

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**LOK SABHA**

**UNSTARRED QUESTION NO. 1903**

TO BE ANSWERED ON THE 13<sup>th</sup> MARCH, 2023, PHALGUNA 22, 1944 (SAKA)

**‘Education Loans’**

1903. DR. SUBHASH RAMRAO BHAMRE:  
DR. AMOL RAMSING KOLHE:  
SHRI SUNIL DATTATRAY TATKARE:  
SHRIMATI SUPRIYA SULE:  
SHRI KULDEEP RAI SHARMA:

Will the Minister of FINANCE be pleased to state:

- a) The details of the criteria and interest fixed by the Government for educational loans;
- b) Whether it has come to notice of the Government that the banks are demanding for security and surety for educational loans;
- c) If so, whether this has affected poor deserving students and if so, the details thereof along with the corrective steps taken by the Government to overcome this problem;
- d) Whether it has come to notice of the Government that the banks are levying high rate of interest for the educational loans commercial loans, if so, the action taken by the Government to reduce the rate of interest of educational loans; and
- e) Whether the Government is also implementing Central Sector Interest Subsidy Scheme on Educational Loans and if so, number of such students who have availed benefits of the scheme in the State of Maharashtra and UT of Andaman and Nicobar during last three years and current year?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): As informed by Reserve Bank of India, all Scheduled Commercial Banks (SCBs) follow the Model Education Loan Scheme, 2021 which 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.

Further, as per the said Scheme, interest rate is to be charged at rates linked to the Base rate/ Marginal Cost of Funds based Lending Rate /External Benchmark Lending Rate as decided by the individual banks. Banks may also charge differential interest rate based on the rating of the course/institutions.

The Department of Higher Education in the Ministry of Education, Government of India 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 for an amount upto Rs. 7.5 lakh without any collateral security and third-party guarantee.

(e) The Department of Higher Education in the Ministry of Education, Government of India has launched Central Sector Interest Subsidy (CSIS) Scheme to support students from Economically Weaker Sections (EWS) by way of loans for technical and professional courses for the limit up to Rs.10.00 Lakhs.

As informed by the Nodal Bank i.e. Canara Bank, the number of students who have availed benefits of the scheme in the State of Maharashtra and UT of Andaman and Nicobar during the last three years and current year are as under:

Claim Year	Number of Claims #	
	Maharashtra	Andaman & Nicobar
2018-19	35,757	67
2019-20	33,071	54
2020-21	20,497	31
2021-22*	24,753	32
*The portal for claiming interest subsidy pertaining to 2021-22 is still open for submitting claims in FY 2022-23, claims received till Feb 2023.		
Source: Canara Bank		

# In terms of percentage share of the total sanctioned claimed, while the share of UT of Andaman & Nicobar has remained around 0.01%, the share of Maharashtra has gone up from 6.71% to 9.16% between 2018-19 and 2021-22.

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