



NATIONAL FERTILIZERS LTD
CORPORATE OFFICE : PERSONNEL DEPARTMENT : NOIDA

CIRCULAR NO.PA 1105 132

No: NFL/CO/Pers/IR/1(362)/398

August 3, 2007

Sub : Education Loan

It has been decided to grant Education Loan to the employees for providing higher education to their children. The detailed Scheme is enclosed.

The Scheme would be applicable from the session 2007-08.

(K.B. Verma)
Chief General Manager (HR)

Circulation :

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- Chief General Manager, Bhatinda / Panipat/ Vijaipur
- General Manager (I/c.), NFL Nangal
- HR Heads, Nangal / Bhatinda / Panipat / Vijaipur
- Head of F & A Deptt, Nangal / Bhatinda / Panipat / Vijaipur
- Zonal Manager, NFL Bhopal / Chandigarh / Lucknow/

Education Loan

1.0 The employees of the Company would be eligible for the loan for education of their children on the following terms and conditions:

1.1 Eligibility:

- a) Board Level Executives.
- b) Regular employees of the company, who have put in a minimum of 03 years of regular service in the Company.
- c) In case both husband and wife are employed in the company, only one of them will be eligible for grant of Loan.

1.2 Purpose for grant of Loan:

The loan will be admissible for

-) Education of their children for higher education i.e Doctorate/ Post Graduation.
-) Professional courses as Engineering, Medical, Agriculture, Veterinary, Law, Dental, Management, Computer, Ayurved, Homeopathy, Physiotherapy, Hotel Management, Hospital Management, Interior Designing, Architecture, Event Management, Mass Communication, Fashion Technology etc. either from premier/ national/ international Universities/ Institutes.
-) Courses like CA, ICWA, CFA, CS etc.
-) Courses offered in India by foreign Universities
-) Computer certificate courses of reputed institutes accredited to Department of Electronics or Institutes affiliated to University
-) Course should be approved by UGC/Government / AICTE etc.
-) Should have secured admission to professional/technical courses in India or abroad through Entrance Test/Merit based selection process.

1.3 Expenses considered for loan :

- Fees payable to college/hostel
- Examination/Library/Laboratory fees
- Purchase of books/equipments/instruments
- Caution deposit/building fund/ refundable deposit supported by Institutions bills/receipts
- Travel Expenses/ Passage Money for studies abroad
- Purchase of computer considered necessary for completion of course
- Any other expenses required to complete the course like study tours, project work etc.

0.3 Amount of Loan

Subject to the repaying capacity of the concerned employee (as per method given in Annexure –A), the amount admissible would be :

- i) 35 times of the pay (Basic Pay + DA) of the employee at the time of application ; or
 - ii) Cost of course inclusive of all expenses as mentioned above; or
 - ii) Rs. 3,00,000/- ,
- whichever is the least.

Note:

- i) The amount of loan to be sanctioned will be restricted, according to the repaying capacity of the applicant in accordance with the norms laid down at Annexure 'A' and after taking into account the monthly deduction of the applicant at the time of his application and also after observing the limit of deductions prescribed in Payment of Wages Act for such of the employees, who are governed by that Act.
- i) An employee can avail the facility of loan once per child subject to max of two children, within the overall limit as stated above.
- ii) The Loan would be granted subject to availability of funds.

1.5 Repayment of Loan

The loan together with the interest shall be recovered from the employee before he / she retires from the service of the company. The number of monthly installments within which both the loan and the interest thereon, shall be recovered shall not exceed 120 from the date of commencement of repayment of the 1st installment.

1.6 Commencement of Repayment :

The recovery shall start from the pay of the 3rd month, following the month in which the loan is drawn. However, the concerned employee may at his option commence repayment of the loan earlier than the period prescribed. The monthly installment of repayment shall be determined according to the repaying capacity subject to stipulation made in para 1.4 above.

1.7 Security :

An employee has to submit Agreement and Surety Bond in the prescribed performa for the amount of the loan and the beneficiary child will be the co-borrower.

