



Education Loan

1. Introduction

2. FAQs

3. Banks Covered

3.1 Lakshmi Vilas Bank

3.2 South Indian Bank - Vitjnan Pradhan Scheme

3.3 South Indian Bank - SIB 'Excellence'

3.4 South Indian Bank - Vidyanidhi Scheme

3.5 The Ratnakar Bank Ltd

4. Banks Covered in Previous Articles



1. Introduction to Education Loan

An **Education loan** is designed to help students pay for college tuition, books, and living expenses. It differs from other types of loans in that the interest rate is substantially lower and the repayment terms are easy. An education loan is a form of financial support from any bank or financial institution that enables a student for taking higher education. Availability of the education loan, at the appropriate time can help millions of deserving bright young Indians to achieve their dreams come true. All graduation, post-graduation and professional courses from institutes approved by the state and central government and also from foreign universities are eligible for a loan.

[Back to Index...](#)

2. FAQs

2.1. For what type of courses can educational loans be taken?

Educational loans can be taken to pursue a wide variety of courses, for example:

- School/graduation courses, like High School, B.Sc., B.Com., B.A., etc.
- Post-graduate/specialized courses, like B.Sc., M.Sc., B.A., M.A., B.Com, M.Com., etc.
- Professional courses, like M.B.A., M.C.A., B.E., M.E., BTech, M.B.B.S., etc.
- Other courses, like computer courses, fashion designing, commercial pilot training, etc.

Keep in mind, however, that, usually, the courses financed should be for durations of more than a year, i.e., 12 months.

2.2. What are the costs covered under educational loans?


Educational loans usually cover the costs of tuition fees, hostel fees, mess fee and examination fees. Some banks may also finance the cost of books, equipments and other instruments required by the student for that course. For studies abroad, banks may provide one-way air fare. But this needs to be checked with your individual bank.

2.3. Who is eligible for an educational loan?

There are many criteria that determine the eligibility of a student for an educational loan. These vary greatly from bank to bank. The most important criterion is that the student must have qualified for, or have a confirmed admission in a college or institute. The other factors that are normally important with nationalized banks are the age band, i.e. the student applying for the loan must be in the age group of 16-26 or some such specified range. Other criteria are good academic record (first class throughout, with no gaps or breaks in education, etc.), and a regular source of income for the parents. The recognition granted to the institution the student has opted for is also an important criterion.

2.4. What is the maximum amount that can be availed under educational loans? / How is the maximum loan amount calculated?

The maximum loan amount varies from bank to bank, but, most importantly, it depends on the course for which the loan is sought and the institution chosen. For example, the loan amount for an



M.B.A. course would be different for different institutes--the fees at I.I.M.'s would be approximately Rs 2 Lac, whereas at Somaiya it would be Rs 80,000. Hence the loan amount will vary drastically. But many banks have a margin criterion, which means that they would provide up to 75 per cent or 90 per cent of the total cost of the course, while the balance has to be paid by the applicant. The loan amount can also depend on the borrower's parents/guardians net monthly salary. The loan amount could also be calculated as being six or 10 times the monthly salary of the parent. Ultimately, however, the loan amount would depend on the discretion of the bank.

2.5. What security does one needs to provide for the loan?

The security depends on the loan amount. It is quite possible that banks may not require security for a loan of up to Rs 25,000, but would require it for amounts greater than that. These limits are usually in slabs that vary with banks. The usual security that the banks generally take is National Savings Certificates (NSCs), bonds, gold, vehicle, house or property, etc. In addition to these, some banks might also require the applicant to have a life insurance policy equivalent to, or greater than, the loan amount.

2.6. What are the documents required for an educational loan?

The general documentation required by the banks for disbursing education loans is usually very simple. The most important among them is proof from the college/institute that the student has a confirmed admission there. Then comes an agreement with the students or the parents/guardians, and proof of residence. Proof of age is also important, considering that quite a few banks have a clause that they would not finance a student above a certain age limit. Also required are documents to prove that the parents/guardians have a regular source of income, namely, salary statements, IT returns, etc. And lastly, a resume of the student, clearly showing his past academic performances.

