

**GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP**

LOK SABHA

**UNSTARRED QUESTION NO. 3504
TO BE ANSWERED ON 16.03.2020**

LOAN FOR SKILL DEVELOPMENT FOR POOR AND BACKWARD CLASSES

3504. SHRI C.N. ANNADURAI:

Will the Minister of SKILL DEVELOPMENT AND ENTREPRENEURSHIP be pleased to state:

- (a) whether the Government proposes to simplify the process for getting loan for skill development especially for poor and backward people of the country; and
- (b) if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF
SKILL DEVELOPMENT AND ENTREPRENEURSHIP
(SHRI R.K. SINGH)**

(a) & (b) Government of India launched the Skill Loan Scheme on 15th July, 2015 to provide loan facility to aspirants wanting to do skill development courses aligned to National Skill Qualification Framework (NSQF). The important features of the Scheme, inter-alia, are as follows:

- Any Indian National who has secured admission in a course run by Industrial Training Institutes (ITIs), Polytechnics or in a school recognised by Central or State education Boards or in a college affiliated to recognised university, training partners affiliated to National Skill Development Corporation (NSDC) Sector Skill Councils, State Skill Mission, State Skill Corporation can avail loan for the purpose.
- No processing fee is charged by Banks.
- Amount of loan ranges from Rs. 5,000 to Rs.150, 000/- depending on the course; and is having a repayment period of 3 to 7 years.
- Simple rate of interest @ 11% and 12% per annum is charged during the period of study.
- No minimum course duration.
- No specific restriction with regard to age.
- Risk of banks covered through Credit Guarantee Fund Scheme for Skill Development (CGFSSD)
- Under the scheme of CGFSSD, interest rate to be charged by Member Lending Institution (MLI) should not be more than 1.5% per annum over Base Rate.
- Borrower must enter into an agreement with National Credit Guarantee Trustee Company (NCGTC) for providing guarantee against default in repayment of the loan extended by lending institutions.
- The fund shall provide guarantee cover to the extent of 75% of the amount in default.
- The loan is sanctioned without any collateral security or third party guarantee.
