

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 1972
ANSWERED ON THE 19th DECEMBER, 2022/ 28 AGRAHAYANA 28, 1944 (SAKA)

‘Education Loan for Higher Studies’

1972. SHRI KARTI P. CHIDAMBARAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government intends to raise the guarantee limit for education loans for higher studies in India from Rs.7.5 lakh to Rs.10 lakh and if so, the details thereof;
- (b) the details of the total education loans disbursed by Public Sector Banks (PSBs) and Scheduled Commercial Banks (SCBs) in Financial Years (FY) 2019-20, 2020-21 and 2021-22, including provisional data for the current FY, bank-wise;
- (c) the details of the total Gross Non-Performing Assets (NPAs) of PSBs and SCBs on education loans during the said period, bank-wise;
- (d) whether it is a fact that PSBs are wary of sanctioning education loans due to an increase in defaults, if so, the reasons therefor; and
- (e) the steps taken by the Government to prevent delays and denials in sanction of education loans by banks and improve lending in the educational space?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): The Department of Higher Education in the Ministry of Education is handling the Credit Guarantee Fund Scheme for Education Loans (CGFSEL). As per this Scheme, the credit guarantee is provided for education loans covered under Indian Banks’ Association (IBA) model education scheme upto Rs. 7.5 lakh without any collateral security and third party guarantee.

(b): As per the information available with Reserve Bank of India (RBI), total education loans disbursed by Scheduled Commercial Banks (SCBs) during the Financial Years (FYs) 2019-20, 2020-21 & 2021-22 are as below:

FYs	Total education loans disbursed by SCBs (in Rs crore)
2019-20	18553.46
2020-21	18350.83
2021-22	17715.33
Source: RBI	

In terms of bank-wise classification, the details of the education loans disbursed by Public Sector Banks (PSBs), Private Sector Banks (PvSBs) and Small Finance Banks (SFBs) during the last three FYs since 2019-20 are as below:

FYs	Total education loans disbursed (in Rs crore)		
	PSBs	PvSBs	SFBs
2019-20	16643.77	1761.88	147.81
2020-21	16984.98	1291.08	74.76
2021-22	15445.62	2234.14	35.57
Source: RBI			

(c): As per the information available with RBI, details of Gross Non-Performing Assets (GNPAs) of SCBs on education loans during 2019-20, 2020-21 & 2021-22 are as below:

FYs	Total GNPAs (in Rs crore)	GNPAs to Gross Advances (%)
2019-20	8,96,082	8.21
2020-21	8,35,051	7.33
2021-22	7,42,397	5.82
Source: RBI		

In terms of bank-wise classification, the details of total NPAs of PSBs, PvSBs and SFBs during the last three FYs since 2019-20 are as below:

FYs	Total Gross Non-Performing Assets (in Rs crore)		
	PSBs	PvSBs	SFBs
2019-20	6,78,317	2,05,848	1,709
2020-21	6,16,616	2,02,266	5,971
2021-22	5,40,958	1,80,742	6,911
Source: RBI			

(d) & (e): As per RBI guidelines, all education loans up to Rs 4 lakh are collateral free. Further, the Government has launched a Credit Guarantee Fund Scheme for Educational Loan (CGFSEL) wherein collateral free loan is given up to Rs 7.5 lakh.

RBI has informed that the Model Education Loan Scheme, 2021 encompasses, *inter-alia*, broad guidelines regarding eligibility criteria, courses eligible for loan, quantum of finance, security and margin, rate of interest etc. and Banks are broadly guided by the above Scheme while sanctioning educational loans.

Further, Government has also launched an online portal *viz*; Vidya Lakshmi Portal (VLP) to ensure hassle free education loans through a single window system to students. Normally, sanction/rejection will be communicated within 15 days of receipt of duly completed application with supporting documents in the bank. Rejection of loan application, if any, shall be done with the concurrence of the next higher authority and conveyed to the student stating reason for rejection. Further, the sanction as well as rejection (with reasons) should also be reported by the bank concerned on the VLP portal.