2.7. What is a holiday period?

A holiday period is the maximum time given to the student before he/she needs to start paying back the principal loan in Equated Monthly Instalments (EMIs). In other words, it is the period between the student's final examination in the course for which the loan was availed and when he/she actually starts paying the EMIs. Typically, holiday periods range from six to 12 months. Take note, however, that if the student starts working immediately after completing the course, he does not enjoy a holiday period. Repayment usually starts six months after the course completion or the commencement of a job, whichever is earlier.

2.8. Will I get an educational loan for payment seats' also?

Yes, one can get an educational loan for payment seats too. Usually, the banks have a ceiling for each course, and, based on that, they decide the loan amount. So long as the loan amount does not cross that ceiling, the student can be assured a loan, provided he/she satisfies the other eligibility criteria.

3. Banks Covered

3.1 Lakshmi Vilas Bank

Name of Bank	Lakshmi Vilas Bank
Loan Amount & Rate of Interest	<ul style="list-style-type: none"> • Studies in India : Maximum of Rs. 10 Lacs • Studies Abroad: Maximum of Rs. 20 Lacs <p>For Boy Students:</p> <ul style="list-style-type: none"> • Loans up to Rs. 4 Lacs: At BPLR (PER: 15.00% p.a.) • Loans above Rs. 4 Lacs: BPLR + 1% (PER: 16.00% p.a.) <p>For Girl Students:</p> <ul style="list-style-type: none"> • Loans up to Rs. 4 Lacs: BPLR-0.50% (PER: 14.50% p.a.) • Loans above Rs. 4 Lacs: BPLR+0.50% (PER: 15.50% p.a.)
Documents Required	*Copy of Mark sheet *Proof of admission *Proof of cost of course
Security	<ul style="list-style-type: none"> • Loans up to Rs.4.00 Lacs : No security • Loans above Rs.4.00 Lacs and up to Rs.7.50 Lacs: Co-obligation of parents/grandparents together with collateral security in the form of suitable third party guarantee. The bank may, at its discretion, in exceptional cases, waive third party guarantee if satisfied with the net-worth/means of parent(s)/grandparent(s) who would be executing the document as "joint borrower". • Above Rs.7.50 Lacs: Co-obligation of parents/grandparents together with tangible collateral security of suitable value, along with the assignment of Future income of the student for payment Of instalments. In the case of married person, co-obligant can be the spouse or the parent(s)/parents-in-law.
Mode of repayment	<ul style="list-style-type: none"> • repaid within a maximum period of 84 months, with a holiday period of course period + 1 year or 6 months after employment whichever is earlier
Area of Operation	Pan India Presence
Address	The Lakshmi Vilas Bank Ltd. Administrative Office Salem Main Road, Karur - 639006
Phone	04324-220051
Email	info@lvbank.in
Website	www.lvbank.com

3.2 South Indian Bank - Vitjnan Pradhan Scheme

Name of Bank	South Indian Bank - Vitjnan Pradhan Scheme
Eligibility	Students desirous of pursuing professional courses in India and abroad
Loan Amount & Rate of Interest	Loan Amount: Max Rs.10 lacs subject to actual requirement ROI - Fixed at BPLR + TP - 2.50% Penal interest: @2% to be charged for loans above Rs.2 lacs for the overdue amount and overdue period
Expenses covered	<ul style="list-style-type: none"> • Fees • Caution deposits and refundable deposits • Cost of study books / equipments • Cost of uniform • Hostel Boarding and lodging • One time premium of life insurance policy of ICICI-Prudential without maturity return covering the entire period of loan with sum assured equal to the loan amount
Documents Required	<ul style="list-style-type: none"> • Attested copies of documents for proof of age/date of birth and proof of residential address • Passport size photo of the applicant, co-obligants and guarantors • Copy of mark sheets/degree certificates of previous academic qualifications • Income proof/latest income tax return of parents/co-obligants, guarantors (if any) • Details of collateral security along with valuation certificate of Govt approved valuer (if any) • Details/statements of Bank accounts held by the student applicant/co-obligant(s)/guarantors (if any) for the last six months • Copy of Passport/Visa, cost of air fare (documentary detail) in case of studies abroad

