

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 1352

TO BE ANSWERED ON THE 1ST AUGUST, 2023, SRAVANA 10, 1945 (SAKA)

‘EDUCATION LOANS’

1352. Shri Vivek Thakur:

Will the Minister of FINANCE be pleased to state:

- (a) whether the maximum limit of loan under Primary Sector Lending has been fixed at 5 crores;
- (b) if so, whether Government proposes to provide exemption from the above limit of 5 crores to individuals and educational institutions belonging to the field of education in view of rising cost of education and internationalization of education; and
- (c) if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): In terms of the Reserve Bank of India’s (RBI) extant guidelines on ‘Priority Sector Lending’, education is one of the sectors which qualifies for lending by banks under their respective priority sector portfolio, with the details as follow:

- i. As per the RBI guidelines, bank loans up to a limit of Rs.5 crore per borrower for setting up schools etc, are eligible for priority sector classification under the broad category of ‘Social Infrastructure’.
- ii. Bank loans to individual for educational purpose, including vocational courses, not exceeding Rs.20 lakhs are also eligible for priority sector classification under the category of ‘Education’.

However, banks may provide need-based finance to meet the expenses of education as per the Indian Banks’ Association (IBA) Model Educational Loan scheme guidelines. Further, collateral free education loans up to Rs.7.50 lakh are provided to students for study in India and abroad.
