

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

STARRED QUESTION NO. *14

TO BE ANSWERED ON THE 3rd FEBRUARY, 2020, MAGHA 14, 1941 (SAKA)

EDUCATION LOAN

***14. SHRI THOMAS CHAZHIKADAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the delay in disbursal of education loan by nationalised banks;
- (b) if so, the details thereof;
- (c) whether the Government is aware that the nationalised banks are demanding collateral securities for approving education loans;
- (d) if so, the details thereof; and
- (e) the number of education loan applications approved by nationalised banks in the country during the last three years?

ANSWER

FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

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

**STATEMENT REFERRED TO IN REPLY TO PART (A) TO (E) OF LOK SABHA
STARRED QUESTION NUMBER *14 FOR 3rd FEBRUARY, 2020 REGARDING
EDUCATION LOAN BY SHRI THOMAS CHAZHIKADAN**

(a) to (e): Education loans are sanctioned as per the guidelines contained in the Model Educational Loan Scheme laid down by Indian Banks' Association (IBA) which *inter-alia* provides for education loan applications to be normally disposed off by banks within 15 days to one month of the receipt of loan application complete in all respects, and communication of decision regarding sanction/rejection within 15 days of the receipt of complete application. Further, the Scheme has several provisions to enable speedy disposal of loan applications including, *inter-alia*, issue of standard acknowledgement with reference number on receipt of application containing contact details of the bank official to be contacted in case of delay in disposal of application; rejection of loan application, if any, to be done with the concurrence of the controlling authority of the branch concerned, and to be conveyed to the applicant stating clearly the reasons for rejection; and disbursement of the loan in stages as per the requirement/demand directly to the Institutions/Vendors of equipments or instruments to the extent possible in order to avoid delays. Government has also launched an online portal viz; Vidya Lakshmi Portal to ensure hassle free education loans through a single window system to students. Any complaints received in respect of delay in sanction or disbursement of educational loans, including those received on the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) which are required to be disposed within 60 days, are taken up with the concerned bank for redressal.

As per Reserve Bank of India (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.

As per the information furnished by Public Sector Banks (PSBs), the number of education loan applications approved by them during the last three years in the country is as under:

Year	Number of Applications Approved
2016-17	196077
2017-18	216962
2018-19	199021
2019-2020 (Upto December, 2019- provisional)	164168
