

Standing Committee Report Summary

Review of Schemes for Education Loans and Financial Accessibility in Higher Education

- The Standing Committee on Education, Women, Children, Youth and Sports (Chair: Mr Digvijaya Singh) submitted its report on the “Review of Schemes for Education Loan and Financial Accessibility in Higher Education” on December 9, 2025. Key observations and recommendations of the Committee include:
 - **Decline in accessibility of educational loans:** Number of active educational loans declined from 23 lakh in 2014 to 21 lakh in 2025. However, total credit amount rose from Rs 52,327 crore in 2014 to Rs 1.37 lakh crore in 2025, indicating much higher borrowing per student. The Committee observed that these figures indicate a decline in accessibility of educational loans, even as costs are rising. The Committee recommended giving priority to students below poverty line in sanctioning of educational loans for higher education. The Committee noted that the central government is implementing schemes to provide interest rebate on education loans. However, awareness about these schemes is low among students from disadvantaged sections, rural background, or remote areas.
 - **Interest rate on education loans:** The Committee noted that the interest rate ranges between 7.5% and 15%, which increases the overall cost of education. It observed that education loans should be highly subsidised. It recommended that the Department of Higher Education collaborate with Reserve Bank of India (RBI) and the Department of Financial Services to develop a uniform policy for all banks and determine a uniform reasonable rate of interest for educational loans.
 - **Revising policy limits for education loans:** The Committee noted that the limit for collateral-free education loan has not been revised since 2010. The limit for education loan under the priority sector lending (PSL) by RBI has also not been revised since 2020. This is despite a rise in costs for higher education. The Committee recommended revising these limits.
 - **Exemptions from providing CIBIL scores:** The Committee observed that a majority of the population are first time-borrowers. Their applications for education loans are rejected because they do not have a credit history. It recommended that families who receive free rations must be exempted from requirement to provide CIBIL score at the time of applying for education loans. Periodic independent audits must be conducted to ensure that credit models are not discriminatory against economically weaker sections, especially in rural areas.
- **PM-Vidyalakshmi scheme:** The scheme aims at providing collateral-free and guarantor-free education loans to all students who get merit-based admission in specified higher education institutions (HEIs). The Committee observed that the number of beneficiaries under the scheme is low. Between February and August 2025, out of 55,887 applications, 30,442 applications were sanctioned and 21,967 applications were disbursed. Several banks had not sanctioned even a single application. It recommended issuing strict guidelines for timely sanctions and disbursement. It also recommended: (i) extending the scheme to cover institutions other than the 902 specified HEIs as majority of HEIs are not covered, and (ii) increasing the number of beneficiaries under the scheme.
- **Repayment of loans:** The Committee recommended increasing moratorium period from one year to two years under various government schemes for education loan. This will be beneficial to students facing challenges in getting employment. It also recommended allowing repayment models which provide for income-based instalments. Such models must also ensure that there is no increase in non-performing assets in the banks providing education loans.
- **Grievance redressal:** The Committee recommended the Department to establish a dedicated student grievance portal, and integration with RBI’s ombudsman platform and helpline services. Compensation should be provided in case of delays.
- **Nodal officer at each branch:** The Committee recommended that there must be a nodal officer in each branch of every bank. The officer will be responsible for providing technical support to students who are applying for education loans.

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