GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
STARRED QUESTION NO. *95
ANSWERED ON TUESDAY, 28th JULY, 2026/ 6 SHRAVANA, 1948 (SAKA)

EDUCATIONAL LOAN SCHEMES

*95. SHRI NEERAJ SHEKHAR:

Will the Minister of FINANCE be pleased to state:

(a) the details of schemes being run by Government for provision of education loan to students pursuing higher education along with the allocation made during the current financial year, scheme-wise; and

(b) the details of loans disbursed by Scheduled Commercial Banks and private banks during 2024-25, 2025-26 and 2026-27 till date, bank-wise and year-wise?

ANSWER

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

(a) to (b) A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (b) OF RAJYA SABHA STARRED QUESTION NO. *95 ANSWERED ON 28th JULY, 2026, REGARDING 'EDUCATIONAL LOAN SCHEMES' BY SHRI NEERAJ SHEKHAR, HON'BLE MEMBER OF PARLIAMENT

(a) The following Education Loan schemes are being implemented through banks and financial institutions across the country:

Model Education Loan Scheme (MELS)

All Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India (RBI) *vide* circular RPCD.PLNFS.BC.NO.83/06.12.05/2000-01 dated April 28, 2001 to adopt Model Education Loan Scheme (MELS), 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 ₹ 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 ₹ 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.

Further, RBI *vide* circular RPCD.SME&NFS.BC.No. 69/06.12.05 /2009-10 dated April 12, 2010, on Collateral Free Loans - Educational Loan Scheme, has advised that banks must not, mandatorily, obtain collateral security in the case of educational loans upto ₹ 4 lakh.

Pradhan Mantri Vidyalaxmi Scheme (PMVLS)

PM Vidyalaxmi scheme has been launched by Government of India on 06.11.2024, which enables loans through banks to meritorious students so that financial constraints do not prevent any youth of India from pursuing quality higher education. The scheme facilitates and enables education loans to students who get admission in the top Quality Higher Educational Institutions (QHEIs) in the country. The main features of the scheme are as under:

- The scheme provides collateral-free and guarantor-free education loans to students who get merit-based admission in QHEIs.
- For students with annual family income up to ₹8 lakh, the scheme provides 3% interest subvention on education loans up to ₹10 lakhs. Up to one lakh fresh students not getting any other scholarship or interest subvention on education loan will get this benefit. Interest subvention benefit is provided during moratorium period, i.e., course period plus one year.
- Loan amounts up to ₹ 7.5 lakhs is provided a 75% credit guarantee by the Government of India, to support banks to expand coverage.
- Total outlay for interest subvention from 2024-25 to 2030-2031 is ₹3,600 crores.

PM-USP Central Sector Interest Subsidy Scheme (CSIS)

The scheme was launched by Government of India in 2009 to extend financial aid in terms of interest subvention as per schematic guidelines is provided to eligible students who have taken student education loans under the MELS & newly launched PMVLS. Students enrolled in professional/ technical courses from National Assessment and Accreditation Council (NAAC) accredited Institutions or professional/ technical programmes accredited by National Board of Accreditation (NBA) or Institutions of National Importance or Centrally Funded Technical Institutions (CFTIs) are eligible. Those professional institutions/ programmes which do not come under the ambit of NAAC or NBA require approval of the respective regulatory body. The main features of the scheme are as under:

- Interest subvention on education loan is given to students whose annual family income is up to ₹ 4.5 lakhs.
- Full interest subvention is provided during moratorium period (course period + 1 year).
- Interest subvention benefit is for education loans up to Rs. 10 lakhs.

PM-USP Credit Guarantee Fund Scheme for Education Loans (CGFSEL)

The scheme was launched by Government of India in 2015. Under the CGFSEL, Central Government gives guarantee for the education loans availed by students without any collateral security and third-party guarantee. The main features of the scheme are as under:

- Credit guarantee is provided for education loans up to ₹ 7.5 lakhs. This is available for all students irrespective of family income.
- The Fund provides guarantee cover to the extent of 75% of the amount in default through the National Credit Guarantee Trustee Company Ltd. (NCGTC).

During the current financial year 2026-27, an amount of Rs 1050 crore has been allocated combinedly for PMVLS, CSIS and CGFSEL.

(b) As informed by RBI, the details of loans disbursed by Scheduled Commercial Banks and private banks during 2024-25 and 2025-26 bank-wise and year wise is at annexure. However, information for 2026-27 till date is presently not available with RBI.

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Annexure as referred to in part (b) of the reply to the Rajya Sabha Starred Question No. *95

(Amount in Rupees Crore)

S.No.	Scheduled Commercial Banks (SCBs)^	Bank	Amount disbursed in Education Loans	
			FY 2024-25	FY 2025-26*
1	Bank of Baroda	Public Sector Banks	2,860	2,871
2	Bank of India		442	676
3	Bank of Maharashtra		353	293
4	Canara Bank		4,332	4,306
5	Central Bank of India		1,634	1,662
6	Indian Bank		917	855
7	Indian Overseas Bank		404	459
8	Punjab And Sind Bank		121	109
9	Punjab National Bank		1,756	1,761
10	State Bank of India		11,072	13,370
11	UCO Bank		219	244
12	Union Bank of India		4,778	4,274
13	Axis Bank Limited	Private Sector Banks	1,888	1,795
14	City Union Bank Limited		34	139
15	CSB Bank Limited		6	0
16	DCB Bank Limited		2	93
17	Dhanlaxmi Bank Limited		15	14
18	Federal Bank Ltd		124	86
19	Hdfc Bank Ltd.		161	198
20	ICICI Bank Limited		4,621	3,775
21	IDBI Bank Limited		421	364
22	IDFC First Bank Limited		3,216	961
23	Jammu & Kashmir Bank Ltd		139	119
24	Karnataka Bank Ltd		108	94
25	Karur Vysya Bank Ltd		34	37
26	Nainital Bank Ltd		16	21
27	RBL Bank Ltd		15	18
28	South Indian Bank Ltd		39	39
29	Tamilnad Mercantile Bank Ltd		37	30
30	Yes Bank Ltd.		381	0
31	Shinhan Bank	Foreign Banks	103	269
32	AU Small Finance Bank Limited	Small Finance Banks	1	0
33	ESAF Small Finance Bank Limited		1	0
34	Shivalik Small Finance Bank Limited		1	0
35	Unity Small Finance Bank Limited		0	1
36	Utkarsh Small Finance Bank Limited		2	1
	Total		**40,253**	**38,934**

*** Provisional data**

^ SCBs (excluding RRBs)

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