

F.No.33-2/2017-TS.III (Pt.3)
Government of India
Ministry of Human Resource Development
Department of Higher Education
TS.III Section
*_*_*_*

New Delhi, the 8th September, 2017

To,

The Directors
31 National Institutes of Technology (NITs) and Indian Institute of Engineering
Science Technology (IEST), Shibpur

**Subject: Credit Policy framework on Higher Education Funding Agency
(HEFA) - reg.**

Sir,

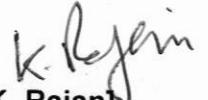
I am directed to refer to this Ministry's letter No. 16-2/2017-TC dated 16.08.2017 on the above mentioned subject and to request that all projects which are envisaged to be funded through Higher Education Funding Agency (HEFA) may be got approved by your respective Finance Committee and Board of Governors by circulation, which may then be forwarded to HEFA expeditiously.

2. It may be stated that the Board of HEFA is likely to consider all the proposals received for funding under HEFA in the last week of September, 2017.

3. It is therefore requested that the process may be expedited so that the proposals, duly approved in circulation, are received by HEFA well before its Board meeting.

4. A copy of the HEFA credit policy framework is enclosed again for ready reference for necessary action.

Yours faithfully,



[K. Rajan]

Under Secretary [NITs]

Ph:011-23384159

Copy to : Under Secretary (TC), MHRD.



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F. No. 16 - 2/2017-TC

Government of India

Ministry of Human Resource Development

Department of Higher Education

Technical Coord.(TC) Section

Shastri Bhawan, New Delhi.

Dated the 16th August, 2017.

To

The Directors of all IITs/ IIMs//NITs/ IISERs//IITs/SPAs/Other CFTIs
Vice-Chancellors of all Central Universities.

Subject: Higher Education Funding Agency (HEFA) Credit Policy Framework – communicated.

Sir/Madam,

The Higher Education Funding Agency (HEFA) set up by Government for financing the infrastructure in the centrally funded institutions has become operational, with M/S Canara Bank as the Promoter. The Board of HEFA has approved the Credit Policy Framework (**enclosed**) which defines the modalities for financing projects.

2. You are hereby requested to firm up proposal (s) for financing from HEFA after taking the approval of Finance Committee (FC) and Board of Governors (BOG)/ Executive Council (EC). The loan applications may be sent to the following address in the **Format** enclosed along with all the supporting documents expeditiously.

MD & Chief Executive Officer, HEFA,
6th Floor, Naveen Complex,
No 14, MG Road, Banguluru – 560001
Ph: 080-25587405 email: info@hefa.co.in

Encl : As above.


(R. SUBRAHMANYAM)
ADDITIONAL SECRETARY (TE)
TEL : 23383202

CREDIT POLICY FRAMEWORK

Higher Education Financing Agency would finance the infrastructure requirements of the higher educational institutions in accordance with the following Credit Policy:

I. Eligible Educational Institutions

1) Eligibility:

Educational institutions satisfying any one or more of the following criteria are eligible for financing:

- a) Institution funded by the Central Government covering at least 50% of its expenditure.
- b) Institution owned or controlled by Central Government.
- c) Institution set up and funded by the Central Government.

Provided further that such institution must be having its own internal resources generated either from fees, consultancies, research project or such other sources of revenue, lease, rent, donations from industry, donations from alumni etc.

2) Format for application:

The format for application for finance shall be as given in Annexure – I. The application shall be signed by the Chief Executive of the institution after taking approval from the Board of Governors or Executive Council.

- 3) A separate account of the Borrower Institution shall be maintained, so as to monitor the loans sanctioned to the Institution.

II. Fixing of credit limits:

- 1) The credit limit would normally be 10 times the amount committed to be escrowed by the institution every year from its own internal resources.
- 2) While deciding on the amount proposed to be escrowed, the institution shall ensure that it shall commit resources only from its internal resources, and shall ensure that such an action would not affect the functioning of the institution.
- 3) Credit Limit for the institution shall be fixed as above while sanctioning the first loan.

- 4) In case, the Institution agrees to increase the escrowed amount at a later date, the credit limit would be increased proportionately.

III. Margin:

Normally, margin for the loans shall be maintained at 10%. However, such margin norms may be relaxed/waived on a case to case basis by the Sanctioning Authority.

