

SBP-EDUCATION LOAN SCHEME
MOST IMPORTANT TERMS AND CONDITIONS

1. Purpose for which the loan can be availed:

- The loan will be sanctioned for extending financial assistance to deserving / meritorious students for pursuing higher education in India and abroad.

2. Courses Eligible:

Studies in India

- Graduation, Post-graduation including regular technical and professional Degree/Diploma courses conducted by colleges/universities approved by UGC/ AICTE/IMC/Govt. etc
- Regular Degree/ Diploma Courses conducted by autonomous institutions like IIT, IIM etc
- Teacher training/ Nursing courses lead to Degree or Diploma course and not to certification course approved by Central government or the State Government.
- Regular Degree/Diploma Courses like Aeronautical, pilot training, shipping etc. approved by Director General of Civil Aviation/Shipping

*Vocational Training and skill development study courses will be covered separately under IBA Model Loan Scheme for Vocational Education and Training of our Bank.

Studies abroad

- Graduation/ Post-graduation for job oriented professional/ technical courses offered by reputed universities
- Job oriented professional / technical Post Graduate Diploma courses offered by reputed universities.

3. Student Eligibility:

- Should be an Indian National
- Secured admission to Professional/Technical courses through Entrance Test/Selection process.
- Secured admission to foreign university/Institutions.
- No minimum qualifying marks stipulated in the last qualifying examination.

4. Expenses Considered for Loan:

- Fee payable to college/school/hostel: Where the student will be making his own boarding and lodging arrangements, the sanctioning authority is authorized to fund boarding and lodging expenses on the basis of estimate submitted by the student/parent, provided such expenses are not more than those charged by the educational institution for boarders.
- Examination/Library/Laboratory fee.
- Purchase of books/equipments/instruments/uniforms/computer - essential for completion of the course and any other expense required to complete the course like study tours, project work, thesis, etc., the amount considered for loan **should not exceed 20% of the tuition fees for the entire course.**
- Caution deposit /building fund/refundable deposit supported by Institution bills/receipts, the amount considered for loan **should not exceed 10% of the tuition fees for the entire course.**
- Travel expenses/passage money for studies abroad.
- Cost of a two-wheeler upto Rs. 50,000 can be included in the expenses considered eligible for finance where the loan amount is secured by a suitable third party guarantee and/or

tangible collateral security. Two-wheeler can be necessary in some cases where hostel and college are far apart.

- Premium of the insurance policy covering the life of the borrower for loan.

5. Maximum Loan Amount:

- Studies in India - Maximum Rs. 10.00 lacs
- Studies Abroad - Maximum Rs. 20.00 lacs

6. Margin:

- Upto Rs.4 lacs: Nil
- Above Rs.4 lacs: Studies in India: 5 %
Studies Abroad: 15 %

*Scholarship/assistantship to be included in margin.

*Margin may be brought in on year-to-year basis as and when disbursements are made, on a pro-rata basis

7. Security:

Upto Rs. 4 lacs

- Co-obligation of parents
- No security

Above Rs. 4 lacs and upto Rs.7.50 lacs

- Co-obligation of parents together with collateral security in the form of suitable third party guarantee.

Above Rs.7.50 lacs

- Co-obligation of parents together with tangible collateral security of suitable value, along with the assignment of future income of the student for payment of instalments.
- The documents should be executed by both the student and the parent/guardian as joint-borrower. It is clarified that if the student is a minor, the documents will be signed by the guardian acting 'for self' as well as 'for and on behalf of the minor'.
- The co-obligator should be parent(s)/guardian of the student borrower. In case of married person, co-obligator can be spouse or the parent(s)/parents-in-law.

8. Processing Charges:

- No processing/upfront charges may be collected on educational loans.

For loans to students going abroad:

- All those students who approach us for an education loan of more than Rs.4.00 lacs for studies abroad will be required to make a deposit of Rs.5000/- which will be adjusted against the contribution of margin money or the interest payable on the loan, in case the loan is availed by the applicant. If the applicant does not avail the loan within a period of 4 months of sanction of the loan, the amount will be forfeited.

9. Interest Charges:

For Interest Charges, visit our website www.sbp.co.in

- a) 0.50% concession in interest rate for girl students availing Education Loans with effect from 10th April, 2009.
- b) 1% concession in rate of interest to be provided for full tenure of the loan if full interest is serviced during the moratorium period (including course duration). The interest should be serviced promptly soon after application but not later than the following month to avail the concession.
- c) Simple interest to be charged during moratorium period.

- d) Penal interest @ 2% to be charged for loans above Rs.4 lacs for the overdue amount and overdue period.

10. Sanction & Disbursement:

- The loan is generally sanctioned at the branch nearest to the permanent residential address/place of domicile of the student/parent.
- The loan to be disbursed in stages as per the requirement/ demand directly to the Institutions/Vendors of books/ equipments/ instruments to the extent possible.

11. Repayment:

Repayment Holiday/ Moratorium: Course period + 1 year, or 6 months after getting job, whichever is earlier.

Repayment: The loan is to be repaid in 5-7 years, after commencement of repayment.

- If the student is not able to complete the course within the scheduled time, extension of time for completion of course may be permitted for a maximum period of 2 years. If the student is not able to complete the course for reasons beyond his control, the sanctioning authority may at his discretion consider such extensions as may be deemed necessary to complete the course.
- The accrued interest during the moratorium period/repayment holiday period to be added to the principal and repayment to be fixed in Equated Monthly Installments (EMI).

12. Top up Loan:

Second loan (Top Up) Loan within the overall limit may be permitted to pursue a professional course in India or abroad if such further studies are commenced during the moratorium period of the first loan and subject to the second loan being allowed with the security requirements as applicable to the aggregate loan limit, provided the projected income of the student, after placement, is sufficient to cover full loan repayment. Since the student will not be able to take up a job after completion of the first course, his obligation to repay the loan after one year of completion of the first course would also need to be deferred. In such cases, the repayment of the loan will commence after the completion of the second course and further moratorium period and the combined repayment of the loan will commence after the completion of the second course, or 6 months after taking up a job whichever is earlier.

13. Customer Service:

For any service related issue, customer can get in touch with SBP by:

- Calling Customer helpline numbers
- Contact Customer Grievance cell at our Head Office
- Write to Grievance cell at our Head Office

(Details on helpline numbers and Grievance cell available on www.sbp.co.in)

Disclosure:

State Bank of Patiala is authorized to disclose from time to time any information relating to the loan to any credit bureau (existing or future) approved by Government of India and Reserve Bank of India without any notice to the borrower. State Bank of Patiala is also authorized to make inquiries with the Credit Information Bureau of India (CIBIL) and get the applicants Credit Information Report.