

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**UNSTARRED QUESTION NO. 2156**

ANSWERED ON MONDAY, THE AUGUST 5, 2024/ SHRAVAN 14, 1946 (Saka)

**EDUCATION LOAN FOR HIGHER STUDIES**

**2156. SHRI SANJAY UTTAMRAO DESHMUKH:  
SHRI ESWARASAMY K:**

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any scheme to provide education loan for higher studies through banks to the poor and the needy students of the country;
- (b) if so, whether non-agricultural land of the concerned student is mortgaged by each bank at the time of sanctioning and disbursing the educational loan;
- (c) if so, whether the Government has formulated any policy to nullify the condition of the bank to mortgage the non-agricultural land at the time of approving and disbursing education loan to the students and if so, the reasons therefor;
- (d) whether the Ministry has conducted any study on the key factors contributing to the growing student loan crisis in India and if so, the details thereof, State-wise; and
- (e) the shortcomings of the Government support and policy frameworks regarding education loans?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) to (e) All Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India to adopt Model Education Loan Scheme, formulated by Indian Banks' Association (IBA). The main features of the scheme are as under:

- The scheme provides need-based education loan.
- No collateral security or third-party guarantee is required for loans amount up to Rs. 7.50 lakhs, provided they are eligible for Central Sector Interest Subsidy Scheme (CSIS)/ Credit Guarantee Fund Scheme for Education loan (CGFSEL)
- No Margin for loans up to Rs. 4 lakhs.
- Moratorium period is allowed upto study period plus one year in all cases.
- Repayment period (after moratorium) is available upto 15 years for all loans.

As per the scheme guidelines, tangible collateral security of suitable value acceptable to the bank can be taken for education loans only if the loan amount is above Rs.7.50 lakhs and on case to case basis.

PSBs have further informed that non-agricultural land is taken as collateral for the loans, as agriculture land is not compliant to Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

As per the information furnished by PSBs, it is observed that in terms of number of accounts and amount disbursed, the Y-o-Y growth during the FY 2023-24 was 17% and 14.8%, respectively with the details as follows:

	<b>2022-23</b>	<b>2023-24</b>
No. of Loan accounts	6,29,594	7,36,580
Amount Disbursed (Rs. In crore)	24,997	28,699
Source: PSBs		

Further, Department of Higher Education (DoHE), Ministry of Education (MoE) implements Central Sector Interest Subsidy Scheme (CSIS), which provides full interest subsidy till moratorium (course period plus one year) on educational loans up to Rs.10 lakh availed under Indian Banks' Association (IBA)'s Model Educational Loan Scheme by students of Economically Weaker Section (EWS) with family income up to Rs.4.50 lakhs.

Also, the Union Budget 2024-25 has inter alia provided for a financial support in the form of annual interest subvention of 3 % of the loan amount for loans upto Rs. 10 lakh for higher education in domestic institutions, for one lakh youth who have not been eligible for any benefit under government schemes and policies.

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