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Central Sector Scheme
of
Interest Subsidy on Educational Loan for Overseas Studies
for Other Backward Classes (OBCs)
(Effective from 2014-15)

**Ministry of Social Justice and Empowerment
(Department of Social Justice & Empowerment)
Government of India**

Scheme of Interest Subsidy on Educational Loans for Overseas Studies for the Students belonging to the Other Backward Classes (OBCs)

1. Background

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

2. Objective

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

3. Scope

This is a Central Sector Scheme to provide interest subsidy to the student belonging to the OBCs on the interest payable for the period of moratorium for the Education Loans under the Scheme of Interest subsidy on Educational Loans for Overseas Studies to pursue approved courses of studies abroad at Masters 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 If a student is found to have obtained the subsidy by false statement/certificates, the subsidy will be withdrawn/ cancelled forthwith and amount of the subsidy paid shall be recovered with penal interest, apart from taking criminal action as per law.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 designated bank will maintain a separate account and records relating to the funds received from the Ministry 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 designated Banks 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 NBCFDC on behalf of the Ministry of Social Justice and Empowerment.

- viii. The designated Banks will lay down the detailed procedure for processing and sanctioning of interest subsidy to eligible students in consultation with NBCFDC.
- 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.

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.

6. Income Ceiling

- i. Total income from all sources of the employed candidate or his/her parents/guardians in case of unemployed candidate shall not exceed Rs.3.00 lakh per annum.
- ii. 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.
- iii. The OBC Caste certificate in the prescribed Performa (as per Annexure) issued by the competent authority must be taken by the Banks.

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. 50% Interest Subsidy will be given to the girl candidates.

8. 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.

9. Implementing Agencies

The Scheme will be implemented by the designated Banks as per MoU between the Banks and the NBCFDC on behalf of the Ministry of Social Justice & Empowerment.

10. 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.

11. 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 designated Banks.
- iii. The designated Banks will be required to furnish quarterly financial and physical progress reports to the Ministry.
- iv. The designated Banks will maintain year-wise details of the students receiving scholarship, indicating institute, location of the institute, course, gender, new or renewal, permanent address and parents address.
- v. Designated Banks will place relevant physical and financial details on their official website.

12. Minor Modifications/Changes

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

13. 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.

14. * 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:-

- i. Arts/Humanities/Social Sciences
- ii. Commerce
- iii. Pure Sciences
- iv. Engineering
- v. Bio-Technology/Genetic Engineering
- vi. Industrial Environmental Engineering
- vii. Nano-Technology
- viii. Marine Engineering
- ix. Petro-chemical Engineering
- x. Plastic Technology
- xi. Cryogenic Engineering
- xii. Mechatronics
- xiii. Automation Robotics including artificial intelligence
- xiv. Laser Technology
- xv. Low Temperature Thermal Dynamics
- xvi. Optometry
- xvii. Art Restoration Technology
- xviii. Dock and Harbour Engineering
- xix. Imaging System Technology
- xx. Composite Materials Engineering including Decentralized power Distribution (for Solar Heat) system, Energy Storage Engineering, Energy Conservation, Energy Efficient Habitat.
- xxi. Packaging Engineering/Technology
- xxii. Nuclear Engineering
- xxiii. Information Technology including Computer Engineering, Software, Software Quality Assurance, Networking/Connectivity Engineering, Communication system under Hazardous or Post-Disaster conditions, Multi-media Communication.
- xxiv. Industrial Safety Engineering
- xxv. Agriculture & Agro Technology
- xxvi. Agronomy
- xxvii. Medical
- xxviii. Floriculture & Landscaping
- xxix. Food Sciences & Technology
- xxx. Forestry & Natural Resources
- xxxi. Horticulture

- xxxii. Plant Pathology
- xxxiii. Energy Studies
- xxxiv. Farm Power & Machinery
- xxxv. Veterinary Sciences
- xxxvi. Soils & Water Management
- xxxvii. Plant Breeding & Genetics
- xxxviii. Small-scale Rural Technology
- xxxix. Ocean & Atmospheric Sciences
- xl. MBA
- xli. MCA
- xlii. Any other Subject-----*

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