

**P.N.D.C.L. 276**  
**STUDENTS LOANS SCHEME ACT, 1992**

ARRANGEMENT OF SECTIONS

*The Scheme*

SECTION

1. Establishment of Students Loan Scheme.
2. Application of Scheme.
3. Application for a loan.
4. Amount of a loan.
5. Interest on a loan.
6. Period for repayment of a loan.
7. Purpose of a loan.
8. Award of scholarship and other grants.
9. Responsibility for Scheme.

*Administration*

10. Committees.
11. Loan agreement and guarantee.
12. Registration of a borrower and repayment by contributors.
13. Repayments of loan by non-contributors.
14. Particulars required from borrowers.
15. Failure to repay the loan.

*Miscellaneous*

16. Offences.
17. Offence by body of persons.
18. Regulations.
19. Interpretation.
20. Repeals and amendments.
21. Commencement.

---

**P.N.D.C.L. 276**

**STUDENTS LOANS SCHEME ACT, 1992<sup>1</sup>**

**AN ACT to establish a students loans scheme and to provide for related matters.**

---

1. This Act was issued as the Students Loans Scheme Law, 1992 (P.N.D.C.L. 276) made on the 26th day of January, 1992 and notified in the *Gazette* on 27th March, 1992.

*The Scheme***1. Establishment of Students Loan Scheme**

There is hereby established a students loan scheme.

**2. Application of Scheme**

(1) The Scheme applies to a Ghanaian who is enrolled as a full-time student on a course of studies in a public tertiary institution in Ghana.

(2) Despite subsection (1), the Scheme may be made applicable to a Ghanaian part-time student in a public tertiary institution determined by the Minister.

(3) A student to whom this Act applies may, on admission into an institution or where the student is already on admission, until the student completes the course of studies or leaves the institution, apply under section 3 for a loan for the purposes specified in section 7 as if the student were a person of full age, whether or not the student is in fact of full age.

**3. Application for a loan**

(1) An application for a loan under this Act shall be made to the Social Security and National Insurance Trust.

(2) The application shall be in the form and shall be accompanied by the documents determined by the Trust.

**4. Amount of a loan**

The amount of loan to be granted to a student under the Scheme is a sum of money determined by the Trust with the approval of the Minister.

**5. Interest on a loan**

The rate of interest chargeable on a loan granted under section 4 shall be at the average treasury bill rate for the year except that the borrower shall pay as interest three percent per annum on the reducing balance of the loan and the Government shall pay the remaining interest.

**6. Period for repayment of a loan**

(1) The period for the repayment of a loan granted under this Act shall, in respect of the different categories of courses of studies, be determined by the Trust but shall not exceed ten years.

(2) A borrower shall commence repayment of the loan as soon as the borrower is engaged in employment after the completion of the prescribed course of studies.

(3) For the purposes of the repayment or the recovery of a loan granted under this Act and the interest on it, a borrower shall be treated in every respect as if the borrower were a person of full age.

**7. Purpose of a loan**

A borrower shall apply the loan to defray personal expenses including the cost of boarding, lodging, books, equipment and for any other purposes necessary for the course of studies of the borrower.

**8. Award of scholarship and other grants**

(1) The Government may in each year award scholarships, bursaries and any other grants to Ghanaian students in tertiary institutions in Ghana.

(2) Despite any other provision in this Act to the contrary, a person is not eligible to apply for a loan under this Act where before admission into a public tertiary institution or during a course of studies in the institution, that person obtains a scholarship, an award, a bursary or a grant from the Government or from any other public funded source, and the amount of scholarship award, bursary or grant is equal to or exceeds the maximum loan payable under the Scheme at the time of the grant of the scholarship, award, bursary or grant.

**9. Responsibility for Scheme**

(1) The Trust is responsible for the operation and administration of the Scheme.

(2) For the purposes of subsection (1), the Trust may

- (a) grant the loans under the Scheme;
- (b) recover the loans in accordance with this Act or any other enactment;
- (c) enter into contracts in respect of the loans;
- (d) take legal action to recover the loans;
- (e) do any other thing necessary for, or incidental to, the purposes of this Act.

