



## Indian Banks' Association

No.CIR/RB-ELS/441

June 3, 2016

### Chief Executives of all Member Banks

Dear Sirs/Madam,

### **IBA Model Educational Loan Scheme for Pursuing Higher Education in India & Abroad -2015**

We refer to the IBA circular No. CIR/RB-ELS/6 dated 17<sup>th</sup> August 2015 forwarding the revised IBA Educational Loan Scheme [2015] for Pursuing Higher Education in India & Abroad to member banks for adoption and implementation by banks.

The IBA Model Educational Loan Scheme, prior to the latest revision, had the following provision for margins:

Margin:

Upto ₹ 4 lakhs		NIL
Above ₹ 4 lakhs	Studies in India	5%
	Studies Abroad	15%

**In the recent revision we had incorporated the following provision to the above clause.**

**“However, up to ₹ 7.5 lakhs, margin will be NIL, if loan is eligible for the Credit Guarantee.”**

In the meantime, the Government of India through Ministry of Human Resource Development, Department of Higher Education on 16<sup>th</sup> September 2015 released Credit Guarantee Fund Scheme of Educational Loans [CGFSEL] notified in the Gazette of India. They have kept the margins same as in original IBA Model Educational Loan Scheme [2012]. The matter was placed before the IBA Managing Committee Meeting held on 27<sup>th</sup> May 2016. The Committee after deliberations accorded its approval to amend the IBA Model Educational Loan Scheme [2015] to restore the original clause for margin. Accordingly, **the amendment would read as under:**

### **MARGIN**

<i>Upto ₹ 4 lakhs</i>		<i>NIL</i>
<i>Above ₹ 4 lakhs</i>	<i>Studies in India</i>	<i>5%</i>
	<i>Studies Abroad</i>	<i>15%</i>

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*However, upto ₹ 7.5 lakhs, loan is eligible for the Credit Guarantee coverage.*

- *Scholarship/ assistantship to be included in margin.*
- *Margin may be brought-in on year-to-year basis as and when disbursements are made on a pro-rata basis.*

The **REVISED IBA MODEL EDUCATIONAL LOAN SCHEME** is enclosed for your use. The members are requested to kindly note the changes and communicate the modification to all the branches sanctioning education loans.

Yours faithfully,



**K Unnikrishnan**  
**Deputy Chief Executive**

Encl. a/a



RB:ELN: ELS 2016 1062016 amendt margin