1.8 Interest

Rate of interest will be charged as per Prime Lending Rate of SBI as on the date of disbursement of loan, **which will be reviewed twice each year in the months of April & October, based on PLR existing as on 31st March & 30th September respectively.**

Note: If an employee takes Education Loan for higher qualification of his children, but fails to use the funds within a period of three months, the amount of loan taken will have to be refunded by him in one lump sum along with interest at the rate of 1% above the bank rate.

1.9 Mode of Disbursement:

-) The loan for education will be disbursed in one lump sum, provided the payment to the institution is required to be made in lump sum. In case the payment to the institution is to be made in installments the disbursement of loan will also be regulated accordingly in installments.
-) The disbursement of loan can also be made in two or more installments, as may be desired by the employee. No installments will be more than 1/2 of the amount of Loan sanctioned.

1.10 Documents required to be submitted for grant of Education loan :

- Education loan application form duly completed (Annexure B).
- Mark sheets of last qualifying examination
- Proof of admission, scholarship, studentship etc.
- Schedule of expenses for the specified course
- Copy of the prospectus

0.10 Life Insurance of Principal borrower :

Life insurance of principal borrower i.e employee , for the amount of loan including principal and interest outstanding at the beginning of the financial year, shall be arranged by NFL at employee's cost in order to cover any unfortunate eventuality i.e death of the employee so as to mitigate the hardships to the dependant members of the deceased.

1.11 General Conditions

The disbursement of the Education Loan shall be subject to the following conditions :

-) If the employee ceases to be in service of the company by virtue of resignation, death or by retirement or his services are terminated by the company before the repayment of loan, interest, cost etc. in full, the entire outstanding amount thereof shall become immediately payable to the

company upon the happening of any such event and the failure to do so will enable the company to take such action to effect the recovery, as the company may deem fit.

- b) The borrowing employee would submit a Promissory Note for the specific amount to be drawn under the said rules in the performa at Annexure C.

Note:

-) The scheme is effective from the date of issue of the Circular.
-) Management reserves the right to modify/ curtail the total scheme or any provisions of the Scheme, whatsoever.
-) The grant of Education loan to an employee will be at the sole discretion of the Management and the decision taken in this regard in any particular case will be final and binding.

Method for working out repaying capacity of Education Loan

The loan repaying capacity should be worked out in a manner so as to ensure that the principal together with interest thereon is fully recovered before the employee retires.

The repaying capacity will be taken as 50% of the pay at the time of initial application. (Subsequent increase in the pay is not to be taken into account.) and keeping in view other loans like Conveyance Advance, HBA and any other loans/advance already drawn by the employee.

Note:

For recovery of principal, $2/3^{\text{rd}}$ period of remaining service would be taken into consideration and balance $1/3^{\text{rd}}$ period would be considered for recovery of interest. Accordingly while working out the repaying capacity, percentage of pay as stated above for $2/3^{\text{rd}}$ period of the remaining service may be taken into account. For example, in case of an employee retiring after 10 years, his repaying capacity will be equivalent to 50% of his pay for 80 months.

Annexure B



NATIONAL FERTILIZERS LTD

EDUCATION LOAN APPLICATION FORM

To,

Head of Personnel Deptt
National Fertilizers Limited

PHOTOGRAPH OF
EMPLOYEE
(WITH SIGNATURES)

PHOTOGRAPH OF
CHILD
(WITH
SIGNATURES)

1. **Particulars of student/course of study**

- a) Full Name
- b) Date of Birth
- c) Educational Qualifications
- d) Name of proposed course of study
- e) Name of Institution/University
- f) Duration of course
- g) Date of commencement of course

2. **Particulars of Employee :**

- a) Full Name :
- b) Designation :
- c) E.No. :
- d) Date of joining in the organization: _____
- e) Length of service in the Company on the date of application: _____
- f) a) Present Basic Pay & DA _____
b) Present scale of pay (these should relate to the post substantively held by employee) _____