*Administration***10. Committees**

The Trust may, for the effective operation and administration of the Scheme in consultation with the Minister, appoint committees comprising of members of the Trust, non-members or both and may assign to the committees the functions that it considers necessary for the effective implementation of this Act.

**11. Loan agreement and guarantee**

(1) A loan shall not be granted to a borrower under this Act unless the borrower enters into an agreement with the Trust for repayment of the loan in accordance with this Act and the loan is guaranteed by three persons who are contributors to the Social Security Pensions Scheme or any other persons approved by the Trust.

(2) An agreement entered into or any other instrument executed under this section is exempted from stamp duty.

**12. Registration of a borrower and repayment by contributors**

(1) Where a borrower is granted a loan under this Act the borrower shall be registered by the Trust and shall be given a provisional social security number and a membership certificate unless the borrower has already been registered with the Trust.

(2) Where a borrower is employed on the completion of the prescribed course of studies and becomes a contributor to the Trust, the provisional social security number issued under subsection (1) shall become the permanent Social Security Pensions Scheme number of the borrower under the Social Security Act, 1991.<sup>2</sup>

(3) The social security contributions made to the Trust on behalf of the registered borrower shall be applied to repay the loan unless the loan is otherwise repaid.

(4) The repayment of a loan shall be by monthly deductions.

(5) The protection against attachment of contribution provided under section 31 of the Social Security Act, 1991<sup>3</sup> shall not apply to a borrower who has not completed the repayment of a loan granted under this Act or to the guarantors of the borrower.

(6) Despite a provision to the contrary in the Social Security Act, 1991<sup>4</sup> a period for which a borrower's social security contribution is applied to repay a loan under this Act shall be excluded from the minimum contribution period qualification for the payment of benefits provided under section 35 of the Social Security Act, 1991.<sup>5</sup>

**13. Repayments of loan by non-contributors**

(1) The repayment of a loan granted under this Act to a borrower who is not a contributor to the Social Security and Pensions Scheme shall be effected by deduction monthly from the remuneration of the non-contributor

(a) by the employer of the non-contributor, where the non-contributor is not employed, and

(b) where the non-contributor is self-employed, by the non-contributor.

(2) The deductions referred to in subsection (1) shall be remitted to the Trust within fifteen days after the deduction is made.

(3) Where a non-contributor fails to pay a sum of money due and payable under the Scheme, the Trust may take legal proceedings to recover it.

(4) Despite anything in this Act or in an agreement, where a non-contributor without lawful excuse, the proof of which lies on that non-contributor, falls in arrears with instalments of repayments for more than six consecutive months, the whole or the remainder of the loan shall become due and payable and the Trust may take legal action to recover it.

---

2. P.N.D.C.L. 247

3. P.N.D.C.L. 247.

4. P.N.D.C.L. 247.

5. P.N.D.C.L. 247.

(5) Without prejudice to the other provisions of this section, and without prejudice to a criminal penalty that may be imposed, an employer who is required to deduct a sum of money from the remuneration of a non-contributor and to pay the sum to the Trust under this section may be sued by the Trust for the recovery of the sums which the employer has failed to deduct and pay.

(6) The rights conferred on the Trust by this section does not derogate from any other rights of the Trust.

#### **14. Particulars required from borrowers**

(1) The National Service Secretariat, the Public Services Commission, the Education Service and every similar employing body shall, as soon as practicable, furnish the Trust with particulars of the posting of a student who has been granted a loan under the Scheme until the Trust notifies the Secretariat, the Commission, the Service or that body that the borrower has completed repayment of the loan.

(2) A borrower shall notify the Trust in writing not later than one month after the borrower first becomes employed or after subsequently changes employment and until the loan is duly repaid, of the name and business address of the employer, the business and residential address of the borrower, the borrower's salary and also any other particulars that the Trust may reasonably request.

(3) Except where the borrower is self-employed, the borrower shall in writing, also notify the employee of the obligation of the borrower in respect of the loan.

