



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 17th 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 16th 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 27th 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