Name of Bank	South Indian Bank - Vitjnan Pradhan Scheme Continued...
Security	<ul style="list-style-type: none"> • Up to Rs 4 lacs - Guarantee of parents. No security required • Above Rs.4 lacs -Guarantee of parents together with collateral security <p>Borrower shall be the student him/herself if he/she is major (completed 18 years). In the case of minor students, parents shall be the borrowers</p>
Mode of repayment	<ul style="list-style-type: none"> • Repayment period will start from 1 year after qualifying exam or six months after obtaining employment, whichever is earlier. • Loan should be repaid in 60 equal monthly installments after the holiday/moratorium as above
Area of Operation	Pan India Presence
Address	South Indian Bank Ltd T B Road, Mission Quarters Thrissur – 680001, Kerala
Phone	487-2420020 487-2420113 487-2420058
Email	sibcorporate@sib.co.in
Website	www.southindianbank.com

[Back to Index...](#)

3.3 South Indian Bank - SIB 'Excellence'

Name of Bank	South Indian Bank - SIB 'Excellence'
Eligibility	Students desirous of pursuing professional courses in India
Loan Amount & Rate of Interest	Loan Amount: Max Rs.10 lacs subject to actual requirement, whichever is lower ROI - Fixed Rate @ 9 % without reset clause
Courses Covered	<ul style="list-style-type: none"> • All IIMs for 2 year PG/PGDM programme • All IITs for 4 year UG /2 year PG programmes • National Institute of Design (NID)-Ahmedabad for 4 years UG/ 2 years PG course • Indian School of Business (ISB), Hyderabad for 2 year PG programmes • National Institute of Fashion Technology (NIFT) for 4 year UG/2 year PG course • Indian Institute of Foreign Trade, Delhi & Kolkata for 2 year PG programmes • Business schools (other than those listed above) appearing in the top 20 ranking of 'NAAC' (National Assessment & Accreditation Council) / AIMA (All India Management Association), the list of which will be circulated by Credit Department shortly
Expenses covered	<ul style="list-style-type: none"> • Fees payable to College including examination /library /laboratory fees • Caution deposits and refundable deposits (not exceeding 10% of tuition fees for the entire course). • Cost of study books / equipments / computers / cost of uniform / hostel Boarding and lodging • One time premium of life insurance policy (without maturity return) covering the entire period of loan with sum assured equal to the loan amount

Name of Bank	South Indian Bank - SIB 'Excellence' Continued...
Documents Required	<ul style="list-style-type: none"> • Attested copies of documents for proof of age/date of birth and proof of residential address. • Passport size photo of the applicant, co-obligants and guarantors. • Copy of mark sheets/degree certificates of previous academic qualifications. • Income proof/latest income tax return of parents/co-obligants, guarantors. (if any) • Details of collateral security along with valuation certificate of Govt approved valuer (if any). • Details/statements of Bank accounts held by the student applicant/co-obligant(s)/guarantors (if any) for the last six months • Copy of Passport/Visa, cost of air fare (documentary detail) in case of studies abroad
Security	Guarantee by one of the parents/close relative. Life Insurance policy (Single Premium) for equal amount of loan and tenure to be got assigned in bank's name.
Mode of repayment	Repayment will start from 1 year after qualifying exam or six months after obtaining employment, whichever is earlier.
Area of Operation	Pan India Presence
Address	South Indian Bank Ltd T B Road, Mission Quarters Thrissur – 680001, Kerala
Phone	487-2420020 487-2420113 487-2420058
Email	sibcorporate@sib.co.in
Website	www.southindianbank.com

[Back to Index...](#)