IV. Security:

Primary/Collateral security may be stipulated by the Board, wherever it is feasible/available.

V. Projects for funding:

Proposals for loan from the Institutions shall be considered only, if it is within the credit limit fixed for each institution.

A. Type of Projects for funding:

- i. Only projects of the following nature, which propose to create new infrastructure shall be considered for financing:
- Construction of buildings or facilities therein, required for academic or research purposes, including the requirements for accommodating students/scholars/faculty/staff of the institution. Only the non-recurring portion shall be financed.
 - Setting up laboratories/high performance computing (HPC) facilities/libraries and equipping them, provided further, that the projects are accompanied by detailed plans for utilisation of such facilities. Only the non-recurring portion shall be financed.
 - Research projects that are sanctioned by Ministry of HRD or any other Ministry of Government of India provided further that the Company would meet only the cost of the non-recurring portion of the research project, and the cost of maintenance shall be borne by the institution from the resources generated through such project.
 - Setting up Centres of Excellence (CoE) sanctioned by the MHRD or other Ministries of Government of India, provided that only cost of the non-recurring portion of the CoE project shall be financed

- Campus common infrastructure/facilities including student facility centres. Only the non-recurring portion shall be financed.
- ii. The projects executed with the HEFA finance shall be maintained by the internal resources of the Institution.

B. Format for Project Loans:

- i. All loan applications shall be submitted only through the online portal of the Company.
- ii. The loan application shall contain the following details:
 - a) Purpose and justification for taking up the project including the details of the number of beneficiaries from the project.
 - b) Brief details of the project including the area to be constructed, equipment to be procured along with the broad specifications.
 - c) Cost of the project as per administrative approval by the competent authority, along with cost per sqft (in case of construction) and phasing of the requirement of funds (drawdown schedule) depending on the expected progress of the work.
 - d) Detailed estimates and designs as per technical sanction by the competent authority.
 - e) Duration of the project including the stage-wise timelines for completion.
 - f) Modalities for procurement and execution of the project.
 - g) Systems for Project Management and Monitoring of quality.
 - h) Systems for sustenance of the project including resource generation.
 - i) The institution has to state the method and timelines for selection of Agency(ies) for execution, and soon after such selection, shall furnish details to HEFA along with their bank account particulars for release of funds directly to the concerned agency based on e-request by the institution.
- iii. The cumulative exposure@ to the institution, including the project loans already sanctioned and the loan proposed for sanction, shall be within the overall credit limit approved for the institution.
(@**Exposure:** Total of outstanding liability where loans are fully disbursed and outstanding liability + undisbursed portion under partly disbursed loans)

C. Appraisal of the projects

- i. The projects shall be appraised based on the following three parameters, which shall run simultaneously, such that the appraisal shall be completed within 4 weeks from the date of submission of the project in the online portal, completed in all respects:
 - a) Financial appraisal by the internal team
 - b) Technical appraisal by a third party expert, normally from approved panel of Canara Bank or Project Appraisal Group, HO.
 - c) Legal appraisal by the empanelled advocates of Canara Bank or by the legal department of Canara Bank.
- ii. Cases of project loans where appraisal could not be completed within the specified time limits shall be placed before the Board of Directors along with reasons for the delay.

D. Approval of projects and sanction of loan

- i. Upon approval of the Project Loan, sanction will be conveyed to the Institution giving full details viz; the loan amount, term of the loan, repayment schedule for the Principal amount, interest chargeable, and the project completion time.
- ii. The sanction shall contain a unique ID for the project loan and shall be reflected against the credit limit approved for the institution.
- iii. The maximum period for repayment of the loan would be 10 years.

VI. Pricing of Credit/Rate of Interest:

Pricing/Rate of Interest will be fixed linked to the reference rate at the time of sanction of the loan and the same shall be reset once in 2 years.

VII. Regulatory guidelines:

Exposure norms shall be fixed in conformity with regulatory guidelines of RBI, upon receipt of NBFC licence from RBI.

VIII. Documentation:

Upon sanction of the loan, the institution shall execute the documents prescribed by HEFA/legal counsel appointed by HEFA/legal section of Canara Bank.

