

## **4. SBI SKILL LOAN SCHEME**

(Earlier SBI Loan scheme for Vocational Education & Training)

### **4.1 PURPOSE**

SBI Skill Loan Scheme aims at providing a loan facility to individuals who intend to take up skill development courses as per the Skilling Loan Eligibility Criteria.

### **4.2 COURSES AND INSTITUTION ELIGIBILITY**

- **Training Institutes/ Courses:** Courses run by Industrial Training Institutes (ITIs), Polytechnics, training partners affiliated to National Skill Development Corporation (NSDC)/ Sector Skill Councils, State Skill Mission, State Skill Corporation, preferably leading to a certificate/ diploma/ degree issued by such organisation as per National Skill Qualification Framework (NSQF) are eligible for a Skilling Loan.
- Schools recognised by Central or State Education Boards or Colleges affiliated to recognised university leading to a certificate / diploma / degree issued by such organisation as per National Skill Qualification Framework (NSQF) is eligible for a Skilling Loan.
- There is no minimum course duration.

**4.3 NATIONALITY:** The applicant should be an Indian National

### **4.4 MINIMUM AGE**

There are no specific restrictions with regard to the Age of the student to be eligible for Skill loan. However, if the student is a minor while the parent executes documents for the loan the bank will obtain a letter of acceptance/ ratification from him/her upon attaining majority as in the case of Education loan.

### **4.5 MINIMUM QUALIFICATION**

As required by the enrolling institution/ organisation as per National Skill Qualification Framework (NSQF)

### **4.6 KNOW YOUR CUSTOMER (KYC) NORMS**

Aadhaar number will also be considered as a valid proof of KYC norms in addition to the other identity and address proof as per the norms of Student Loan Scheme.

### **4.7 QUANTUM OF FINANCE**

- Minimum Loan Amount: Rs. 5000
- Maximum Loan Amount: Rs. 1,50,000
  - For Govt. Institutions: No separate validation of fees
  - For Private Institutions for loans above Rs.50,000 : Fee structure will be validated by the PBBU of the concerned LHO. For this purpose, the PBBU at LHO will identify a nearby Branch which can verify changes in fee structure on an ongoing basis

#### 4.8 MARGIN: NIL

#### 4.9 RATE OF INTEREST

(Please refer to latest circular for current rate of interest and the latest product codes)

##### Revised Floating Interest Rate linked to 1 year MCLR as on 30.06.2017

1 year MCLR	Spread	Effective Interest Rate	Reset Period
8.00%	1.50%	9.50%	1 year

- **Concession:** 1% concession for full tenure of the loan, if interest is serviced promptly as and when applied during the moratorium period, including course duration
- The existing borrowers under Base Rate linked rate will be permitted to switch-over to the MCLR linked rates for which a fee of Rs. 500 + applicable Service Tax will be charged.

#### 4.10 PROCESSING CHARGES: NIL

#### 4.11 SECURITY

- No collateral or third party guarantee will be taken.
- However, the Parent/ Guardian will execute loan documents along with the student, as joint borrower (co-borrower). Spouse may be included as co-applicant wherever applicable, in addition to Parent/ Natural Guardian.

#### 4.12 AUTHORISED BRANCHES

- In case of Government Institutes: All Branches, except Rural Branches, are eligible for doing Skill Loans.
- In case of Private Institutes: PBBU at the concerned LHO will identify a nearby Branch which can verify changes in fee structure on an ongoing basis. As far as possible, loans in respect of such Institutions will be routed through the mapped Branch.

#### 4.13 SANCTION & DISBURSEMENT

- **In case of Government Institutions:** Branch will source the Skill Loan applications and process the same as per the laid down instructions for Education Loans under BPR, i.e.-
  - Branch will source the application and send it to CPC for processing
  - CPC will process, sanction and disburse the loan amount to the respective institution directly as per the fee schedule of the institution
  - Post Sanction monitoring and Follow-up will be done by the CPCIn case of non-BPR centres,
  - Branch will source and send the proposals to LPCs and respective RBOs for sanction. After sanction, Branch will disburse and maintain the loans.
  - Post Sanction monitoring and Follow-up will be done by the Branch concerned.
- **In case of Private Institutions:** Loans upto Rs.50,000 will be done as per the laid down instructions for Education Loans under BPR/ non-BPR as mentioned above. However, for higher loan amount, fee structure will be validated by the PBBU of the concerned LHO. Apart from this, all other instructions in respect of loans upto Rs.50,000 to be followed.

**4.14 MORATORIUM PERIOD**

- Courses of duration upto 1 year: upto 6 months from the completion of the course
- Courses of duration above 1 year: 12 months from the completion of the course

**4.15 REPAYMENT**

- Loans upto Rs.50,000: Upto 3 years
- Loans between Rs.50,000 to Rs.1 lakh: Upto 5 years
- Loans above Rs.1 lakh: Upto 7 years

**4.16 INSURANCE:** Insurance will be optional as per the choice of the borrower

**4.17 PAN/ AADHAAR CARD**

- PAN/ Aadhaar details of the borrower will be obtained during the course period.
- However, no loan application to be rejected for the mere want of PAN/ Aadhaar details.

**4.18 BANK MITRA**

Branch Officials handling these advances will act as 'Bank Mitra' and popularise the scheme. Bank Mitra will work as a bridge between bank, training institute and trainee/ loan aspirants.

**4.19 STANDARD OPERATING PROCEDURE**

The Standard Operating procedure document for the Skill Loan Scheme is attached as an '*Annexure-XI*' to this circular.

All other terms and conditions as applicable under 'SBI Student Loan Scheme' will also be applicable to 'SBI Skill Loan Scheme'. Loan Documents as applicable to Education Loans may be used for this scheme. Wherever necessary, the term 'Education Loan' should be replaced by 'SBI Skill Loan Scheme'.