

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION
DEPARTMENT OF HIGHER EDUCATION
LOK SABHA
UNSTARRED QUESTION NO. 161
ANSWERED ON- 03/02/2025

EDUCATION LOAN TO NEEDY STUDENTS

161 SHRI RAJEEV RAI:

Will the Minister of EDUCATION be pleased to state:

- a) the details of the steps taken by the Government to facilitate education loan to the needy students;
- b) the total number of Students who applied for education loan and the total amount sanctioned during the financial year 2023-24;
- c) the average time taken in the sanction of these education loans; and
- d) the details of reason for rejecting the remaining loan request?

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). As per information provided by the DFS, all Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India to adopt Model Education Loan Scheme (MELS), formulated by Indian Banks' Association (IBA). The Scheme has since been revised by IBA 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 amount up to Rs. 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 Rs. 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.

In addition, the PM Vidyalaxmi, a new central sector scheme has been launched on 6th November 2024. Under the scheme, collateral-free and guarantor-free education loan is provided to students getting merit-based admission in top Quality Higher Education Institutions (QHEIs). The NIRF 2024 ranking has been considered to prepare the list QHEIs for academic year 2024-25 and 860 QHEIs have been selected for this. All the students who get merit-based admission in the QHEIs and who desire to avail the education loan are eligible to get it.

(b) to (d): As per information provided by the Public Sector Banks, in the year 2023-24, there were about 4.66 lakh applicants of education loans and amount sanctioned was more than ₹41,600 crore. As informed by the IBA, in normal course, sanction/ rejection is to be communicated within 15 days of receipt of duly completed application with supporting documents in the Bank. Further, 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.
