

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

**UNSTARRED QUESTION NO. 2594**

ANSWERED ON MONDAY, 17<sup>th</sup> MARCH, 2025/ 26 PHALGUNA 1946 (SAKA)

**NON-ADHERENCE OF TIMEFRAME IN DISBURSEMENT OF EDUCATION  
LOANS BY BANKS**

2594. SHRI M K RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has noticed that banks are not adhering to the time frame in disbursement of Education loans; and
- (b) if so, the steps taken by the Government to address the same?

**ANSWER**

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

(a) to (b) All Scheduled Commercial Banks have been advised by RBI to adopt Model Education Loan Scheme, 2022 (last amended on 21.3.2024), formulated by Indian Banks' Association. The scheme inter-alia includes the following provisions w.r.t. disbursement of education loan:

- In normal course, sanction/ rejection to be communicated within 15 days of receipt of duly completed application with supporting documents in the Bank.
- 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.

Reserve Bank of India (RBI) *vide* Master Circular DBR.No.Dir.BC.10/ 13.03.00/2015-16 dated July 1, 2015 on 'Master Circular- Loans and Advances – Statutory and Other Restrictions', have advised banks to clearly delineate the procedure for disposal of loan proposals, with appropriate timelines, and institute a suitable monitoring mechanism for reviewing applications pending beyond the specified period.

Further, as and when, any specific grievance, with respect to non-adherence of time frame in disbursement of Education loans are received, such grievances are taken up with respective banks on case to case basis.

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