

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION
DEPARTMENT OF HIGHER EDUCATION
RAJYA SABHA
UNSTARRED QUESTION NO. 1308
ANSWERED ON- 11.02.2026

BURDEN OF EDUCATION LOANS ON STUDENTS

1308 **Dr. Dharmasthala Veerendra Heggade:**

Will the Minister of Education be pleased to state:

- (a) whether Government is aware of the increasing burden of education loans on students and their families, particularly in the context of rising education costs;
- (b) the measures being taken to address the challenges faced by students in repaying their loans, including any initiatives for loan waivers or interest subsidies;
- (c) whether Government has consulted educational institutions and student organizations to assess the needs and gaps in current loan and scholarship schemes; and
- (d) the anticipated outcomes of these initiatives on increasing enrolment rates, reducing dropout rates and improving overall educational equity for marginalized students across the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF EDUCATION

(DR. SUKANTA MAJUMDAR)

(a) to (d): Education is in the concurrent list and both the central government and State Governments work together for its improvement. To ease the burden of Education loans on students and to ensure that no student is denied higher education due to financial constraints, the Government of India is implementing different education loan, interest subsidy and scholarship schemes for providing financial assistance for higher education to all categories of students, subject to extant scheme guidelines.

Education Loans to students are provided by the banks under the Model Education Loan Scheme of Indian Banks' Association (IBA) of Department of Financial Services, Ministry of Finance. The details of the Scheme are available at <https://www.iba.org.in/retail-banking/educational-loan-scheme.html> . To ease the burden of loan, Interest is computed at simple annual rate on the outstanding principal disbursed amount of education loan during moratorium period (course period plus one year). Further, repayment can be done up to 15 years after the moratorium period.

Further, the Central Government launched the PM Vidyaxmi, a new Central Sector scheme that seeks to provide financial support to meritorious students of Quality Higher Education Institution (QHEIs) in November 2024. Under the PM Vidyaxmi scheme, students getting merit-based admission in Quality Higher Education Institution (QHEIs) are eligible to get collateral-free, guarantor-free education loans from banks to cover full amount of tuition fees and other expenses related to the course. In addition, a 3% interest

subvention support during moratorium period is given every year up to one lakh fresh students having an annual family income of up to ₹ 8 lakhs and not eligible for benefits under any other government scholarship or interest subvention schemes on education loans. An outlay of ₹ 3,600 Crore has been made during 2024-25 to 2030-31, and 7 lakh fresh students are expected to get the benefit of this interest subvention during the period.

The Ministry of Education also provides financial aid to students in the form of interest subsidy on education loans for technical and professional courses in India under the Pradhan Mantri Uchchatar Shiksha Protsahan (PM-USP) Central Sector Interest Subsidy Scheme (CSIS). The guidelines are available at <https://www.education.gov.in/en/scholarships-education-loan-4> . Further, Ministry of Education is implementing the Credit Guarantee Fund Scheme for Education Loans (CGFSEL) under PM-USP. Under the CGFSEL, Central Government gives guarantee for the education loans availed by students without any collateral security and third-party guarantee for a maximum loan limit of Rs. 7.5 Lakh. The Fund provides guarantee cover to the extent of 75% of the amount in default through the National Credit Guarantee Trustee Company Ltd. (NCGTC). The details of the scheme are available at [https://www.ncgtc.in/en/product-details/CGFEL/Credit-Guarantee-Fund-Scheme-for-Education-Loans-\(CGFEL\)](https://www.ncgtc.in/en/product-details/CGFEL/Credit-Guarantee-Fund-Scheme-for-Education-Loans-(CGFEL)) .

The Government is implementing various scholarship schemes for students, including those belonging to marginalized sections. The details of these schemes including the number of slots, assistance offered and eligibility criteria are available in the following websites:

S.No	Ministry/Department	Website Links
1	Department of Higher Education	https://www.education.gov.in/en/scholarships-education-loan-0
2	Department of School Education & Literacy	https://dse.education.gov.in/en/scheme/nmmss
3	University Grants Commission	https://www.ugc.gov.in/Home/student_Corner
4	All India Council for Technical Education	https://www.aicte.gov.in/bureaus/rifd/Scholarship-Schemes
5	Ministry of Social Justice & Empowerment	https://socialjustice.gov.in/schemes
6	Ministry of Tribal Affairs	https://tribal.nic.in/Scholarship.aspx
7	Ministry of Minority Affairs	https://www.minorityaffairs.gov.in/show_content.php?lang=1&level=2&ls_id=661&lid=823
8	Department of Science and Technology	https://dst.gov.in/inspire-scheme-innovation-science-pursuit-inspired-research

The above mentioned scholarship schemes are spread across the country for all students including students from marginalized sections can avail the benefits of the scheme as per the scheme's eligibility conditions and norms. Consultation with stakeholders, namely students and educational institutions is a continuous process. These schemes envisage that no deserving and meritorious student is denied the opportunity to pursue education because of financial constraints. As a result, the Gross Enrolment Ratio (GER) in higher education has increased to 29.5 in 2022-23 (provisional) compared to 23.7 in 2014-15.
