scheme be available on preferential basis for the professional courses first.

## **5. Eligibility**

- i. The students should have secured admission in the approved courses at Masters, M.Phil or Ph.D levels abroad for the courses listed at Para14.
- ii. He/She should have availed loan from a scheduled bank under the Education Loan Scheme of the Indian Banks Association (IBA) for the purpose.
- iii. For the candidate applying under the OBC category, OBC Caste certificate in the prescribed Performa (as per Annexure) issued by the competent authority must be taken by the Banks.

## **6. Income Ceiling**

- i. For OBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in case of unemployed candidate shall not exceed present Creamy Layer criteria.
- ii. For EBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in case of unemployed candidate shall not exceed Rs.2.50 lakh per annum.
- iii. Under this Scheme, Income certificate produced by the student for availing Educational Loan viz. ITR/Form 16/Audited Accounts/Income certificate issued by the authority of State Government/UT Administration is acceptable to determining Income ceiling.

## **7. Recommendatory Committee**

- i. Recommendatory Committee headed by Joint Secretary in-charge of Backward Classes Division with representatives of Finance Division, representative of Nodal Bank and concerned Director/Deputy Secretary as convener will examine and recommend the applications for award of interest subsidy on quarterly basis.
- ii. Out of the total outlay in a year, a minimum of 50% amount will be earmarked for Interest Subsidy to the girl candidates.

## **8. 'FUNDS-LIMITED' Nature of the Scheme**

Due to budgetary constraint, in practice, it has not been possible for the Central Government to provide assistance for giving subsidy on interest to all eligible students. The funds will be released to the applicants on first- come first-served basis, subject to a maximum amount to be worked out every year based on total budget made available that year, under the scheme. At the beginning of the each financial year, region-wise notional allocation of funds should be made by the Ministry.

## **9. Rate of Interest Subsidy**

- i. Under the scheme, interest payable by the students availing the education loans of the IBA for the period of moratorium (i.e. course period, plus one year or six months after getting job, whichever is earlier) as prescribed under the Education Loan Scheme of the IBA, shall be borne by the Government of India.
- ii. After the period of moratorium is over, the interest on the outstanding loan amount shall be paid by the student, in accordance with the existing Educational Loan Scheme as may be amended from time to time.
- iii. The candidate will bear the Principal installments and interest beyond moratorium period.

## **10. Implementing Agencies**

The Scheme will be implemented by the Nodal Bank as per MoU between the Banks and the Ministry of Social Justice & Empowerment.

## **11. Administrative Expenses**

- i. A provision not exceeding 2% of the annual budget allocation for the scheme will be made to meet the administrative and allied costs viz. expenditure for office equipments, including computers and accessories, advertisements, engagement of personnel, third party evaluation etc.
- ii. This provision will also be used for evaluation and monitoring of the scheme, through outside reputed institutions/agencies engaged by the Ministry of Social Justice and Empowerment, Government of India. Administrative cost of the Banks will be shared as per provision in the MoU.

## **12. Monitoring and Transparency**

- i. The Ministry of Social Justice and Empowerment shall monitor the performance of the scheme.
- ii. For this purpose, a web enabled monitoring mechanism shall be put in place by Nodal Bank.
- iii. The Nodal Bank will be required to furnish quarterly financial and physical progress reports to the Ministry.
- iv. The Nodal Bank will maintain year-wise details of the students receiving interest subsidy, indicating institute, location of the institute, course, gender, new or renewal, permanent address and parents address.
- v. The Nodal Bank will place relevant physical and financial details on their official website.

## **13. Minor Modifications/Changes**

Minor Modifications/Changes in the Scheme with no financial implications may be made by the Competent Authority.

## 14. Evaluation

The monitoring of the financial and physical performance of the scheme will be periodically evaluated by the assigning evaluation/impact studies to reputed institutions/agencies by the Ministry of Social Justice and Empowerment, Government of India.

