



Submitted By: Education Consultancy Association of Nepal, (ECAN)

Acknowledgement

This report has been prepared reviewing the decision made by Australian Migration Office Canberra on 30th January, 2009.

Keeping in mind that “EDUCATION IS TOO IMPORTANT TO BE LEFT SOLELY TO THE EDUCATORS”, we are putting our best efforts to show that the right choice is the right way for a better future. On January 30th 2009, we came to know the decision of AMO Canberra about the approved financial institutions for Nepal. We respect all terms and conditions of AMO, which compelled them to take such a strong decision.

With this report, we want you to look at the possible impact and problems that can arise to the students by the AMO’s new decision. So, on behalf of all the ECAN members, we would like to highlight the future impacts and possible problems that directly affect the interest of Nepalese students who are seeking to go Australia for their further education as their career destination.

Our final acknowledgement must be to the Australian High Commission for their kind Support towards Nepalese Students Visa Application.

Sincerely,

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INTRODUCTION TO ECAN

The Educational Consultancy Association of Nepal (ECAN) was registered at The Chief District Administration Office (CDO), Kathmandu, Nepal on 29th August 1997 - to provide proper information; guidance and counseling to guardians who want to send their children abroad for their further education. ECAN has now come up with a [CODE OF CONDUCT](#) to regulate and monitor the activities of all ECAN member organizations so that the students and parents benefit from the [ECAN OBJECTIVES](#) .

The objectives of ECAN

ECAN has already issued STANDARD NOTICES in several dailies and other publications and the mass media to all interested parties and established institutions to become aware of any malpractices existing in this profession and to give notice to ECAN secretariat with evidence for due advice to be given by ECAN and the correct legal action to be taken by the aggrieved parties.

ECAN also plans to advise all students and parents seeking counseling for their higher education to go through only certified members of ECAN.

ECAN also plans to standardize the charges for standard services to be given by all ECAN members.

ECAN members will not be allowed to take unsolicited benefits from their clients - students and/or institutions.

ECAN also plans to take appropriate action against any ECAN member if it is found to be in breach of the [ECAN CODE OF CONDUCT](#) .

Objectives

1. *Provide proper and professional consultancy through expertise and experience to :*
 - *students*
 - *guardians*
 - *education establishments in Nepal*
 - *education establishments outside Nepal*
2. *To bring respectability to educational consultancy profession:*
3. *Have a strong and joint voice and lobby group of Registered Professional Educational Consultant Companies*
 - *With the Nepalese Education Ministry*

- *All Foreign Embassies and Consulates*
 - *All National and Foreign Educational Establishments*
 - *All National and Foreign Media that benefit from educational advertisements*
4. *To guard our reputation against:*
- *Fly-by-night people and companies advertising and posing as so-called educational consultants*
 - *Educational establishments that provide misleading services and products*
 - *Educational establishments that play one consultancy against another with the commission apple while the consultancies go broke and the advertisers grow fat and the educational establishments jump from one consultancy to another without integrity.*
 - *Students and guardians that mislead and cheat consultants through trickery, false information and deceit.*
 - *Those consultants that mislead and cheat students and guardians through trickery, false information and deceit and do not adhere to normal ethical standards of doing business.*

Code of Conduct

1. *Educational Consultants Association of Nepal (ECAN) Members are professionals who assist students and their families with educational decision making.*
2. *Member consultant's primary responsibility is helping students identify, select and recommend the most appropriate schools, colleges and educational programs.*
3. *Members must provide true information to all students.*
4. *Members must not provide or help make any forged documents for students.*
5. *Only genuine students should be recommended for visa processing.*
6. *Only genuine students should be processed through ECAN member institutions.*
7. *Any organization, inside and outside the country can contact ECAN office for verification of students' background or their documents.*
8. *Students or parents can file complaints against any ECAN member institutions at the ECAN office.*
9. *ECAN has the right to question or check the performance and activities of the members if required.*
10. *Members must strictly follow the ECAN Code of Conduct.*
11. *ECAN members should strive in appropriate ways to increase public awareness and understanding of the profession of educational consulting.*

Therefore, ECAN is non-profit organization but is a professional association of professionals and ethical minded people. For the sake of our profession we are all bound to be matured and conscientious and find a way to work together - not as competitors - but as cooperators. We at ECAN are confident that with new blood and new elections and the dynamic leadership that naturally ensues and comes forth, our profession will further flourish to greater heights and WE all as Educational Consultants will come to be recognized as a "UNITED TEAM WITH ONE PROFESSIONAL AND ETHICAL VOICE" and respected Nationally and Internationally - in the next decades to come. Provide proper and professional consultancy through expertise and experience to:

Possible Problems/ Impacts:

- 1. AMO has not mentioned what shall a big number of Nepalese students do who are already in Australia for their further studies if they are about to extend their visa. Can they apply with the existing loan paper or do they required to have a new loan paper from new Approved financial Institutions? If they need to have a new loan paper, has AMC asked these institutions for any special privilege for these students as they are charging big amount service charge? If not, is it going to be fare to the students to ask them to pay again a service charge to another bank?*
- 2. AMO has not mentioned what students already in Australia shall do if they want to have their family member with them in Australia. Can they process with the previous bank or do they need to change their loan to new approved banks? Will it be possible for students to pay a big amount of service charge again?*
- 3. There are hundred of students whose loan applications were approved before 2nd February 2009 by the banks listed in previous list. They already have paid a service charge to the banks. Because they were not able to apply on time, will it be fare to them to ask them to do again all procedures and pay again a service charge to another bank?? Previous banks are not ready to refund the charges as they also have completed their services. Can AMO have a talk with them regarding the refund cases?*
- 4. We have 75 Districts in Nepal. The approved banks are still not able to be in all part of Nepal. Nabil Bank has just 28 Branches and SBI has just 22. As Thousands of Nepalese Students are looking forward to have their further studies in Australia, do AMO believe that these branches will be enough for handling all cases? Banks have mentioned clearly to students that they will not approve loan papers on the properties that are beyond 30 KM from their any office/branches. Does it mean that AMO doesn't want to have prospective and financially sound students from remote part of Nepal as both banks do not have any branches in these areas?*
- 5. As per the Policy of Nabil bank, they sanction loan against fixed assets collateral or against Nabil fixed deposits whereas in other hand SBI bank is still to make proper systems. In these circumstances, can AMO make sure to all prospective students that their loan application will be handled in proper manner by both of these banks?*
- 6. If the parents have a long term fixed deposit in any other financial Institutions rather than these banks, Can students start their visa application with these sorts of financial Documents?*

Educational Loan Scheme of Nabil Bank

Nabil offers its education loan product specially designed for students aspiring to pursue further studies abroad. If you plan to apply for abroad studies and need financial assistance from Nabil, we are always at your service to meet your expectations and help you realize your academic goals.

Following are the features of our Education Loan Product:

Education Loan against Fixed Asset Collateral (Land and/or Building or apartment)

We extend Education Loan against property acceptable to the Bank. We accept property such as Land, Land & Building and Apartment owned by student, parents or sponsors. The loan will enable the student to pursue higher/technical/professional education abroad or in Nepal. The loan will essentially help the student to partly finance for tuition fees, airfare, logistics support and living expenses in the form of TCS/Cash/Demand Draft/Wire Transfers etc. Further, our 4 years moratorium (where the customer can service interest only) will reduce the financial burden of monthly repayment installments during these first four years thereby supporting students/parents/sponsors during the study period.

*Education Loans against Fixed Asset Collateral are being offered from our **Pulchowk Branch** and all branches Outside Kathmandu Valley.*

Features of Loans against Land and/or Building or apartment

Loan amount : up to NPR 5,000K
Loan to Value ratio : 70% of Valuation of the property assessed by one of the Bank's authorized valuers.
Loan type : Loan payable in Equated Monthly Installment (EMI) basis
Tenure : Up to 15 years.
Interest rate : 10% p.a.
Service charge : 0.5% of loan sanctioned amount
Loan documentation fee : NPR 3,500/- payable upfront (flat).
Prepayment Fee/ Loan Commitment fee: 0.5% of prepaid loan amount/unutilized loan amount (prepayment allowed after one year).
Moratorium Period : 4 years or course duration whichever is lower.
(Service Charge, Prepayment Fee and Loan Commitment fee are reduced from 1% to 0.5% effective from 09 February 2009 specially considering the students needs)

Documentary Requirements:

Identification:

1. *Photos (2 each for applicant/co-applicant and 1 each for guarantor/s)*
2. *Citizenship Certificate*
3. *ID card (if any)*
4. *Passport, Visa, work permit etc. (if employed abroad)*
5. *Registration, PAN Certificate, Memorandum of Association & Article of Association (wherever applicable)*

Income related documents (wherever applicable)

