

Annexure -9.44

Minutes of the Sub-Committee Meeting of SLBC, Kerala On Education Loan (Management Quota Admissions) held on 02.03.2015 (2nd & Final Sitting) at Canara Bank, Circle Office, Trivandrum
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The Special Meeting of SLBC, Kerala held on 30.01.2015 at Trivandrum decided to constitute a sub-committee consisting of the following members to examine the issues related to Education Loan (Management Quota Admissions) in detail.

The forum also decided that the LDMs shall be special invitees of the Sub-committee and the committee shall place its report in the SLBC, in its next meeting. As per the decision of the SLBC, the first meeting of the sub-committee met on 04.02.2015 at Canara Bank, Circle Office, Trivandrum. Subsequent to that the 2nd and Final sitting on 02.03.2015 arrived at a conclusion in all the issues and recommendations were made thereof.

Members

1. Sri. C. V. Venkatesh, GM, SBI, LHO, Trivandrum (Chairman)
2. Dr. T. V. Duraipandi, DGM, Canara Bank, CO, Trivandrum (Convenor)
3. Sri. B. Bhaskara Sastry, DGM (P&SB), SBT, HO, Trivandrum
4. Sri. U. Dinesh Pai, DGM, Syndicate Bank, RO, Trivandrum
5. Sri. V. Y. James, DGM, Federal Bank, RO, Trivandrum
6. Sri. Joseph Cyriac, Chief Manager, Kerala Gramin Bank, RO, Trivandrum
7. Sri. P. Regi Varghese, Addl. Secretary, Planning & Economic Affairs Dept, GoK

The following issues and suggestions that had emanated from various sources and placed in the agenda notes of the Special SLBC meeting of 2015 Jan 30th were discussed in the committee

Issues

1. *As per RBI guidelines banks have the freedom to fix the eligibility norms, security, loan amount and other sanction terms and these are different for different banks*
2. *The interest rates also vary widely with banks*
3. *Many of the applications may be grossly ineligible and there are fair reasons to reject them. But there are a few cases where the student deserves, but narrowly missed one qualifying condition or other. In such cases certain banks exercise their discretion while certain others do not.*
4. *For the above 3 reasons, there is more load on banks with lenient Terms*
5. *Student not having qualifying marks - often low marks*
6. *Institution not recognised or Course not recognised - especially for Study outside Kerala & even abroad studies*
7. *Lack of clarity regarding curriculum & poor placement history*
8. *Some institutions resorting to unethical practices like exorbitant & unrealistic fees structure, different types fee structure for same batch, appointing agents for canvassing, intimidation by agents, unauthorised reimbursement of fees to students etc.*
9. *Institution black listed by the bank due to above unethical practices*
10. *Security is required as per scheme and student unable to give*
11. *It is possible that the higher pricing may deter students from approaching a bank*
12. *There are many organisations that discourage repayment of loans which will lead to a vicious cycle detrimental to the students as well as banks.*

The Sub –Committee decided the following.

1 - Admissions outside state

Admission in an institution outside the state should be treated as Management Quota admission unless; it is channeled through the state/national entrance process.

2 - Marks eligibility norms

- 1. For all categories 60% marks for each qualifying subjects should be stipulated.*
- 2. Waiver of 5 % marks for any one of the qualifying subject may be allowed, if the student has 60% aggregate marks in the qualifying subjects.*
- 3. The student should have passed the qualifying examination in not more than 2 attempts.*
- 4. Student should have secured Overall 50% marks in Qualifying Exam apart from the above three criteria.*

3 - Security norms

Security norms should be uniform for all banks. It was decided to adopt the prevailing SBT norms given below.

- 1. For loans up to Rs.2.5 lakhs- No security. Parent to be joint borrower*
- 2. For Loans between Rs.2.5 lakhs to Rs. 4 lakhs - Third party guarantee having net worth to cover the loan amount or equitable mortgage of landed property with sufficient value.*
- 3. For loans above Rs.4 lakh- Equitable mortgage of landed property with sufficient value*

4 - Differentiation between categories of admission (Management Quota admissions and admission to Management Fees category through merit channel)

- 1. It is the prevailing guidelines.*
- 2. There are stray incidents of wrong interpretation of the guidelines at operational level, which the individual banks have to suitably address.*

5 - Quantum of loan

It is necessary to arrive at a reasonable cap on the quantum of loans for various courses separately and the following was decided.