## 15. \*Indicative Subjects/Disciplines covered under the Scheme (for Masters, M. Phil and Ph. D)

The subjects/disciplines in which courses may be undertaken for the grant of interest subsidy are listed below:-

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|--|---|
| i. Arts/Humanities/Social Sciences   | xxii. Nuclear Engineering   |
| ii. Commerce   | xxiii. Information Technology including Computer Engineering, Software, Software Quality Assurance, Networking/Connectivity Engineering, Communication system under Hazardous or Post-Disaster conditions, Multi-media Communication. |
| iii. Pure Sciences   | xxiv. Industrial Safety Engineering   |
| iv. Engineering  | xxv. Agriculture & Agro Technology  |
| v. BioTechnology/Genetic Engineering   | xxvi. Agronomy  |
| vi. Industrial Environmental Engineering   | xxvii. Medical  |
| vii. Nano-Technology   | xxviii. Floriculture & Landscaping  |
| viii. Marine Engineering   | xxix. Food Sciences & Technology  |
| ix. Petro-chemical Engineering   | xxx. Forestry & Natural Resources   |
| x. Plastic Technology  | xxxi. Horticulture  |
| xi. Cryogenic Engineering  | xxxii. Plant Pathology  |
| xii. Mechatronics  | xxxiii. Energy Studies  |
| xiii. Automation Robotics including artificial intelligence  | xxxiv. Farm Power & Machinery   |
| xiv. Laser Technology  | xxxv. Veterinary Sciences   |
| xv. Low Temperature Thermal Dynamics   | xxxvi. Soils & Water Management   |
| xvi. Optometry   | xxxvii. Plant Breeding & Genetics   |
| xvii. Art Restoration Technology   | xxxviii. Small-scale Rural Technology   |
| xviii. Dock and Harbour Engineering  | xxxix. Ocean & Atmospheric Sciences   |
| xix. Imaging System Technology   | xl. MBA   |
| xx. Composite Materials Engineering including Decentralized power Distribution (for Solar Heat) system, Energy Storage Engineering, Energy Conservation, Energy Efficient Habitat. | xli. MCA  |
| xxi. Packaging Engineering/Technology  | xlii. Any other Subject----*  |

\* Subject may be deleted or added by the Ministry from time to time as situation demands.

**FORM OF CERTIFICATE TO BE PRODUCED BY OTHER BACKWARD CLASSES  
APPLYING FOR APPOINTMENT TO POSTS UNDER THE GOVERNMENT OF INDIA**

This is to certify that Shri/Smt/Kumari \_\_\_\_\_  
son/daughter of \_\_\_\_\_ of village/town \_\_\_\_\_  
in District/Division \_\_\_\_\_ in  
the State/Union Territory \_\_\_\_\_ belongs to  
the \_\_\_\_\_ community which is recognized  
as a backward class under the Government of India, Ministry of Social Justice and  
Empowerment's Resolution No. \_\_\_\_\_  
dated \_\_\_\_\_.\* Shri/Smt/Kumari \_\_\_\_\_  
and/ or his/her family ordinarily reside(s) in the \_\_\_\_\_  
District/Division of the \_\_\_\_\_ State/Union  
Territory. This is also to certify that he/she does not belong to the persons/sections  
(Creamy Layer) mentioned in Column 3 of the Schedule to the Government of India.  
Department of Personnel & Training O.M.NO.36012/22/93-Estt(SCT) dated 8.9.1993\*\*.

District Magistrate  
Deputy Commissioner etc.

Dated:

Seal

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\*The authority issuing the certificate may have to mention the details of Resolution of Government of India, in which the caste of the candidate is mentioned as OBC.

\*\*As amended from time to time.

Note: The term "Ordinarily" used here will have the same meaning as in Section 20 of the Representation of the People Act, 1950.