1. *Salary Certificate (certifying gross/net salary per month/per year, issued within 3 months of application) or contract letter/latest pay slips etc.*
2. *Pension card / statement*
3. *Rental agreement (s) with tenant's ID and Land Ownership Transfer where house must be mentioned or documents certifying house to be produced.*
4. *Renewed copy of blue book.*
5. *Audited Financials for at least two last fiscal years*
6. *Bank a/c statements (3 to 6 months)*

Property related documents

1. *Land Ownership Certificate (Lalpurja)*
2. *Land Transfer Deed (Rajinama, Bakaspatra, Anshabanda etc.)*
3. *Land Revenue Receipt (Malpot Receipt)*
4. *House Tax Clearance Receipt*
5. *Four Boundary Disclosure (Char Killa Pramanit)*
6. *Blue Print & Trace Map (Naapi Naksa)*
7. *Approved House map and permission letter*
8. *Mention of building in Lalpurja (Ghar Kayam)*
9. *Certificate of Construction (Ghar Kayam)*
10. *Citizenship of property owner (applicable for purchase case only)*

Others

1. *Offer Letter (I 20)*
2. *Relationship Certificate*
3. *NMC Certificate for doctors*

Education Loans against Nabil Fixed deposits

Nabil provides a hassle free loan against Nabil Fixed Deposits for educational purposes as well. The Nabil Fixed Deposits will be pledged with us until the sanctioned loan limit remains valid or the loan/interest is fully repaid and unused loan limit is released. The bank pays the interest on pledged Fixed Deposit at half yearly basis at Bank's prevailing interest rate. Out of the sanctioned limit, based on the requirements evidenced in the offer letter, the disbursements will be made for the purpose of meeting payments / expenses related to the academic course such as paying tuition fees, airfare, living expenses in the form of TCs/Cash/Demand Draft/Wire Transfers etc.

*Education Loans against Nabil Fixed Deposits are being offered from **Kantipath** and all branches Outside Kathmandu Valley.*

Features of Loans against Nabil Fixed Deposits

Loan amount : up to NPR 5,000K
Loan to Value ratio : 90% of TD value.
Loan Type : EMI and/or Term Loan (quarterly interest payment).
Tenure : Up to 15 years.
Interest rate : 8.75% p.a. (Interest rate subject to change)
Service charge : 0.5% of loan sanctioned amount (Applicable while issuing sanction Letter)
Prepayment fee : 0.5% of pre-paid loan amount (allowed after one year).
Credit Information Centre (CIC) reports charge (as applicable and as directed by Nepal Rastra Bank): On Actual Basis charged by CIC, Minimum Rs 500
Repayment Method : Interest Rate on quarterly basis. Principal on Quarterly, Half Yearly, Annually or on Maturity.

Documentary Requirements:

- 1. Offer Letter issued by the Universities/Colleges*
- 2. Copy of Citizenship certificate of the borrower*
- 3. Two copies of recent passport size photograph of the borrower*
(Other loan documents shall be executed before loan disbursement)

Education Loan Scheme of Nepal SBI Bank

1. **Maximum loan amount: Rs. 40.00 Lakhs.**
2. **Student eligibility**
 - i. *Should be a Nepalese citizen.*
 - ii. *The student should have at least intermediate/higher secondary level (plus two) academic qualification.*
 - iii. *The student's parents/guardian should have sufficient regular income to service interest. Their uncommitted monthly income should be at least 1.33 times of the interest payable.*
 - iv. *Should be between the age of 16 years to 35 years*
3. **Eligible Courses**
 - i. *Graduate / Masters and above*
 - ii. *Professional courses (graduate and above)*
4. **Expenses considered**
 - i. *Fees payable to College /Hostel (Admission fee, tuition fee, examination fee, laboratory fee, library fee)*
 - ii. *Purchase of books, equipments, instruments required for the course.*
 - iii. *Cost of passage (for studies abroad)*
 - iv. *Boarding and lodging expenses (Recognized hostels by the institution)*
5. **Pricing**
 - i. **Rate of Interest**
 - a. *Land/building collateral: 10% p.a. quarterly basis (subject to periodic changes).*
 - b. *Fixed Deposit Receipt: 1% higher than the deposit rate.*
 - c. *Government Securities: 9.00% p.a. but not below the coupon rate.*
 - ii. **Processing fee:**
0.5% of the loan amount or Rs. 5000.00 whichever is higher.
 - iii. **Prepayment charge:**
A prepayment charge at the rate of 2% on the prepaid amount shall be recovered. If loan is repaid after 12 months of the date of sanction, the prepayment charge shall be 1%.
 - iv. **Commitment fee:**
A commitment fee at the rate of 0.25% of unutilized loan shall be charged.
 - v. **CIC report fee:**
Rs. 500.00 and Rs. 250.00 per additional page.