IX. Release of funds

- 1) Funds shall not be released in advance to the Institutions, even after sanction of the loan. Funds shall be released only based on the progress of the project and on electronic request by the institution.
- 2) Wherever applicable, funds have to be released directly to the implementing agency. The Borrower Institution has to send an online electronic request for transfer of funds from the amount sanctioned for the project to the implementing agency or the identified vendor.
- 3) Only after receipt of payment advice from the Borrower Institution, the eligible amount will be remitted within 24 hours electronically to the Bank Account of the implementing agency/identified vendor.
- 4) The responsibility of carrying out due diligence before issuing a request for release of funds lies with the institution. It shall be the responsibility of the Institution to ensure that the process laid down in their Statutes and the guidelines issued by the Government are followed scrupulously.

X. Verification of Assets and Inspection of Security:

The Unit/Project shall be inspected at the time of first disbursement and final disbursement.

XI. Repayment of the loans sanctioned:

- 1) As soon as the loan is sanctioned, the institution shall open an escrow account with HEFA's Bankers and authorize institution's bankers to escrow the committed portion from their regular internal resources account to the escrow account.
- 2) The Principal portion of the loan would be automatically recovered from the escrowed amount committed by the institution, as per the schedule communicated at the time of sanction of the loan.
- 3) Payment of interest on these loans would be serviced through the normal grants released by the Government to the institution.

XII. Review of Borrower Accounts:

A list of Special Watch Accounts, where the overdues persist/continue for more than 30 days will be generated and

followed up for recovery at Monthly intervals. Loan accounts where 2 consecutive instalments fall overdue shall be reviewed individually and necessary remedial measures would be initiated. Details of such accounts (where 2 consecutive instalments are overdue) shall be placed before the Board for review on quarterly basis.

XIII. Validity of Sanction:

Sanction shall be valid for a period of 1 Year. In case, no part of loan is availed within the validity period of sanction, the sanction shall lapse. However, the validity can be extended for a further period by the sanctioning authority.

XIV. Monitoring of Projects

- 1) Institution shall submit Project Implementation Progress Report (PIPR) duly certified by a Chartered Accountant/Statutory Auditors of the institution shall be submitted at quarterly intervals during the implementation period.
- 2) The progress of all the projects sanctioned and under implementation shall be monitored and reported to the Board once in a quarter.
- 3) The Board after monitoring/review of the project (s) from time to time may take a decision to stop further funding, if the project is not being implemented as per the laid down plans. The Institution shall abide by the decision of the Board in this regard.

XV. Sanctioning Authority:

Irrespective of the quantum of finance, the powers to sanction loans to the institutions vests with the Board. Office Note recommending for sanction of the loan shall be placed before the Board by the Managing Director and CEO of the Company.

Annexure – I

Format of Application to HEFA

1. Name of the institution:
2. Nature of the institution: (Pl see the eligibility conditions):
3. Address of main and other campuses:
4. Date of Establishment
5. TAN NO
6. PAN NO
7. The Principal functionaries of the institution:

Name	Designation	Date from which functioning	Contact details(Mobile, email)

8. Abstract of the annual accounts for the last 3 years, Estimates for current year & Projections covering the proposed repayment period:
(Annexure I)

9. Cash flow statements for the last 3 years & projected cash flows for the proposed repayment period:
(Annexure II)

10. The details of funding from the Government during the last 3 years:

Year	Rupees in Crores	
	Amounts in grants received	Amount spent

11. Amount proposed to be escrowed to HEFA for the next 10 years:

12. Details of ongoing Projects:

Name of project	Cost of project	Means of finance	Period of execution	Expected date of completion	Present status

13. New Projects requiring funding from HEFA: (Rupees in crores)

Name of project	Cost of the project		Term Loan required	Period for execution	Repayment Sought	Status of the project (Admin/Tech approvals)
	For Bldgs/Civil structure	For Equipments				

14. Present Bankers

Name of the Bank	Address	IFSC Code

15. Exposure (Existing & Proposed)

A. With Other Banks

Name Of the Bank	Loan Sanctioned	Present Liability	Purpose Of Loan

B. With HEFA

Loan Sanctioned	Present Liability	Purpose Of Loan

(Signature of the Director/Vice-Chancellor of the Institution)

