

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6156
ANSWERED ON:03.05.2013
INSURANCE FOR EDUCATION LOAN
Antony Shri Anto

Will the Minister of FINANCE be pleased to state:

- (a) whether some Scheduled Commercial Banks (SCBs) have introduced/proposes to introduce insurance for Educational Loans;
- (b) if so, the details thereof; and the likely benefits of the said move;
- (c) whether the banks have consulted the Government in this regard; and
- (d) if so, the details thereof; and the reaction of the Government thereto?

Answer

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

(a)to (d): Education loans are extended as per Model Educational Loan Scheme of Indian Banks' Association (IBA), as adopted by the Banks.

As per the Model Scheme, scheduled banks may, with the consent of the student, arrange for life insurance policy of the student availing Education Loan. In case of death of the student, loan amount outstanding is paid by the Insurance Company. The Model scheme is modified from time to time in consultation with various stakeholders including Government of India. The last such revision was made in September, 2012.