....II/-

....II....

g) Date of Retirement : _____

h) Number of children/dependents

i) Details of present borrowings

Sr. No.	Date of Loan	Obtained From	Amount of Loan Original Present	Repayment Plan	Security (Full Details)
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4. Particulars of Loan applied for

a) Total expenses of the course
(Documentary evidence to be furnished)

b) Details of non-repayable studentship/fellowship, etc. available to student.

c) Details of repayable loan/ scholarship or other financial assistance available

d) Details of funds available from family source for the course.

e) Amount of Loan applied for Rs.....
(Rupees)

6. Repayment of Loan

The loan is proposed to be repaid inmonthly installments of Rs. each by the parent, beginning from

7. Any other useful information

DECLARATION

1. I solemnly declare that the information furnished by me in reply to the various items indicated above is true to the best of my knowledge and belief.

...III/-

...III...

2. I have read the rules regulating the grant of Education Loan to NFL employees for providing financial assistance for education of their children and agree to abide by the terms and conditions stipulated therein.
3. I hereby authorize NFL to recover any outstanding education loan amount including interest thereon, from the dues payable to me on cessation of my services from NFL, for any reason, whatsoever.
4. I certify that (*)
 - () My wife / husband is not employed in National Fertilizers Ltd. My wife/husband who is NFL employee has not applied for and / or obtained an Loan under these rules.
 - () This is the first/ second request by my wife/ husband for education loan for providing financial assistance for education of their children in the past from NFL.
 - () The course for which the loan has been applied for has not commenced.(*) Strike out the alternatives not applicable.

Station:

Signature of the Applicant

Date:

Designation:

Deptt. in which employed:

Recommendation of the
Head of the Department

Signature of the Head of the Deptt.

Annexure - C

PROMISSORY NOTE

On demand, I / We _____ promise to pay to the National Fertilizers Limited, A-11, Sector-24, Noida – 201301 on order the sum of Rs. _____ (Rupees _____ only) with interest @ ____% per annum (or the SBI Prime Lending Rate as revised by SBI from time to time) for value received.

**(Requisite Revenue Stamps
to be crossed by signatures)**

Address of the Executants.

Annexure – D

Form of Agreement to be executed at the time of drawing Education Loan by an employee for providing higher education to his children.

An Agreement made this _____ day of _____ two thousand and _____ between _____ son of _____ at present serving, as _____ (hereinafter called the Borrower, which expression shall unless excluded by or repugnant to the subject or context include his heirs, executors, administrators, and legal representatives) and his son/ daughter _____ (hereinafter called the co-Borrower, which expression shall unless excluded by or repugnant to the subject or context include his heirs, executors, administrators, and legal representatives) of the one part and the National Fertilizers Limited (hereinafter called the company which expression shall unless excluded by or repugnant to the subject or content include his successors in office and assigns) of the other part.

WHEREAS the borrower desires to provide higher education to his/her son/ daughter and

WHEREAS the Borrower has under the provision of the Rules framed by the Company to regulate the grant of Education loan to its employees for providing higher education to their children (hereinafter referred to as the " said rules" which expression shall, where the context so admits, include any amendment thereof or addition for the time being in force) applied to the company for an Loan of Rs. _____ to provide higher education/ professional courses in India including courses offered by foreign Universities in India / abroad etc. as aforesaid and the company has sanctioned an Loan of Rs. _____ dated _____ a copy of which is annexed to these presents for the purpose aforesaid on the terms and conditions set forth hereto as follows :-

- 1) In consideration of the sum of Rupees _____ (insert amount of the first installment) to be paid by the company after execution of this agreement for submission of the first installment of fees and the sum of Rs. _____ (insert balance amount to be paid) to be paid by the company to the Borrower as provided in the said rules, the Borrower hereby agrees with the Company to repay the company the said amount of Rs. _____ (insert full amount sanctioned) with interest calculated in accordance with the said rules for the time being in force in _____ (number to be filled in) monthly installments of Rs. _____ from his pay commencing from the month of _____ two thousand and _____ or from the third month following the disbursement of the loan, whichever is earlier and the Borrower hereby authorizes the company to make such deductions from his monthly pay, leave salary and subsistence allowance bills.
- 2) If the actual amount spent by the borrower for providing education to his child is less than the amount received under these presents by the borrower, he will repay the difference to the company forthwith.

