



## Indian Banks' Association

No. RB/ELS/9623

February 15, 2021

**The Chairman/ Managing Director & Chief Executives of All Member Banks**

Dear Sir/Madam,

**IBA Model Educational Loan Scheme for Pursuing Higher Education in India and Abroad, 2021**

In 2000, pursuant to the Finance Minister's meeting with the Chief Executives of public sector banks, IBA had constituted a Study Group to examine the role of commercial banks in facilitating pursuit of higher education. Based on recommendations made by the Study Group, IBA had prepared a Model Educational Loan Scheme in the year 2001, which has been modified from time to time. The scheme was last modified in the year 2015 based on experience gained in the implementation/operation of the scheme over the years.

In October 2018, a review exercise was taken up w.r.t. the following aspects:

- i. Incorporate the changes in the scheme keeping in view the operational difficulties and updation made in Central Sector Interest Subsidy Scheme (CSIS) as revised - applicable w.e.f. April 01, 2018;
- ii. To make the scheme more transparent for students;
- iii. To minimize scope for multiple interpretations leading to disputes.

Accordingly, IBA constituted a Working Group to undertake the task of modifying the Educational Loan Scheme and prepare a structure/format of revised Educational Loan Scheme. The working group had a series of meetings and after detailed deliberations, finalized the revised scheme. The revised model scheme was approved by the DFS.

The revised Model Educational Loan Scheme with proposed changes by the DFS was approved by the IBA Managing Committee in its meeting held on January 15, 2021, for adoption and implementation by the member banks.

Further, since the scheme is a model scheme, Banks may adopt their board approved policy for risk mitigation with regard to individual colleges and courses, etc.

The revised IBA Model Educational Loan Scheme for Pursuing Higher Education in India and Abroad, 2021 is enclosed for your necessary action.

Yours faithfully,

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Encl: A/a