

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION
DEPARTMENT OF HIGHER EDUCATION
LOK SABHA
UNSTARRED QUESTION NO. 1050
ANSWERED ON- 10/02/2025

Model Education Loan Scheme

1050 DR. C M RAMESH:

Will the Minister of EDUCATION be pleased to state:

- (a) the salient features, aims and objectives of Model Education Loan Scheme formulated by RBI for educational loans to students;
- (b) the details of education loan accounts, number of applications and total amount of loan disbursed in the State of Andhra Pradesh during the last ten years, year-wise and bank-wise;
- (c) whether Vidyalakshmi Portal is helping students to get educational loans hassle-free;
- (d) whether it is true that education loan is being rejected by the commercial banks without the concurrence of the next higher authority; and
- (e) if so, the details and reasons there for?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF EDUCATION
(DR. SUKANTA MAJUMDAR)

(a): Loan is a subject matter of the Department of Financial Services (DFS). Model Education Loan Scheme (MELS) has been developed to provide financial assistance to meritorious students for pursuing higher education in India and abroad. The scheme aims to make education accessible to all segments of society by offering flexible terms for loan repayment and coverage of a wide range of courses. The Scheme has since been revised from time to time and its latest revision is MELS, 2022. The key features of the scheme are as under:

- i. The scheme provides need-based education loan.
- ii. No collateral security/third-party guarantee is required for loans amounting up to ₹7.50 lakhs. The credit guarantee coverage is extended under the 'Credit Guarantee Fund Scheme for Education Loan' (CGFSEL).
- iii. No Margin for loans up to ₹4 lakhs.
- iv. Moratorium period is allowed up to study period plus one year in all cases.
- v. Repayment period (after moratorium) is available up to 15 years for all loans.

Public sector banks also provide collateral-free education loans beyond ₹ 7.5 lakhs, on case-to-case basis.

(b): As per information provided by the Public Sector Banks, the number of applications and total amount of loan disbursed in the State of Andhra Pradesh during the last ten years, year-wise and bank-wise may be seen at https://www.education.gov.in/parl_ques.

(c): A dedicated online platform, PM Vidyalaxmi portal is being developed on which students will be able to apply for the education loan as well as interest subvention, through a simplified 2-page application process to be used by all banks. The Portal is for all Public Sector Banks, Private Banks, Regional Rural Banks and Cooperative banks. All these measures aim to create widespread awareness about the scheme and help eligible students, including those from rural and underprivileged areas to avail hassle-free education loans.

(d) and (e): As per Model Education Loan Scheme, 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.
