

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

**UNSTARRED QUESTION NO. 4063**

ANSWERED ON MONDAY, 18 AUGUST, 2025/SRAVANA 27, 1947 (SAKA)

**EDUCATIONAL LOANS FOR SC/ST STUDENTS**

4063. SHRI MADHAVANENI RAGHUNANDAN RAO:

Will the Minister of FINANCE be pleased to state:

- (a) whether educational loan is being provided to SC/ST students and if so, the details of the scheme;
- (b) whether there is any special schemes or initiatives by the Government to support SC/ST students in accessing educational loans; and
- (c) the number of students in Telangana benefited from these schemes along with the specific benefits they have received?

**ANSWER**

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

**(a) to (b)** All Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India (RBI) to adopt Model Education Loan Scheme (MELS), 2022 (last amended on 21.3.2024). This scheme is available for all sections of the society including SC/ST students. The main features of the scheme are as under:

- The scheme provides need-based education loan.
- No collateral security or third-party guarantee is required for loans amount up to ₹ 7.50 lakhs, provided they are eligible for Central Sector Interest Subsidy Scheme (CSIS)/ Credit Guarantee Fund Scheme for Education loan (CGFSEL).
- No Margin for loans up to ₹ 4 lakhs.
- Moratorium period is allowed upto study period plus one year in all cases.
- Repayment period (after moratorium) is available upto 15 years for all loans.

Public Sector Banks (PSBs) also provide collateral free loans beyond ₹ 7.50 lakhs, on case to case basis as per their Board approved policies.

Further, RBI *vide* circular RPCD.SME&NFS.BC.No. 69/06.12.05 /2009-10 dated April 12, 2010, on Collateral Free Loans - Educational Loan Scheme, has advised that banks must not, mandatorily, obtain collateral security in the case of educational loans upto ₹ 4 lakh.

Moreover, PM Vidyalaxmi scheme has been launched on 06.11.2024, which enables loans through banks to meritorious students so that financial constraints do not prevent any youth of India from pursuing quality higher education. The scheme facilitates and enables education loans to meritorious students who get admission in the top 902 (last updated on 8.8.2025) Quality Higher Educational Institutions (QHEIs) in the country and enables meritorious students of these QHEIs to take collateral free, guarantor free education loans through a simple, transparent, student-friendly application process. This scheme is available for all sections of the society including SC/ST students.

The National Scheduled Castes Finance and Development Corporation (NSFDC), under the aegis of Ministry of Social Justice and Empowerment (MoSJE) provides education loan, at concessional rate of interest to persons belonging to Scheduled Castes, having annual family income up to ₹ 3.00 lakhs, through State Channelizing Agencies (SCAs), nominated by respective State Government/UT, and other Channelizing Agencies like Regional Rural Banks (RRBs) and Public Sector Banks (PSBs), with whom the Corporation has signed Memorandum of Association.

The details of educational loan are given below:

Under Education Loan Scheme, loan is provided for pursuing full-time Professional/Technical courses in recognized institutions as one time assistance. The Educational Loan shall cover Admission Fee, Tuition Fee, Books, Stationery, and Equipment etc.

- **Maximum Loan Limit:** Up to Rs.40.00 lakh for studies in India and Abroad or 90% of course fee, whichever is less.
- **Rate of Interest:** NSFDC charges interest @ 2.5% from the SCAs/CAs, which in turn charges 6.5% from the Beneficiaries.
- **Repayment Period:** The maximum repayment period under the Educational Loan Scheme is Upto 12 years.

(c) As informed by RBI, as on March 31, 2025, the Credit Outstanding to SC/ST students in Telangana by Scheduled Commercial Banks (excluding RRBs) stood at ₹247.60 crore with 0.04 lakh outstanding accounts (provisional data).

Further, an amount of ₹ 7.91 lakhs has been released to 04 students of Telangana by NSFDC, (as on date) under educational loan scheme.

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