3.4 South Indian Bank - Vidyanidhi Scheme

Name of Bank	South Indian Bank - Vidyanidhi Scheme
Eligibility	Application must be in the name of the student if he/she has completed 18 years
Loan Amount & Rate of Interest	Loan Amount: Max Rs.10 lacs subject to actual requirement ROI - BPLR + TP - 3.50% floating
Documents Required	<ul style="list-style-type: none"> • Attested copies of documents for proof of age/date of birth and proof of residential address • Passport size photo of the applicant, co-obligants and guarantors • Copy of mark sheets/degree certificates of previous academic qualifications • Income proof/latest income tax return of parents/co-obligants, guarantors (if any) • Details of collateral security along with valuation certificate of Govt approved valuer (if any) • Details/statements of Bank accounts held by the student applicant/co-obligant(s)/guarantors (if any) for the last six months • Copy of Passport/Visa, cost of air fare (documentary detail) in case of studies abroad
Security	Application must be in the name of the student if he/she has completed 18 years. In case of minor students, parents shall be the borrowers.
Mode of repayment	Direct to the College Management as prescribed in the prospectus.
Area of Operation	Pan India Presence
Address	South Indian Bank Ltd T B Road, Mission Quarters Thrissur – 680001, Kerala
Phone	487-2420020 487-2420113 487-2420058
Email	sibcorporate@sib.co.in
Website	www.southindianbank.com

3.5 The Ratnakar Bank Ltd

Name of Bank	The Ratnakar Bank Ltd
Eligibility	Student should be an Indian national and have secured admission to a professional or technical course in an Indian or Foreign university
Loan Amount & Rate of Interest	<ul style="list-style-type: none"> • Maximum up to Rs. 7 Lacs for studies in India • Maximum up to Rs. 15 Lacs for studies Abroad • Interest rate as per PLR for loan up to Rs. 4 Lacs and PLR +1% for loans above Rs. 4 Lacs
Tenure of Loan	Repayment Period 7 years
Courses Covered	<p>a) <u>India:</u></p> <ul style="list-style-type: none"> • Graduation courses • Post-Graduation courses • Masters & PhD • Professional courses <p>b) <u>Abroad:</u></p> <ul style="list-style-type: none"> • Graduation for professional/ technical courses offered by reputed universities
Expenses covered	<ul style="list-style-type: none"> • Fee payable to colleges/ schools/ hostels • Examination/ Library/ Laboratory fees • Purchase of books, equipment, instruments and uniforms • Passage fare for travel abroad • Purchase of computers needed to complete the course. • Any other expense to complete the course like study tours, project work, thesis etc

Name of Bank	The Ratnakar Bank Ltd Continued...
Documents Required	<ul style="list-style-type: none"> • Attested copies of documents for proof of age/date of birth and proof of residential address • Passport size photo of the applicant, co-obligants and guarantors • Copy of mark sheets/degree certificates of previous academic qualifications • Income proof/latest income tax return of parents/co-obligants, guarantors. (if any) • Details of collateral security along with valuation certificate of Govt approved valuer (if any). • Details/statements of Bank accounts held by the student applicant/co-obligant(s)/guarantors (if any) for the last six months • Copy of Passport/Visa, cost of air fare (documentary detail) in case of studies abroad
Security	No Security up to Rs. 4 Lacs
Area of Operation	Pan India Presence
Address	The Ratnakar Bank Ltd Mahavir Shri Shahu Market Yard Kolhapur – 416005 Maharashtra
Phone	231-2650981 to 984
Fax	231-2657386
Email	it@theratnakarbank.com
Website	www.theratnakarbank.com

[Back to Index...](#)



4. Banks Covered in Previous Articles

July 09, 2010

- Karur Vysya Bank
- State Bank of Indore
- Syndicate Bank
- Federal Bank
- State Bank of Hyderabad

July 02, 2010

- IDBI Bank
- Axis Bank
- State Bank of India
- Union Bank of India
- United Bank of India

June 25, 2010

- Central Bank
- Punjab & Sind Bank
- Dena Bank
- Indian Bank
- ING Vysya Bank

June 18, 2010

- HDFC Bank
- Jammu & Kashmir Bank
- Karnataka Bank Ltd
- Bank of India
- Tamilnadu Mercantile Bank

[Back to Index...](#)