

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 4336
TO BE ANSWERED ON THE 27th MARCH, 2023/ CHAITRA 6, 1945 (Saka)
‘EDUCATION LOANS’

4336: SHRI OMPRAKASH BHUPALSINH ALIAS PAWAN RAJENIMBALKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any ongoing scheme for providing educational loans to students through nationalized banks in the country;
- (b) if so, whether the nationalized banks are not sanctioning educational loans to students if the collateral for such loan is not non-agricultural;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the details of the policy of the Government with regard to removal of the condition of non-agricultural land while providing such educational loan?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (d) Indian Banks’ Association (IBA)- Model Educational Loan scheme for pursuing higher education in India and Abroad, 2021 is the ongoing scheme for providing need-based educational loans to the students through the banks. The Model Educational Loan Scheme encompasses, *inter-alia*, broad guidelines regarding eligibility criteria, courses eligible for loan, quantum of finance, security and margin, rate of interest etc. Banks are broadly guided by the above Scheme while sanctioning educational loans.

As informed by Public Sector Banks (PSBs), collateral free education loan upto Rs.7.50 lakhs are provided to students for study in India and abroad. Apart from this, there are secured Education loans wherein immovable collateral security such as non-agricultural land, building/house/flat etc. are considered. Other securities like Bank Deposit, Government securities, Public Sector Bonds, Units of Unit Trust of India, National Savings Certificate, Kisan Vikas Patra, Life Insurance Corporation of India policy etc., are also considered as collateral security for Education loan.

PSBs have further informed that non-agricultural land is required for collateralized education loans, as agriculture land is not compliant to Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.
