

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 75

ANSWERED ON MONDAY, FEBRUARY 3, 2025, MAGHA, 14, 1946 (Saka)

‘OUTSTANDING LOANS TOWARDS STUDENTS’

75 SHRI THIRU ARUN NEHRU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to bring a one time settlement policy for student loans;
- (b) if so, the details thereof; and
- (c) the action taken by the Government on outstanding loans taken by students who are not able to repay?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHAUDHARY)

(a) to (b) Currently, no such proposal is under consideration.

(c) All Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India *vide* circular RPCD.PLNFS.BC.NO.83/06.12.05/2000-01 dated April 28, 2001 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 scheme inter-alia provides Moratorium period upto study period plus one year and repayment period (after moratorium) is available upto 15 years.

In addition, the scheme provides that Banks may also:

- i. extended moratorium period taking into account spells of under-employment/unemployment, say two or three times (maximum of 6 months at a time) during the life cycle of the loan;
- ii. consider ‘Telescoping of repayment with stepped up instalments with passage of time’, in certain cases (e.g. professionals like doctors).
