

GOVERNMENT OF INDIA  
MINISTRY OF HUMAN RESOURCE DEVELOPMENT  
DEPARTMENT OF HIGHER EDUCATION

**LOK SABHA**

UNSTARRED QUESTION NO.1947  
TO BE ANSWERED ON 30.07.2018

**EDUCATION LOAN SCHEME**

†1947. SHRI RATTAN LAL KATARIA:

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

- (a) whether the Government is running education loan scheme for the bright future of students;
- (b) if so, the details of such loan scheme;
- (c) the response of the banks to provide education loan under education loan scheme for poor meritorious boy and girl students; and
- (d) the details of amount provided separately to Scheduled Tribe (ST)/ Scheduled Caste (SC) students under the loan scheme during the last three years?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT**

**(DR. SATYA PAL SINGH)**

(a) & (b): Education loan is provided to the students by the Scheduled Commercial Banks under the Model Educational Loan Scheme of Indian Banks' Association (IBA). The objective of the scheme is to provide financial support from the banking system to the meritorious students for pursuing higher studies in India and abroad.

Salient features of the Model Educational Loan Scheme of Indian Banks' Association (IBA):

- (i) Maximum education loan up to Rs 10 lakh for studies in India and Rs 20 lakh for studies abroad.
- (ii) No margin is required for loan up to Rs 4 lakh and for loan above Rs 4 lakh, 5% margin for studies in India and 15% margin for studies abroad.
- (iii) For loan above Rs 4 lakh and upto Rs 7.5 lakh, no margin is required, if the loan is covered under Credit Guarantee Fund for Education Loan Scheme.
- (iv) Simple interest is charged during the study period and up to commencement of repayment.
- (v) Repayment period of 15 years besides repayment holiday/ moratorium period (course period plus one year).
- (vi) Banks may also provide additional moratorium period up to six months at a time, taking into account, spells of unemployment/ under-employment, during the tenure of the loan.
- (viii) Moratorium is provided for the incubation period if the student wants to take up a start-up venture after graduation.

The Government is also implementing the following interest subsidy schemes on education loans for higher education: -

- (i) Central Sector Interest Subsidy Scheme (CSIS): - Under the Scheme, full Interest Subsidy is provided for the moratorium period (course period plus one year), on the educational

loan up to Rs. 7.5 lakh taken by students belonging to Economically Weaker Sections (EWS) having annual parental income up to Rs.4.5 lakh, from Scheduled Banks under the Model Educational Loan Scheme.

- (ii) Dr. Ambedkar Scheme of Interest Subsidy on Educational Loans for Overseas Studies: - The Scheme is implemented by Ministry of Social Justice and Empowerment. The objective of the scheme is to provide interest subsidy to meritorious students belonging to Other Backward Classes (OBC) and Economically Backward Classes (EBC) to provide them opportunities to pursue higher education abroad in the field of Arts, Engineering, Medical and Agriculture. The income ceiling is Rs. 8 lakh per annum for OBCs and Rs.2.5 lakh per annum for EBCs.
- (iii) Padho Pardesh Scheme: - The Scheme is implemented by Ministry of Minority Affairs. Under the scheme, interest subsidy is provided to minority students to pursue Master's Level Courses, M.Phil., and Ph.D. in foreign Universities in the field of Arts, Engineering, Agriculture and Medical. The income ceiling is Rs. 6.00 lakh per annum.

(c): Banks promote their Education Loan Scheme across the country by displaying their product at every branch and at important public places. Many banks also tie-up with the educational institutions and at the time of admission, set up stalls for the benefit of the students. Promotional campaigns are also carried out through print and social media.

(d): Education loan disbursed by Scheduled Commercial Banks (SCBs) to SC/ST students during the last three years is as per the table below: -

<b>Financial Year</b>	<b>No. of Accounts</b>	<b>Amount Disbursed (Rs. in crore)</b>
2015-16	52,092	490.05
2016-17	38,165	358.45
2017-18	35,929	335.91

Source: RBI

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