

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:867  
ANSWERED ON:01.03.2013  
REVAMPING EDUCATION LOAN  
Pakirappa Shri S.

**Will the Minister of FINANCE be pleased to state:**

(a) whether some public sector banks have requested the Government/ Reserve Bank of India (RBI) to revamp their education loan models; and

(b) if so, the details thereof and the reaction of the Government/ RBI thereto?

**Answer**

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI NAMO NARAIN MEENA)

(a) and (b): The Model Educational Loan Scheme has been modified from time to time by Indian Banks' Association (IBA) keeping in view the needs of the students. The last such revision was made by IBA in September, 2012. The main features of revised Model Educational Loan Scheme are as under:

# Banks may consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota. The revised scheme also includes Degree/diploma in nursing or any other discipline approved by Indian Nursing Council;

# Banks may consider top up loans to students pursuing further studies within the overall eligibility limit, if such further studies are commenced during the moratorium period of the first loan;

# Existence of an earlier education loan to the brother(s) and/or sister(s) will not affect the eligibility of another meritorious student from the same family;

# Extension of repayment period from 5-7 years to 10-15 years depending on the quantum of loan;

# Students may submit their loan applications either at the bank branches near the residence of parents or to the educational institution;

# Banks may offer differential interest rates based on rating of institutions/students.