# Frequently Asked Questions (FAQs)

**Q-1. Are the candidates included in the State/UT List are eligible for interest subsidy under the scheme?**

Ans. Applicants belonging to OBC category means, those whose communities/castes are included in the Central list of OBCs. Hence, respective state lists/UT lists will not be followed for this scheme. The Central List (state-wise/UT-wise) is available in the National Commission for Backward Classes (NCBC) website ([www.ncbc.nic.in](http://www.ncbc.nic.in)).

**Q-2. If any student has availed Education Loan subsidy under CSIS OR New CSIS scheme for under graduate Or Graduate courses, whether he/she will be eligible for Subsidy under proposed Dr. Ambedkar Central Sector Scheme of Interest Subsidy.**

Ans. The benefits under the scheme is available for:

- a. Studies abroad
- b. Courses leading to Masters (i.e. Post-Graduation, including PG Diploma), M.Phil and Ph.D.
- c. One time only (and not allowed even if similar benefit has been availed under different scheme).

**Q-3. What is meaning of Economically Backward Classes?**

Ans. Applicants belonging to EBC (Economically Backward Classes) category means, those whose communities/castes are not included in SC/ST/OBC categories, and whose annual income does not exceed Rs.2.50 lakh.

**Q-4. What is meaning of moratorium period?**

Ans. As per the scheme guidelines, the meaning of Moratorium period is, course period plus one year, OR course period plus six months after getting the job, whichever is earlier.

**Q-5. If the moratorium period is increased at the request of the student/borrower on genuine reasons, in such cases, whether the subsidy can also be provided for the extended period of moratorium?**

Ans. If the moratorium period is extended with the approval of the competent authority, subsidy can be provided during that period, subject to the condition that, fees are paid during the extended period of Moratorium.

**Q-6. In case of employed candidate, whether Income of employed candidate & his/her parents/guardians income to be clubbed for deciding income criteria eligibility for the proposed subsidy scheme?**

Ans. Parental income for eligibility will be considered only when the student is unemployed or the student is employed but on sabbatical (not receiving salary).

**Q-7. What are the documents acceptable for income certification under the scheme?**

Ans. For Income Certification, the certificate produced by the student for availing Educational Loan viz. ITR/Form 16/Audited Accounts/Income certificate issued by the authority of State Government/UT Administration is acceptable under the scheme.

**Q-8. In case of employed candidate, whether Income of employed candidate & his/her parents/guardians income to be clubbed for deciding income criteria eligibility for the proposed subsidy scheme.**

Ans. Parental income for eligibility will be considered only when the student is unemployed or the student is employed but on sabbatical (not receiving salary).

**Q-9. Whether income level at the time of sanctioning of loan only to be considered (OR) whether subsequent increase/decrease in parental income level will affect the eligibility of the student under the scheme?**

Ans. Income certificate submitted during loan application shall be treated as proof of annual income. Subsequent increase /decrease will have no effect on the eligibility.

**Q-10. Is there any reservation for girls students under the scheme?**

Ans. As per the guidelines, a minimum of 50% of the total allocation under the scheme every year shall be reserved for female students. However, in case of non-availability of adequate demands from female students, same can be utilised for male students.

**Q-11. What would be the amount of eligible loan component admissible for interest subsidy?**

Ans. For a student, the eligible loan component shall be the actual loan taken subject to a maximum of Rs.20.00 lakh for purpose of Interest subsidy claim.

**Q-12. As per guidelines, who are meritorious students?**

Ans. Meaning of Meritorious students under the scheme means, those who have already taken admission in the accredited Universities/Institutions abroad, subject to fulfilment of other eligibility and conditions. However, due to the funds-limited nature of the scheme, while selecting beneficiaries under the scheme, priority will be given to those students who have completed their qualifying education in a Government University/Institution before taking admission abroad.

**Q-13. Will a student pursuing a course which is partly in India and partly abroad, be eligible for interest subsidy?**

Ans. If the course pursued by the student is partly in India and partly abroad, the course will be eligible for interest subsidy, if the Degree is awarded by Foreign University.