

Annexure-8.49



GOVERNMENT OF KERALA Abstract

Finance Department –Bank Guarantee scheme for students who secure admission in the designated Self Financing Medical Colleges in Kerala - Guidelines - Orders issued.

FINANCE (PLANNING - A) DEPARTMENT

G.O (P)No.118/2017 /Fin.

Dated, Thiruvananthapuram 30/08/2017

Read: Minutes of the meeting convened by Additional Chief Secretary (Finance) with representatives of various banks held on 30.08.2017.

ORDER

Government had authorized the Additional Chief Secretary (Finance) to evolve a bank guarantee scheme for students to secure admission in the designated self financing medical colleges in Kerala in compliance of the verdict of Hon'ble Supreme Court dated 28.08.2017 that students seeking admission in Private Medical Colleges in Kerala have to submit bank guarantees for an additional amount of Rs.6 lakhs, within 15 days.

2. Accordingly, Additional Chief Secretary (Finance) held discussions with representatives of State Level Banker's Committee (SLBC) and various banks to evolve a bank guarantee scheme for students who secure admission in the self financing medical colleges in Kerala. In the meeting it has been decided, inter alia that government shall extend bank guarantee for an additional amount of Rs. 6 lakh for any needy student having short term difficulty in mobilizing the additional amount.

3. Government after having examined the matter in detail are pleased to issue the following detailed guidelines for the implementation of **Bank Guarantee**

**scheme for students who secure admission in the designated self financing
Medical Colleges in Kerala.**

(BY ORDER OF THE GOVERNOR)

DR. K. M.ABRAHAM
ADDITIONAL CHIEF SECRETARY (FINANCE)

To

The Principal Accountant General (A&E), Kerala, Thiruvananthapuram
The Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram
The Accountant General (E&RSA), Kerala, Thiruvananthapuram
The private Secretaries to Chief Minister, Ministers and Leader of
Opposition
The Additional Secretary to Chief Secretary
The Higher Education Department
The Planning & Economic Affairs Department
The Director, Information & Public Relations Department (For publicity
through print & visual media including web & new media)
The Director of Treasuries, Thiruvananthapuram
The Convenor, SLBC, Thiruvananthapuram
The Nodal Officer, www.finance.kerala.gov.in
Stock File/Office Copy

Forwarded/By order



Section Officer

**Guidelines on Bank Guarantee scheme
for students who secure admission in the
designated self financing Medical Colleges in Kerala**

1. Short title and commencement: -

This scheme may be called “Bank Guarantee scheme for students who secure admission in the designated self financing Medical colleges in Kerala”.

2. Date of effect:- The scheme shall come into force with effect from 05.09.2017.

3. Scope of scheme: -

The scheme is intended to extend bank guarantee for an additional amount of Rs. 6 lakh for any needy student having short term difficulty in mobilizing the additional amount in compliance of the verdict of Hon’ble Supreme Court dated 28.08.2017 that students seeking admission in Private Medical Colleges in Kerala have to submit bank guarantees for an additional amount of Rs.6 lakh, within 15 days.

4. General conditions:

Type	:	Financial Guarantee
Amount	:	Rs. 6 lakh
Term	:	6 months
Beneficiary	:	The Principal of the Self Financing Medical College
Principal debtors	:	The student & parent (spouse if student is married)

Collateral security:

1. Personal Guarantee of a third person with sufficient net worth
2. Kerala Government Guarantee for the full amount.

Margin : Nil

Charges :

- At normal applicable rates.
 - Waived for students belonging to SC/ST , BPL and dependents of cashew workers, coir workers, handloom workers and fishermen.
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- Entry in the 10th pass certificate shall be taken as proof for SC/ST category. If the 10th pass certificate does not contain the information, the student may bring a certificate from appropriate authority.
- BPL ration card shall be taken as proof for BPL category.
- Membership of the parent/spouse in the respective welfare fund shall be taken as proof for families of cashew, coir, handloom workers and fishermen.
- GST @ 18 % on the applicable bank charges is to be borne by the applicant.

Accounting and recovery of devolved liability

- The Principal of the College shall provide reasonable time for the student to pay the fees after the Fee Regulatory Commission fixes the fees and the fees becomes due. The Principal shall serve at least two notices to the student in case he fails to make the payment on the due date. If the student fails to pay the fees even after that, then the Principal can invoke the Bank Guarantee.
 - In the event of the Guarantee getting devolved, the bank shall pay the invoked amount and recover it from the Principal debtor(s) and the Third-Party Guarantor as per the normal procedure in vogue.
 - The Bank will simultaneously initiate legal processes to recover the amount from the Principal Debtor/Third Party Guarantor.
 - In case the Bank is unable to recover the amount within a period of six months from the date of default, then the Bank will invoke the Government Guarantee, whereupon Government shall pay the amount defaulted to the Bank within a period of one month of invoking such guarantee.
 - The bank may at its discretion, sanction a bridge loan to the principal debtors, with tenure of 6 months for any needy student having short term difficulty in mobilizing the devolved amount. The devolved liability shall be debited to such bridge loan and recovered in 6 monthly installments. In such cases, the bank shall obtain necessary documents as applicable to the above facility, along with Guarantee documents
 - If such a bridge loan is sanctioned to the student, the Government guarantee shall cover the bridge loan also and the recovery procedure detailed above in the guarantee condition shall apply mutatis mutandis in this case also.
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Documentation

In addition to the normal papers and documents as applicable to the facility, the bank shall also obtain the following:

- Declaration in the format given in **Appendix I** (countersigned by the College Principal or Commissioner of Entrance Examinations)
- Copy of the NEET seat allotment
- Receipt for having remitted the cash portion of Rs. 5 lakh in the College.

Guarantee format

- Guarantee shall be issued in the standard format of the bank for financial guarantees

5. Other conditions:-

- This facility is extended for the sole purpose of facilitating a student to submit the necessary bank guarantee as directed by the Hon'ble Supreme Court in order to secure admission to the MBBS course in any approved self financing medical college in Kerala, and is not intended for meeting the educational expenses that will be incurred for studying the course
 - Sanctioning of this bank guarantee does not imply any commitment from the bank to sanction education loan or any other type of loan to meet the cost of education of the student
 - After the fees for MBBS Course is fixed by the Fee Regulatory Commission, the Student is required to remit the applicable fees for the 1st year to the college
 - If the student desires to avail Education loan or any other credit facility to meet the cost of the course, he/she must apply separately to this bank or any other bank. Such facility shall be considered by that bank strictly on its merits and conditions applicable to such loans.
 - In the case where the student is sanctioned an educational loan subsequently from the same bank, the initial disbursement from the loan shall be made towards the liquidation of the contingent /invoked liability arising out of this Guarantee.
 - In the case, where the educational loan is availed from another bank, that bank shall counter guarantee the bank which issued the original standalone
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guarantee where the guarantee has not expired. In the cases where the guarantee has been devolved, the first disbursement in the loan shall be towards the liquidation of the devolved liability

- In the case where the student subsequently gains admission to a college at Government fees, this guarantee shall be returned to the issuing bank.
 - In the case where the student secures admission in another self financing medical college with the same guarantee requirements, he/she shall apply afresh for a new guarantee after surrendering the present one.
 - In case the student does not apply for an educational loan but is able to raise the additional fee on his/her own, the guarantee will cease to be in force at the end of six months or when the original guarantee letter is surrendered to the Bank whichever is earlier.
 - In cases, where the student has already applied and been sanctioned an educational loan for the entire course, the guarantee amount of Rs.6 lakh will be issued from the limit sanctioned.
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