

SBT introduces one-time settlement of student loans

Our Bureau

Thiruvananthapuram, December 3:

State Bank of Travancore (SBT) is introducing a new OTS scheme called 'SBT Karunya' for education loan borrowers.

This is an initiative aimed at borrowers who happen to be in distress due to factors beyond their control, an SBT spokesman said here.

Timeframe

This scheme is open from December 1 to January 30. The existing compromise settlements for all education loans facing other issues shall continue simultaneously.

In such cases, write-off of even up to 50 per cent of interest amount could be considered on case-to-case basis, the spokesman said.

This is expected to be a relief for the underprivileged/unemployed students and their parents who are in distress. The scheme covers education loans for courses in India up to Rs. 4 lakh.

In the unfortunate event of the demise of the borrower (student), concession is given up to 100 per cent of the principal and interest. In this case, without remitting any money, the account will be written off and the family will be relieved of the entire dues to the bank.

A concession will be granted up to 90 per cent in principal and 100 per cent in interest if at least any two of the following conditions apply:

The student is incapacitated by terminal illness/invalid; earning parent is deceased and the family do not have any landed property; earning parent is incapacitated by terminal illness and the family does not have any other valuable assets; student not securing a job three years after successful completion of the course.

For instance, if any two of the above conditions apply in the case of an education loan with a principal of Rs. 4 lakh and interest of Rs. 1 lakh, the account can be cleared by remitting an amount of Rs. 40,000.

(This article was published in the Business Line print edition dated December 4, 2015)