

F.No. 1(1)/2011-CP
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevandeep Building,
Parliament Street, New Delhi-110 001

Dated: September 14, 2012

To

CMDs of all Public Sector Banks

Subject: Educational Loan Scheme

Sir,

Your kind attention is drawn towards the deliberations in the Review Meeting of the Public Sector Banks taken by the Hon'ble Finance Minister on August 18, 2012. The following concerns in this regard were expressed;


- (i) Inordinate delay in the decision on Education Loan Applications;
- (ii) Applications being rejected at the initial stage and being approved subsequently on representation;
- (iii) Absence or ineffectiveness of the Grievance Redressal Mechanism; and
- (iv) Sanction of loan under vocational courses have not been adequately popularized.

2. It was decided that the Banks will issue suitable advisory to the branches for a time-bound disposal of the Education Loan Applications and to ensure that applications are not rejected on flimsy grounds. Banks were also advised to put in place an effective Grievance Redressal Mechanism.

3. You are requested for the following;

- (i) To confirm whether suitable instructions have been issued to the branches and the field level functionaries regarding the disposal of Education Loan Applications;
- (ii) To confirm that the loans for Vocational Courses are being adequately popularized;
- (ii) To put in place a common Grievance Redressal Mechanism at the Branch, Zonal as well as Head Office Level where concerned persons may approach in respect of any grievance relating to Education Loan;
- (iii) Introduce a system of review by the next higher authority of the cases where Education Loan Application is rejected; and
- (iv) To give wide publicity of the Grievance Redressal Mechanism to the applicants including intimation at the time of submission of application and prominently displaying this in the Bank offices and at the website.

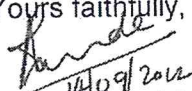
Action taken on Para 3 above may be intimated at cmsec-bkg@nic.in with a copy to pande.alok@nic.in

Yours faithfully,

(Dr. Alok Parde)
Director (CP)
Ph: 23365809

Copy to:

- (1) All State Level Bankers' Committee (SLBCs) convening Banks to review the aforementioned points with respect to their States;
- (2) The Nodal Officers in Department of Financial Services to review the aforementioned points with respect to the States monitored by them;
- (3) The Chief Executive Officer, Indian Banks' Association, Head Office, Mumbai to review the aforementioned points with Banks;
- (4) The Chairman, National Bank for Agriculture and Rural Development (NABARD), Head Office, Mumbai to circulate the instructions to all Regional rural banks, State-Co-operative Banks and District Co-operative Banks; and
- (5) The Chief Executive, National Federation of Urban Co-operative Banks and Credit Societies Ltd, Head Office, Mumbai to circulate the instructions to all Urban Co-operative Banks.

Yours faithfully,


14/09/2012
(Dr. Alok Pande)
Director (CP)
Ph: 23365809