Checklist (Documents to be enclosed)

- A. KYC documents of Institute (Copies of PAN/TAN, Resolution to borrow, Letter from MHRD)
- B. KYC documents of authorised signatories (Copies of ID Proof, Address Proof, PAN Card etc)
- C. Detailed project report (DPR)
- D. Balance Sheet for last 3 years, Current Year estimates & projections covering the proposed repayment period.
- E. Income and expenditure for last 3 years, Current Year estimates & projections covering the proposed repayment period.
- F. Cash flow statement for last 3 years, Current Year estimates & projections covering the proposed repayment period.
- G. Cash flow statement – Month wise for first 3 years of repayment term – to know the pattern of cash flow for fixing periodicity of repayment.
- H. Statement of loan account with other banks (if any) for the past one year.
- I. Copies of Office Notes placed before internal committees i.e Building committee, Finance committee etc.
- J. Copy of the project approval from the Board of Governors or Executive Council.

ANNEXURE - III (Balance Sheet- format) - Checklist Item - D

NAME OF THE EDUCATIONAL INSTITUTION:																			
BALANCE SHEET FOR THE LAST 3 YEARS, CURRENT YEAR ESTIMATES AND PROJECTIONS COVERING THE PROPOSED REPAYMENT PERIOD																			
						ABS 31-03	ABS 31-03	ABS 31-03	ESTIMATES FOR CFY 31-03	Proj. (YR-1) 31-03	Proj. (YR-2) 31-03	Proj. (YR-3) 31-03	Proj. (YR-4) 31-03	Proj. (YR-5) 31-03	Proj. (YR-6) 31-03	Proj. (YR-7) 31-03	Proj. (YR-8) 31-03	Proj. (YR-9) 31-03	Proj. (YR-10) 31-03
SOURCES OF FUNDS																			
UNRESTRICTED FUNDS																			
(a) Corpus																			
(b) General Fund																			
(c) Designated/Earmarked Funds																			
+																			
+																			
RESTRICTED FUNDS																			
LOANS/BORROWINGS																			
(a) Secured																			
(b) Unsecured																			
+																			
+																			
CURRENT LIABILITIES & PROVISIONS																			
TOTAL																			
APPLICATION OF FUNDS																			
FIXED ASSETS																			
(a) Tangible Assets																			
(b) Intangible Assets																			
(c) Capital Work-in-progress																			
+																			
+																			
INVESTMENTS																			
(a) Long Term																			
(b) Short Term																			
CURRENT ASSETS																			
LOANS, ADVANCES & DEPOSITS																			
TOTAL																			

ANNEXURE - II (Income & Expenditure Statement -format) - Checklist Item - E

NAME OF THE EDUCATIONAL INSTITUTION:																			
INCOME AND EXPENDITURE ACCOUNT FOR THE LAST 3 YEARS, CURRENT YEAR ESTIMATES AND PROJECTIONS COVERING THE PROPOSED REPAYMENT PERIOD																			
						ABS 31-03	ABS 31-03	ABS 31-03	ESTIMATES FOR CFY 31-03	Proj. (YR-1) 31-03	Proj. (YR-2) 31-03	Proj. (YR-3) 31-03	Proj. (YR-4) 31-03	Proj. (YR-5) 31-03	Proj. (YR-6) 31-03	Proj. (YR-7) 31-03	Proj. (YR-8) 31-03	Proj. (YR-9) 31-03	Proj. (YR-10) 31-03
INCOME																			
(a) Academic Receipts/Fees																			
(b) Grants and Donations																			
(c) Income from Investments																			
(d) Other Incomes																			
+																			
+																			
TOTAL (A)																			
EXPENDITURE																			
(a) Staff Payment & Benefits																			
(b) Academic Expenses																			
(c) Administrative and General Expenses																			
(d) Transportation Expenses																			
(e) Repairs and Maintenance																			
(f) Finance Costs																			
(g) Other Expenses																			
+																			
+																			
TOTAL (B)																			
Balance being excess of Income over Expenditure (A-B)																			
Transfer to/from Designated Fund																			
(a) Building fund/Others (Specify)																			
+																			
+																			
Balance being Surplus/Deficit carried to General Fund																			