6. Repayment Programme

Moratorium:

A maximum period of 5 years or the completion of course designated, whichever is earlier.

Repayment:

The loan shall be repaid in 5 years after the moratorium period on EMI basis.

Interest during moratorium period:

The parents/guardian of the student shall pay the interest during the moratorium period on quarterly basis as per Nepali calendar.

7. Security

- i. Land and building having value 125% of loan amount.*
- ii. Loan upto 95% of Fixed Deposit/Government securities.*

8. Supporting documents required

- i. Duly filled Loan Application form*
- ii. Mark sheet of last qualifying examination*
- iii. Copies of Letter Conferring scholarship, if any*
- iv. Proof of admission to the course*
- v. Schedule of expenses for the course*
- vi. Two copies of recent passport size photograph of the students and their parents/guardian/guarantor*
- vii. Copies of foreign exchange permit, where required.*
- viii. Copies of citizenship/pass port of the students and their parents/guardian/guarantor.*
- ix. Statement of regular income sources of parents/guardian, along with supporting documents where required.*
- x. Brief statement of assets and liabilities of parents/guardian*

Copies of ownership certificates of the proposed property to be mortgaged or Government Securities/FDRs to be pledged

Financial Analysis of the Banks Allocated By AMO

Particulars	Nabil Bank	Nepal SBI Bank
<i>Paid up capital (as on July 15, 2008)</i>	<i>689.2 million</i>	<i>874.52 million</i>
<i>Deposit</i>	<i>31915.04 million</i>	<i>13715.39 million</i>
<i>Loans and advances</i>	<i>21365.05 million</i>	<i>12746.21 million</i>
<i>Number of branch</i>	<i>28</i>	<i>22</i>
<i>Per bank student for education loan</i>	<i>7500 p.a.</i>	<i>7500 p.a.</i>
<i>No. of working days</i>	<i>250</i>	<i>250</i>
<i>Per day education loan</i>	<i>30</i>	<i>30</i>
<i>Per day per branch loan</i>	<i>1.07</i>	<i>1.36</i>

The data presented above is based on:

Average student for abroad (Australia) 15,000

Average student for abroad per bank 7,500

Average education loan per student Rs 3 million

Average disbursement per student Rs 1 million

Total education loan Rs 15 billion

Total education loan per bank Rs 7.5 billion

The Consumer Protection Act, 1997

With the objective of maintaining the health of consumers, offering facilities and economic benefits, maintaining the quality of goods and services, controlling the inflation caused by monopoly and unfair trade practices, making arrangements to establish institutions for facilitating consumer complaints and redressing grievances, the Consumer Protection Act was enacted in 1998. This Act is an umbrella Act aimed at protecting the rights of the consumer as well as restricting unfair trade practices. The Section 6 of the Act ensures and recognizes six rights of the consumers out of eight rights recognized globally. Section 6 (1) (c) of the Act clearly mentions that consumers have the right to choose the goods and services at competitive prices as far as possible. The provisions mentioned in the Act can help protect the interest of the consumer and also foster a competitive business environment.

Conclusion

ECAN is a non-profit organization but is a professional association of professionals and ethical minded people. For the sake of professionalism, the members of ECAN are all bound to be matured and conscientious and find a way to work together to uplift the field of education in Nepal. As Australia is the one of the most preferable destinations of Nepalese students for pursuing further studies, the number is increasing every day. So, it won't be possible for these two banks to extend loans to hundreds of Nepali students who are wishing to go Australia. Before 2nd February, Acceptable Financial institutions were issuing loans as per the guidelines of Nepal Rastra Bank, as such, if DIAC observes had found any discrepancies during their inspection, they should have notified ECAN which is a responsible organization representing several consultancies all over Nepal. ECAN is at a loss of words to learn the decision by DIAC, we should have been provided some time.

In sum, DIAC should broaden the list of acceptable financial institution in coordination with Nepal Rastra Bank which will ease the burden on students as well as Nabil Bank and Nepal SBI Bank. As Australia is the favorite destination of Nepalese Students, DIAC in collaboration with ECAN should organize a workshop to discuss about the impacts that might hamper the education of Nepalese students.