



Personal Banking

Type of Products and Features

Assets – Education Loan

- Loan offered by banks to students to pursue higher studies in India or abroad
- Loan for Graduate, Post-Graduate, Engineering, Medical, MBA and Vocational Courses offered by recognized/reputed institutions having fair employment potential
- Not required to repay the loan during the period of study
- To facilitate poor meritorious students pursuing higher loans up to Rs.4 lakh lower rate, without margin and security
- Guarantee and Security normally stipulated for higher amounts of loan
- Loan up to Rs.20 lac for study in India and abroad
- Father/guardian/spouse taken as co-applicant in case of full-time courses

Eligibility -

- Resident Indians , aged between 16 to 35 years
- For studying in India as well as abroad

Eligible Courses

For Studies in India:

- Degree/post degree/diploma courses in Management, Engg., Medical, Architecture, Agriculture, Veterinary, Law, Dental, Computer Engineering etc like IIM, ISB, MDI, XLRI, IIT, CA, CFA
- Graduation/Post Graduation courses: BA, B.Com, B.Sc, M.Sc& PhD
- Other courses leading to diploma / degree etc approved by UGC/ Govt / AICTE etc

Studies abroad:

- Graduation/Post Graduation courses offered by reputed universities

Eligible Expenses

- Admission/Examination /Library/Laboratory /Hostel Fee
- Caution deposit / building fund / refundable deposit
- Purchase of computer/books / equipment / instruments / uniform
- Travel expenses / passage money for studies abroad
- Any other expense required to complete the course -like study tours, project work, thesis etc.

Loan Amount

- Up to Rs.10 lacfor studying in India
- Up to Rs.20 lacfor studying abroad
- Some banks offer higher limits

Margin

- No margin for loan up to Rs. 4 lac
- Above Rs.4 lac–
 - 5% for studying in India
 - 15% for studying abroad

Security

- No collateral or guarantor up to Rs.4 lac
- Father/Guardian/Spouse taken as co-applicant
- Above Rs. 4 lakh, guarantor and/or collateral security depending upon the amount of loan
- Collateral security -mortgage of property/securities , owned by the co-applicant or the guarantor
- Life Insurance Policy of the student assigned to the bank

Interest Rate and charges

- Linked to Base Rate –around 2.5 to 4 per cent above base rate
- Concession in interest rate for studying in premier institutes, to girl students or to physically challenged students
- Simple interest rate during the course of study and recovered after the period of moratorium, along with repayment of principal in instalments
- Some banks apply and recover the interest on monthly basis
- No processing fee
- Income Tax deduction is available for loan repayment under Section 80E up to Rs.25000

Repayment Schedule

- 5-7 years -commencing one year after completion of course or 6 months after getting employed, whichever is earlier

- Proof of Age
- Mark sheets of last qualifying examination
- Proof of admission, scholarship, studentship etc
- Schedule of expenses for the specified course
- KYC of applicant, co-applicant and the guarantor
- Borrower's Bank account statement for the last six months
- Proof of Income, IT Return of last 2 years and statement of assets and liabilities of the parent(s)/guardian/spouse/ guarantor

- Directly to the institute towards dues payable to them
- Other expenses to be incurred credited to student's account
- Receipts from the institute and for incurred expenses to be submitted later to the bank
- For subsequent disbursements, following documents are required to accompany the request letter from the student/co-applicant –
 - Demand letter from the institute
 - Progress report for the previous session
 - Business Process

Periodic Review:

- At the time of subsequent disbursements -progress report, submission of the bills/receipt, servicing of interest (wherever applicable) etc.
- Post completion of the course, setting up repayment schedule, recovery of EMI

Adhoc Review/Revision of limit:

- Increase in fee, revision in interest rate, change in course, death of the guardian/guarantor etc.
- Execution of documents and resetting of schedule

Prepayment of the loan:

- Pre-payment within first 6 months not permitted by some banks and prepayment penalty is charged up to 4% of the outstanding loan amount
- Other banks do not have such penalty clause

Foreclosure if:

- the student ceases to study
- the student does not make up to the required grade
- the bonafide of the student is found doubtful
- the death of the student/guardian/guarantor
- any other reason resulting in contravention of the agreed terms of loan
- Recovery proceedings involve legal process including liquidating security and proceeding against student/co-applicant/guarantor for recovering shortfall if any

- RBI guidelines for income recognition, assets classification and provisioning –if due for more than 90 days, the loan is deemed as NPA and categorized as “sub-standard” category.
- If the default period increases to one year, the loan is shifted to “doubtful” category.
- If any Loan is considered unrecoverable for any reason, the same is categorized under “loss”.
- Banks have to make provisions based on the category of NPA, period of default and availability of security.
- If categorized as “NPA”, the entire amount of unrecovered interest to be reversed and application of interest to cease



CORPORATE HEADQUARTERS

Lords Tower, Block 1, 2nd Floor
Jawaharlal Nehru Road,
Thiru Vi Ka Industrial Estate
Ekkaduthangal, Chennai – 600 032

www.maveric-systems.com

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GLOBAL LOCATIONS

INDIA

SINGAPORE

UK

US

DUBAI

RIYADH

MALAYSIA

MEXICO

