

National Pension and Provident Fund Student Loan Scheme

Terms and Conditions

1. Name of the Loan Scheme: Student Loan Scheme

2. Purpose: Provide financial support to pursue higher education

3. Eligibility: Must be a Bhutanese citizen and must have secured admission in institutions recognized by Ministry of Education

4. Coverage: Graduate and higher studies including vocational trainings

5. Courses: Commerce, Economics, Accounts and Finance, Science, Mass Media/Journalism, Professional Courses and Vocational trainings

6. Loan Amount: Up to a maximum of Nu. 500,000/-

7. Interest Rate: 8 % p.a. during grace period and 9 % p.a. thereafter

8. Loan Term: 15 years after grace period

9. Grace Period: Course period plus 1 year or 6 months after employment whichever is earlier

10. Collateral

- a. Loans must be guaranteed by current NPPF members
- b. All loans must be covered under the loan Protection Insurance Scheme

11. Repayment Options: The guarantor or students shall be given the following repayment options:

- a. Pay interest while in Institute/college to reduce accruing interest amount

- b. Start repayment immediately or anytime while in institute to reduce loan amount
- c. Repay the loan only after grace period

12. Assessment of Repayment Capacity: 60% of expected gross salary of student or other source of income in case of mortgage of properties. However, the calculated EMI shall not exceed Guarantor's net pay/rental income

13. Release of Loan:

- a. a Tuition Fee to be released directly to the Institute semester/year wise
- b. After payment of tuition fees the balance if any shall paid to the students for meeting other expenses annually over the study period based on progress reports

14. Monitoring System: NPPF shall monitor progress of students from time to time. Also, students must submit progress reports to NPPF at regular intervals and before subsequent release of loan.