(4) An employer shall, within twenty-one days after receipt of the notification submit to the Trust the name and address of the employer, the name and salary of the borrower and the date of commencement of the borrower's employment with the employer.

(5) The Trust may by writing request an employer or any other person including a borrower to give information in respect of the borrower which the Trust reasonably requires for the purpose of ensuring recovery of a loan granted under the Scheme and the employer or that person shall comply with the request.

#### **15. Failure to repay the loan**

A borrower who

- (a) fails to obtain employment on completion of the prescribed course of studies, or
- (b) leaves the institution without obtaining a qualification, or
- (c) dies before repayment of the loan,

remains indebted to the Trust to the extent of the unpaid loan and the Trust may take the legal proceedings that it considers necessary to recover the loan.

#### *Miscellaneous*

#### **16. Offences**

A person who

- (a) fails to deduct contributions and pay it to the Trust contrary to subsections (1) and (2) of section 14,

- (b) fails to give a notification required under this Act, or
- (c) fails to supply an information required of that person under this Act, or
- (d) supplies an information which that person knows is false or which that person does not have a reason to believe is true,

commits an offence and is liable on summary conviction to a fine not exceeding twenty-five penalty units.

### 17. Offence by body of persons

- (1) Where an offence under section 16 is committed by a body of persons,
  - (a) in the case of a body corporate, every director or manager of the body and the secretary to the body shall be deemed to have committed that offence, or
  - (b) in the case of a partnership, every partner shall be deemed to have committed that offence.

(2) A person shall not be convicted of an offence under subsection (1), if it is proved that the offence was committed without the consent or connivance of that person and that due care and diligence was exercised to prevent the commission of the offence, having regard to the circumstances.

### 18. Regulations

The Minister may in consultation with the Trust, by legislative instrument, make Regulations for the effective implementation of this Act.

### 19. Interpretation

(1) In this Act, unless the context otherwise requires,

“**borrower**” means a person who has obtained a loan under the Scheme a part of which or the interest on which for the time being remains unpaid;

“**full age**” means the age of twenty-one years or more;

“**institution**” means a public tertiary institution established in Ghana;

“**non-contributor**” means a borrower who is not a contributor to the Social Security Scheme;

“**prescribed course of study**” means a course of study approved for the purposes of this Act and for which a student is granted a loan;

“**public tertiary institution**” means

- (a) universities or university colleges;
- (b) polytechnics;
- (c) diploma award teacher training colleges; and
- (d) post General Certificate of Education or post Senior Secondary School institutions in Ghana financed from state funds;

“**Minister**” means the Minister responsible for Higher Education;

“**student**” includes a student of a public tertiary institution in Ghana but does not include a student who is on paid study leave from employment;

“**Scheme**” means the Student Loans Scheme established by section 1;

“**Trust**” means the Social Security and National Insurance Trust established under Social Security Act, 1991.<sup>6</sup>

(2) In this Act, a reference to employment of one person by another includes a relationship whereby a person engages, for a commission, an agent or any other person who habitually retails the goods of any other person in consideration for a commission or allowance or who habitually canvasses for or solicits customers for any other person in consideration for a commission or allowance, and the words “employer” and “remuneration” shall be construed accordingly.

## 20. Repeals and amendments

*Spent.*<sup>7</sup>

## 21. Commencement

*Spent.*<sup>8</sup>

---

---

6. P.N.D.C.L. 247

7. The section reads as follows:

“(1) The University Students Credit Scheme Decree, 1974 (N.R.C.D. 356) and the University Students Credit Scheme (Amendment) Law, 1986 (P.N.D.C.L. 155) are hereby repealed.

(2) Notwithstanding the repeal of the enactments specified in subsection (1) of this section, any loan granted under the repealed enactments which remains unpaid shall be repaid in accordance with the terms of payment agreed upon under that enactments and shall be recovered from the borrower in accordance with the provision of the repealed enactments.”

8. The section provided for the 1st day of January, 1988 as the day on which the Law shall be deemed to have come into force.

