

Chief Executive

No. CE/209

31st May, 2012

To :
Chief Executives of all Member Banks

Dear Sirs,

IBA MODEL LOAN SCHEME FOR VOCATIONAL EDUCATION AND TRAINING

Please refer to our circular No. SB/CIR/10-21-VC/4715 dated 20th December, 2011 enclosing a 'Model Educational Loan Scheme for Vocational Courses. On subsequent interactions with the Dept. of Financial Services and the Prime Minister's National Council on Skill Development under the Chairmanship of Mr. S Ramadorai brought out the need for bank loans for Skill Development training involving periods even lesser than 6 months. It was informed that National Council on Skill Development has ambitious plans to develop skilled work force in the country and around 25 lakh persons are expected to avail credit for vocational / skill development programmes in the next 3 years. The Prime Minister's office also sent us some suggestions for modifying the Model Scheme to make the bank scheme in line with the Govt. plan for Skill Development. IBA also interacted with some of the Skill Development Institutes in Maharashtra for feedback and suggestions.

The IBA Sub-Committee on Educational Loan Scheme considered the suggestions and the revised Model Scheme was placed before the IBA Managing Committee at its meeting held on 25th May, 2012. The Managing Committee after discussions approved the changes in the Scheme including change in the title of the Scheme. The Model Educational Loan Scheme for Vocational Courses will now be called as '**IBA Model Loan Scheme for Vocational Education and Training**'.

A copy of the revised Model Scheme is enclosed for your perusal. Member Banks may like to adopt and implement the Scheme with effect from 1st July, 2012, after taking the approval of the Bank's Board.

While on the subject, Member Banks may kindly note that the Govt. is proposing to establish a Credit Guarantee Fund Trust to administer and operate Credit Guarantee Fund for loans granted by banks for Vocational Courses including Skill Development. The details are being worked out.

Yours faithfully,

(K Ramakrishnan)

Encl. : Copy of revised Model Scheme.

sb/vocational courses/cir ces model loan sch for voeL courses.

c.c. to : 1) All SLBC Convenors

2) All Members of the IBA Sub-Committee on Educational Loan Scheme