

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 22

TO BE ANSWERED ON THE JULY 22, 2024, ASHADHA 31, 1946 (Saka)

‘REJECTION OF EDUCATIONAL LOAN BY PUBLIC SECTOR BANKS’

22. MS. PRANITI SUSHILKUMAR SHINDE:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the guidelines for disbursement of education loans;
- (b) whether the Government has made it compulsory to produce collateral for education loans; and
- (c) the number of education loans rejected by public sector banks during the last two years?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHOUDHARY)

(a) to (b) 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.

Public Sector Banks (PSBs) also provide collateral free loans beyond Rs.7.50 lakhs, on case to case basis as per their Board approved policies.

(c) As informed by IBA, the data on number of education loans rejected by PSBs is not maintained centrally. However, as per the IBA Model Education Loan Scheme, rejection of loan application, if any, shall be done with the concurrence of the next higher authority and conveyed to the student stating reason for rejection.

Further, 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:

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