- 1. Diploma including PG Diploma – Rs.2 lakhs.*
- 2. Engineering Degree, Graduation in Engg – Rs.4 lakhs.*
- 3. Professional B Sc Courses not mentioned elsewhere in this list – Rs.3 lakhs.*
- 4. B Sc. Paramedical Courses – Rs.3 lakhs.*
- 5. Masters in professional Courses – Rs. 3 lakhs.*
- 6. All Agricultural and allied Courses offered by Agricultural Universities, Veterinary Science Universities, University of Fishery Sciences such as B Sc. Agri, B Sc. Horti, B Sc Forestry, BVSc, B Sc Dairy Science, B Sc Fisheries, B Tech Agri. Engg., BSc Co-operation Banking and Management etc to name a few – Rs. 4 lakhs.*

6- Caution list of institutions

*It is desirable to maintain a caution list by the SLBC and updated every quarter. However , placing of an institution in the list shall be made with due diligence , after due discussions in the SLBC
The Government of Kerala may do Grading of Colleges and/or courses and circulate the same to all Banks*

7 - Exercising discretion waiving in terms & conditions

- 1. This provision is already there in the member banks*
- 2. The banks should instruct their branches to refer the application to the designated authority in deserving cases*

8 - Decisions on Suggestion 8- Citing specific reasons for Rejection

- 1. As per the Damodaran Committee recommendations it is mandatory.*
- 2. But there are cases of deviations at operational level.*
- 3. So it advised the SLBC Cell to prepare a draft uniform format and check list containing reasons for rejection and circulate the same to banks (Address of Colleges, courses etc.)*

9 - The government of Kerala has liberalized the entrance qualification norms in the state. So, the above proposed norms may not affect the students' prospective to get admission for professional course under Management fees.

This was for information only

10 - Granting of further Education Loans

If a student is applying for an education loan for further studies, when he has an existing education loan, the application should be entertained by the same Bank and considered on merits. It should not be rejected for the reason of having a loan with the same bank or for not belonging to the Service area of the Bank.

11 - Insurance coverage

Both student and parent may have life insurance coverage. Premium towards such insurance may be funded by the lending banks upon their discretion.

12 - IT PAN

PAN card should be mandatory for the parties to the loan (student and parent and guarantor/co-obligant)

- 1. The committee accepted the recommendation.*
- 2. Where loan is disbursed in installments, the parties may be given time till the second disbursement to submit PAN.*
- 3. Where the loan is disbursed in a single installment, the PAN should be made available before availing the loan.*

13 - Rationalization of Interest rate – (There exist wide variations in the interest rate among banks. High rate of interest creates an entry barrier. It not only prevents eligible students from approaching such banks , but cause over load in banks with lower pricing)

The committee recommended that the matter has to be taken up with IBA, requesting to fix uniform rate of interest to all banks.

14 - Interest subvention for Management Quota – (Interest subvention should be made available for Education loan under management quota also)

The committee decided that SLBC should take up the matter with the Government of India.

Other General Decisions of the Committee

- 1. Nearest Bank branch to the place of residence of the student to consider the education loan for the student.*
- 2. The committee requested the State Government to provide adequate support for recovery under Education loans.*
- 3. Only full time regular courses will be eligible*

Final recommendations was made in the 2nd sitting attended by the following participants

Participants

1. Sri. C. V. Venkatesh, General Manager, State Bank of India
2. Dr. T. V. Duraipandi, Deputy General Manager, Canara Bank
3. Sri. B. Bhaskara Sastry, Deputy General Manager, State Bank of Travancore.
4. Sri. Mercian Chinniah, Chief Manager, SBT, HO, Trivandrum.
5. Sri. C. V. Sriram, Assistant General Manager, State Bank of India
6. Sri. K Harikumar, Chief Manager, Syndicate Bank, RO, Trivandrum.
7. Sri. James V Y, Deputy General Manager & Zonal Head, Federal Bank
8. Sri. Dilip Khan A, Deputy Secretary, Planning & Economic Affairs Department
9. Sri. George Mathew, Divisional Manager, Canara Bank
10. Sri. Suresh K P, Regional Manager, Kerala Gramin Bank
11. Sri. G. Nandakumar, Senior Manager, Canara Bank
12. Sri. N. K. Jayarajan, Senior Manager, Syndicate Bank
13. Sri. Deepak D, Manager, Canara Bank
14. Sri. Sivalal M. Research Officer, Planning & Economic Affairs Department