....II/-

...II...

- 3) If the child does not join the institute within two months of the date of drawal of the part of the Loan for that purpose, or within such further time as the company may allow in this behalf / * if the borrower becomes insolvent or leaves the service of the company for any reason whatsoever, or dies, the entire amount advanced together with interest accruing thereon shall immediately become due and payable to the Company.
- 4) The company shall be entitled to recover the balance of the said Loan with interest remaining unpaid at the time of his resignation, retirement, termination of service or death preceding retirement from dues payable to him.
- 5) Without prejudice to any other right of the company in that behalf, if any amount becomes refundable or payable by the borrower to the company, the company shall be entitled to recover the same as arrears of land revenue.
- 6) The stamp duty payable on these presents shall be borne and paid by the employee.

IN WITNESS WHEREOF THE BORROWER HAS hereunto set his hand and Shri _____ in the Company /Office of _____ for and on behalf of the National Fertilizers Limited has hereunto set his hand.

(Signature of the Co- Borrower)

(Signature of the Borrower)

In the presence of:

Ist witness

2nd witness

Address:

Address:

Occupation:

Occupation:

Signed by Shri _____ (For and on behalf of the National Fertilizers Ltd.)
In the Company /Office of _____

In the presence of:

Ist witness

2nd witness

Address:

Address:

Occupation:

Occupation:

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS THAT I _____ son of _____ a resident of _____ in the district of _____ at present employed as a permanent _____ in the (hereinafter called the surety) am held and finally bound unto the National Fertilizers Ltd. (hereinafter called the company which expression shall unless excluded by or repugnant to the subject or context include his successors in office and assigns) in the sum of Rs. _____ (Rupees _____ only) to be paid to the company for which payment to be well and truly made I hereby bind myself, my heirs, executors, administrators, and representatives family by these presents. As witness my hand this _____ day of _____ two thousand and _____.

WHEREAS _____ son of _____ a resident of _____ in the district of _____ at present employed as _____, in the (hereinafter called the Borrower) but is due to retire on _____ applied to the company for Education Loan of Rs. _____ for the purpose of providing higher education to his child.

AND WHEREAS the company sanctioned the loan of Rs. _____ (Rupees _____ only) under the Rules framed by the Company to regulate the grant of Loan to its employees for providing higher education to their children.

AND WHEREAS the Borrower has undertaken to repay the said amount in _____ monthly installments.

AND WHEREAS the beneficiary child is the co-borrower who has undertaken to observe the provisions of the said Rules.

AND WHEREAS in consideration of the Company having agreed to grant the aforesaid Loan to the Borrower the Surety has agreed to execute the above bond with such conditions as here under written.

NOW THE CONDITION OF THE OBLIGATION is such that if the said Borrower shall / while employed in the said or any other Company / Office _____ duly and regularly pay or cause to be paid to the company the amount of the aforesaid Loan owing to the company by installments until the said sum of Rs. _____ (Rupees _____ only) together with the interest as shall then remain unpaid shall immediately become due and payable to the Company and recoverable from the surety in one installments by virtue of this Bond.

...II/-

...II...

The obligation undertaken by the Surety shall not be discharged or in any way affected by an extension of time or any other indulgence granted by the Company to the said Borrower.

The stamp duty payable in respect of these presents shall be borne and paid by the Employee.

Signed and delivered by the said _____

(Signature of Surety)

**Designation:
Office to which Attached**

In the presence of

1st Witnesses

Address:

Occupation:

Signed by /Shri _____ in the company.

in the presence of

**For and behalf of the
National Fertilizers Limited**

1st Witness

Address:

Occupation:

