

A comparative study of education loan schemes of HDFC and PNB Bank

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ABSTRACT

Bank is always considered as back bone of the financial system of any economy. Financial inclusion is the main need of an economy. Banks and others financial institutions play the vital role in financial inclusion of an economy of country. Today's globalised economies; banks are safe source of finance to individual and corporations. The knowledge of financial performance helps decision makers to predict, compare and evaluate the earning ability of banks and companies. This research study is descriptive and analytical in nature. The data used for this research paper is entirely secondary in nature. In this study, Gross and Net NPA of PNB and HDFC Bank is evaluated and compared. The study shows the NPA of PNB and HDFC. The study shows that the NPA position of HDFC Bank is better than PNB.

Introduction

Banking system plays a vital role in the economic system of a country by mobilizing the nation's savings and directing them into high investment priorities for better utilization of available resources. Here banks play a fundamental role because they work as a mediator between those who require finance and those who have finance. Schumpeter, the first modern economist considered banks to be the most important of all the financial.

intermediaries in the financial system of a country. Profit is the main reason for the continued existence of every commercial organization and profitability depicts the relationship of the absolute amount of profit with various other factors, banks in general have to pay much more attention for balancing profitability and liquidity. NPA of Indian public sector banks has risen significantly in past five years. In December 2016, Gross NPA of public banks

remained Rs 6.46 lakhcrore rupees.For public banks, Punjab National Bank has the highest share of bad loans in their advances. State Bank of India, Canara Bank, Oriental Bank of Commerce and Bank of Baroda has less percentage of gross NPA. NPA of public banks is on the rise because banks are recognising loans as bad loans at a slower pace. As a matter of fact, profitability management is used as one of the accounting tools to improve the organization's performance. Since 1991 Globalization, Liberalization, and Privatization has brought a positive trend in all the industries not excluding the banking sector. But at the same time it also has increased the non performing assets of the banks which affect banks lending, liquidity and profitability in a negative way. But the measures taken under banking reforms by the Government of India and Reserve Bank of India in terms of two Narsimham Committee Reports have relaxed up to a great extent to this surging threat. The concept of asset quality on the books of public sector banks and financial institutions came into being when Reserve Bank of India introduced prudential norms on the recommendations of the Narsimha Committee in the year 1992-93.

What Is an Education Loan?

An Education loan is the loan or funds acquired by an individual to pursue higher studies in India or abroad. The loan repayment commences for the student after completing the education and a period of 6 months is given as grace period to students to get or join a job.

The repayment amount will be determined by your choice of interest, you need to decide how you want to repay the loan. That is if you want to start paying during the time of moratorium period itself or after the moratorium

period. The Moratorium period is the time of your education plus 6 months or 1 year given to get a job. It is only after this time that you are expected to pay the loan.

The loan interest starts to accrue at the time of dispersal of funds, so at the time of your graduation you have a huge amount to repay. The other option is your parents or guardian can start paying the loan during the moratorium period itself where it is calculated as a simple interest.

This way your loan amount at the time of graduation is drastically reduced.

There are 4 types of education loans in India

1. Under Graduate education loan - These are given to students who have completed their secondary education and looking to do higher studies in the form of under graduation. It can be done in India or abroad.

2. Post graduate education loan - These are education loans given to individuals who want to pursue post-graduation after completing under graduation course from a reputed university/college. Here also the loan can be for studying in India or abroad.

3. Parents availing education loan - This is the case where the parents take loan for the education purposes of their children. This is an unsecured loan and need not be for graduate or post-graduation courses but also for elementary and higher secondary courses.

4. Career growth education loans - These are loans provided to young people who want to pursue courses or trainings, certifications that will benefit their career growth.

HDFC Bank Education loan

HDFC Bank, one of the leading private sector banks in India, offers **education loans** to support students' aspirations for higher education both in India and Abroad with interest rates starting from **9.75%** and loan amounts extending up to **1 Crore** with **collateral** and up to 80 Lakhs without collateral. HDFC Bank doesn't directly offer education loans, They do it through their NBFC arm called **HDFC Credila**.

Section 80E of the Income Tax Act in India allows for the deduction of interest paid on an education loan from taxable income. This deduction is available for individuals who have taken an education loan for higher studies for themselves, their spouse, or their children. The deduction is available for a maximum of eight assessment years or until the interest is fully repaid, whichever is earlier. There is no limit on the amount that can be claimed as a deduction under Section 80E.

As mentioned in section 80E, an education loan can be given for an effective rate of interest of up to **8.64%** in HDFC Bank.

HDFC Bank Education Loan Schemes

The Student Loan Schemes Offered by HDFC are

- HDFC education loan scheme for study abroad
- HDFC education loan scheme for study in India

HDFC Education Loan Scheme For Study Abroad

HDFC Bank has a special loan program for students who dream of studying abroad. This program provides financial support for tuition fees, living costs, and other expenses while studying in a foreign country.

HDFC Abroad Education Loan with Collateral

HDFC Abroad Education Loan with Collateral

Parameters	Details
Loan Limit	Upto 1 Crore
Accepted co-applicant	Parents, Parents in law, Siblings, Spouse
Interest rate	Starting from 9.75% (latest ROI)
Moratorium Period	Course duration + 12 months
Repayment Duration	Upto 14 years including the moratorium period (can be extended depending on circumstances)
Repayment policies	Interest during the moratorium period will be added to the outstanding loan amount and paid with EMI

HDFC Education Loan for Abroad without Collateral

Parameters	Details
Loan Limit	Upto 45 Lakhs
Accepted co-applicant	Parents, Parents in law, Siblings, Spouse
Interest rate	Starting from 9.75% (latest ROI)
Moratorium Period	Course duration + 12 months
Repayment Duration	Upto 14 years including the moratorium period (can be extended depending on circumstances)

HDFC education loan scheme for study in India

HDFC Bank offers education loans to help students study in Indian colleges and universities. These loans are meant to support students who want to pursue higher education and need financial support to study in India.

HDFC Education Loan With Collateral To Study In India

Parameters	Details
Loan Limit	Upto 1 Crore
Accepted co-applicant	Parents, Parents in law, Siblings & Spouse
Interest rate	Starting from 9.75% (latest ROI)
Moratorium Period	Course duration + 1 year or 6 months
Repayment Duration	Up to 15 years (can be extended depending on circumstances)

HDFC Bank education loan without collateral to study in India:

Parameters	Details
Loan Limit	Upto 50 lakhs
Accepted co-applicant	Parents, Parents in law, Siblings & Spouse
Interest rate	Starting from 11% (latest ROI)
Moratorium Period	Course duration + 1 year or 6 months
Repayment Duration	Up to 15 years (can be extended depending on circumstances)

Eligibility Criteria of HDFC Bank Loan

The eligibility criteria for education Loans in HDFC Bank may vary depending on the type of education loan. Here are some common eligibility criteria typically required by HDFC Bank for education loans:

- 1. Indian Citizenship:** The applicant should be an Indian citizen. Non-resident Indians (NRIs) may have different eligibility criteria depending on factors such as age, course, and institution and in such cases, power of attorney must be given to parents/parents-in-law/spouse/sibling/children residing in India
- 2. Age Criteria:** The age of the applicant should be between 16 to 35 years. However, this can vary based on the course and the bank's policies.
- 3. Academic Qualifications:** The applicant should have secured admission to a recognized course or institution. This could be for

undergraduate, postgraduate, or diploma courses in India or abroad through Entrance Test/ Merit Based Selection process

4. **Course and Institution:** HDFC Bank usually provides education loans for the institutions recognized by UGC/ Government/ AICTE/ AIBMS/ ICMR etc.
5. **Course Eligibility:** Courses like MS, MBA, MBBS/ MD, and Executive Management Courses (Working Executives) are eligible for HDFC loans. Other passion-based courses depend on cases like the co-applicants income and collateral provided.

Type of education loan	Processing fee
For study in India	0%
For study abroad	1% of the loan amount or a minimum of Rs.1000 (whichever is more)

Apart from this HDFC charges the following fees from the students

Type of service	Amount charged
Charges for delay in payment	@ 2 % per month of installment (MI/PMII)+ applicable taxes
Direct Debit or ACH mandate or Cheque swapping charges	Up to Rs.500/- per swap instance plus applicable taxes
Direct Debit/ ACH/ Cheque Bouncing Charges	Rs. 400/- per dishonor of cheque/ACH/ Direct Debit return per presentation plus applicable any taxes thereon
Collection charges (manually)	Rs. 200/- per visit plus applicable any taxes
Handling and updating loan accounts as per customer requests	Rs. 1,500/- plus applicable any taxes

Documents Required for Education Loan in HDFC Bank

The **documents required** to process a student loan in HDFC may vary depending on the applicant's profile. We have provided a list of mandatory documents required to apply for a student loan:

Section 1: Application form

Education loan application form with 2 passport-size photographs

Section 2: Basic documents for student and co-applicant or Guarantor

- Proof of Residence
 1. Electricity Bill
 2. Telephone Bill
 3. Voter ID Card
 4. Passport
 5. Ration card
 6. Bank account statement
 7. Aadhar

(2 different proofs if current and permanent residence are different)

- Identity Proof
 1. PAN Card
 2. Passport (if going abroad)
- Last 6 months' personal and salary bank account statements.
- For co-applicants, it should show the salary credited or 1-year business transactions if self-employed.

- Asset & liability statement of the applicant
(assessed by the branch professional)

Only self-attested documents will be acceptable.

For a Collateral loan, the following documents are required:

- Original Registration receipt for the above agreement
- Encumbrance certificates as on date etc
- Previous Chain of Sale Deed establishing title
- Registered Sale Agreement Along With Society Share Certificate
- Latest Property tax bill along with receipts
- Approved building plan
- Allotment Letter By Authorized Govt. Authorities like MHADA, CIDCO/
Municipal Corporation, etc
- Property Title Deed
- NOC for a mortgage from society/builder
- Latest Maintenance bill along with Receipts issued by the builder/
society

Section 3: Academic documents of the applicant

- Academic mark sheets and certificates
- Fee structure as given by the college or university
- Entrance exam scorecard - TOEFL, IELTS, GRE, etc
- Admission proof for the course

Section 4: Co-applicant Income documents

- **If Salaried:**

Employers ID card

ITR of last 2 yrs

Recent salary slips (for the last 3 months)

Form 16 of the last 2 years.

- **If Self-employed:**

The last 3 years balance sheet and Profit and loss account

ITR of last 3 yrs

Address proof of business

Section 5: Documents Needed for Immovable Properties:

- **Property Title Deed and Registered Sale Agreement:**

An original registration receipt for the above agreement is necessary.

- **Allotment Letter from Municipal Corporation or Authorized Govt. Authority:**

Required for properties allotted by authorities like MHADA, CIDCO, HUDA, etc.

- **Chain Deed or Link Document or Encumbrance Certificate (EC):**

This document is crucial and should cover a 30-year period. It displays property transaction history within this timeframe. If the property ownership exceeds 30 years, the sale deed of the previous transaction suffices.

- **Latest Property Tax Copy or Electricity Bill:**

Proof of property tax payment or recent electricity bill.

- **Municipality Approved Building Plan or Plot Layout:**

Copy of the approved building plan or plot layout by the municipality.

- **Completion and Occupancy Certificates (For Constructed Properties):**

Required for flats or constructed properties. Banks might accept under-constructed properties without these certificates, although it's uncommon. In such cases, a commencement certificate is necessary.

Documents Needed for Liquid Securities:

- **Fixed Deposit (FD) as Security:**

An FD in the same bank where the loan is applied. No additional documents are required.

- **Insurance Policy as Security (Maturing Policy):**

Documents needed are the policy paper and surrender value certificate.

- **Gold as Security:**

The gold needs to be deposited in the bank along with purchase proofs.

- **Government Bonds:**

Only the bond certificate is required.

Pledging liquid securities accelerates the education loan processing time as legal and valuation reports are unnecessary.

HDFC Bank Education Loan Insurance

HDFC Bank offers education loan insurance to help students and their families manage the financial risks associated with the loan. The student has to purchase the loan insurance separately.

Here's an overview of HDFC education loan insurance:

Coverage: HDFC education loan insurance provides coverage for the outstanding loan amount in case of unforeseen events such as the borrower's death, disability, critical illness, or job loss.

Types of Coverage:

- **Term Insurance:** This type of insurance provides coverage for the loan amount for a specified term. If the insured borrower passes away during the policy term, the insurance company pays off the remaining loan amount to HDFC Bank, ensuring that the borrower's family is not burdened with the loan liability.
- **Credit Shield Insurance:** Credit Shield insurance offers coverage against critical illnesses, accidental disability, and death.
- **Premium Payment:** Borrowers typically pay a premium for education loan insurance coverage, which may be added to the loan amount or paid separately as per the policy terms.

HDFC Bank Loan Margin Calculation

Loan amount	Loan margin
Upto 4 lakh rupees	0%
Above 4 lakh rupees	Study in India 5% Study Abroad 15%

The loan margin is a percentage of the loan amount the student has to pay by himself. It is generally within 0-15% of the loan amount in most of the cases. Banks introduced this concept of loan margin to estimate your repaying capacity.

Let's say you are planning to go abroad for your higher studies and want to take an education loan of **50 lakh** rupees, then you will have to pay **7.5 lakh** rupees from your pocket.

HDFC Cedilla Education Loan Repayment Policies

HDFC Bank's Education Loan repayment policies typically involve the following:

- **Moratorium Period:** Repayment usually begins after a specified moratorium period, which covers the course duration and possibly an additional grace period post-completion, during which only simple interest is payable.
- **Flexible EMIs:** Borrowers can repay the loan through Equated Monthly Installments (EMIs), which can be customized based on the borrower's financial circumstances and repayment capacity.
- **Repayment Tenure:** The repayment tenure can extend up to 15 years, allowing borrowers ample time to repay the loan comfortably.

- **Repayment Methods:** HDFC Bank offers various repayment methods, including online payments, auto-debit instructions, post-dated cheques, and Electronic Clearing Service (ECS), to ensure convenient and timely repayment.
- **Prepayment Option:** Borrowers may have the option to prepay the loan partially or in full, subject to applicable terms and conditions.
- **Late Payment Charges:** HDFC Bank may levy late payment charges for overdue EMIs, so it's essential for borrowers to adhere to the repayment schedule to avoid additional costs.

How to apply for HDFC Bank Education Loan?

You can take an education loan from HDFC bank in two ways. There's an online and offline process. The offline process requires you to visit the nearest branch and get the paperwork done whereas, in the online process, you have to upload your documents on our portal and we will negotiate with the lenders and get your loan sanctioned.

Offline Application Process:

- Visit the nearest HDFC branch
- Ask the loan officer about the student loan products offered by the bank
- Check your education loan eligibility as per the information provided
- Fill out the education loan application form
- Ask for the documents checklist to be submitted to the bank

- Visit the bank again to submit the documents and start the loan application process.

Online Application Process with WeMakeScholars:

Step 1: Reach out to WeMakeScholars by requesting a callback or filling out a common application form

Step 2: Give all your education loan details to your assigned financial officer over a call

After analyzing your loan profile, your financial officer will suggest the best lenders for your education loan.

Step 3: As per your eligibility, choose your lender and inform your Financial officer.

Step 4: Submit your documents either in the bank or upload them on the secure documents portal of WeMakeScholars online

Step 5: Your financial officer will be in constant touch with the lender's team to process your student loan and, if required, take follow-ups from them.

Step 6: Take your loan sanction letter from the bank within 7 days of submitting the document, if taking a loan from a private bank or NBFC

Why and How to transfer your education loan to HDFC Bank?

HDFC allows students to transfer their current student loans to HDFC, offering benefits like -

- Easy loan conditions
- Student-friendly policies
- Lower interest rates
- Better repayment plans
- Broader coverage.

To **transfer**, students need to collect proof of the pending loan, contact WeMakeScholars for assistance, and submit documents to HDFC.

Upon approval, HDFC pays off the previous lender, and the same amount is sanctioned as a new education loan with revised terms as per HDFC's student loan policy.

HDFC Bank Loan EMI calculator

A loan calculator is a tool used to estimate the monthly payments, total interest, and total repayment amount for a loan. Users input details such as the loan amount, interest rate, and loan term, and the calculator computes the monthly payments based on this information. It helps borrowers understand the financial implications of taking out a loan and allows them to compare different loan options. *To understand how HDFC bank loan **EMI is calculated:***

Here is an example of how to calculate the EMI for an HDFC education loan:

Let's consider that you have taken a loan of Rs. **15 lakhs** for a course period of 24 months. The interest rate is **10.5%** per annum and the moratorium period is **12 months**. You will be paying SI during the moratorium period within a repayment period of **10 years**

Here's the calculation for it:

Total amount payable = Loan amount + (Loan amount * Interest rate *
Moratorium period / 12)

Total amount payable = 15,00,000 + (15,00,000 * 10.5 * 12 / 100)

Total amount payable = Rs. 18,90,000

Calculate the EMI using the following formula:

$$\text{EMI} = [P \times R \times (1+R)^N] / [(1+R)^N - 1]$$

Where,

- P = Principal amount (loan amount)
- R = Rate of interest (monthly)
- N = Tenure (in months)

Monthly interest rate = Annual interest rate / 12

Monthly interest rate = 10.5 / 100 / 12 = 0.00875%

Tenure = Number of years given to you for repayment (in months)

Tenure = 120 months (10 years)

EMI = [15,00,000 x 0.00875% x (1+0.00875%)¹³²] / [(1+0.00875%)¹³² - 1]

EMI = Rs. 24,099

So, the EMI for your HDFC education loan would be Rs. **24,099**

The education loan repayment period in HDFC is 15 years, which starts immediately after the moratorium period ends.

You have 15 years to pay back your education loan with HDFC, and this starts right after the moratorium period.

They give students a letter that says how much interest they're paying, the repayment terms, The EMI, the Total amount payable, and other important stuff about repaying the loan.

You can pay every month until the loan is fully paid, but there are also ways to finish paying earlier:

- Pick a shorter tenure to repay.
- Pay extra money or make partial payments.
- Check if you can move your loan to another place

Interest Subsidy Schemes in HDFC Bank

The Indian government has three interest subsidy schemes that modify the rate of interest for education loans in HDFC banks to help students pursuing higher education:

Central Government Interest Subsidy Scheme (CSIS):

- It provides **interest subsidies** on educational loans for economically weaker students in India. The subsidy is for loans without collateral, capped at Rs. 7.50 lakhs, and the family income limit is Rs. 4.50 lakhs.
- **Padho Pardesh Scheme:** Under the Ministry of Minority Affairs, it gives interest subsidies during the moratorium period for economically weaker students from minority communities pursuing their higher studies. The family income limit for this scheme is Rs. 6 lakhs.

Note: The scheme has been discontinued by the authorities from 1st April 2022, but the beneficiaries who have applied to take benefit under the scheme till 31st March 2022 will continue to benefit from the interest subsidy.

Punjab National Bank (PNB) Education Loans

What Is an Education Loan?

An Education loan is the loan or funds acquired by an individual to pursue higher studies in India or abroad. The loan repayment commences for the student after completing the education and a period of 6 months is given as grace period to students to get or join a job.

The repayment amount will be determined by your choice of interest, you need to decide how you want to repay the loan. That is if you want to start paying during the time of moratorium period itself or after the moratorium period. The Moratorium period is the time of your education plus 6 months or 1 year given to get a job. It is only after this time that you are expected to pay the loan.

The loan interest starts to accrue at the time of dispersal of funds, so at the time of your graduation you have a huge amount to repay. The other option is your parents or guardian can start paying the loan during the moratorium period itself where it is calculated as a simple interest.

This way your loan amount at the time of graduation is drastically reduced.

There are 4 types of education loans in India

1. Under Graduate education loan - These are given to students who have completed their secondary education and looking to do higher studies in the form of under graduation. It can be done in India or abroad.

2. Post graduate education loan - These are education loans given to individuals who want to pursue post-graduation after completing under graduation course from a reputed university/college. Here also the loan can be for studying in India or abroad.

3. Parents availing education loan - This is the case where the parents take loan for the education purposes of their children. This is an unsecured loan and need not be for graduate or post-graduation courses but also for elementary and higher secondary courses.

4. Career growth education loans - These are loans provided to young people who want to pursue courses or trainings, certifications that will benefit their career growth.

About PNB

PNB Private was founded in 1894 by luminaries from different parts of India with the intention of serving the people and develop the economy of the country. Headquartered in New Delhi, it is one of the oldest financial services company in India. The bank has 80 million customers, 6937 branches and around 16,684 ATMs across 764 cities.

An Introduction to PNB Education Loans

Education is one area where everybody is willing to spend a lot of money to live a prosperous life in the future. Being one of the major education loan providers, PNB understands the needs of the students and offers extremely competitive education loans at better interest rates. Every year, a large number of students secure admissions in top universities and colleges in India and abroad with PNB education loans.

Advantages of PNB Education Loan

Following are some of the advantages of applying for an educational loan with PNB.

- Low interest rate
- Less paperwork
- No processing fees
- Faster Disbursal
- No prepayment charges
- 0.50% concession for girl students
 - Key Highlights of PNB Education Loan

Eligibility Criteria	Students who have secured the admission
Loan Tenure	Up to 15 years
Loan Amount	No cap
Interest Rate	Up to MCLR + 2.60%
Processing Fees	Nil

Features of PNB Saraswati Education Loan for Studies in India

Objective: To provide term loan to Indian students for pursuing higher education in India

Quantum of Loan: Up to 10 Lakhs for studies in India and up to 20 Lakhs for studies overseas

Margin: No margin required for loans up to INR 4 Lakhs, 5% of margin for loans above INR 4 Lakhs for studies in India

Repayment Period: The tenure is up to 15 years and the moratorium period is up to 12 months after completing the course.

Security: The parents or the guardian will be the co-applicant or the loan and the primary debtor. Tangible collateral will be accepted as security by the bank with the third-party guarantee. No security required for loans up to 4 Lakhs.

Processing Fees: There are no processing fees for availing PNB education loan.

Courses Covered

- Approved courses leading to Graduate/ Post Graduate degree and PG Diplomas conducted by recognized colleges/ universities recognized by UGC/ Govt. / AICTE/ AIBMS/ ICMR etc.
- Courses like ICWA, CA, CFA etc.
- Courses conducted by IIMs, IITs, IISc, XLRI, NIFT, NID etc.
- Regular Degree/Diploma courses like Aeronautical, pilot training, shipping Nursing or any other discipline approved by Director General of Civil Aviation/Shipping/ Indian Nursing Council or any other regulatory body as the case may be.
- Advance Diploma in Banking Technology offered by PNB IIT Lucknow.
- Approved courses offered in India by reputed foreign universities.
- Research Programmes recognized by designated academic authority/ regulatory body.

Expenses Covered

- Fee payable to college/ school/ hostel
- Examination/ Library/ Laboratory fee.

- Insurance premium for student borrower, if applicable.
- Caution deposit, building fund/refundable deposit supported by Institution bills/receipts.
- Purchase of books/ equipments/ instruments/ uniforms.
- Purchase of computer at reasonable cost, if required for completion of the course.
- Any other expense required to complete the course - like study tours, project work, thesis, etc.

Eligibility Criteria: Who Can Apply?

- Must be an Indian Resident
- Applicant should have secured admission with the educational institution

Interest Rate of PNB Education Loan for Studies in India and abroad:

Loan Amount	Rate of Interest
Up to 7.5 Lakhs	MCLR + 0.60%
Above 7.5 Lakhs	MCLR + 2.10%

Features of PNB Udaan Education Loan for Studies Abroad

Objective: To provide term loan to Indian students for pursuing higher education in foreign countries

Quantum of Loan: Based on the need and repaying capacity of the borrower and co-borrower

Margin: No margin required for loans up to INR 4 Lakhs, 15% of margin for loans above INR 4 Lakhs for studies abroad

Repayment Period: The tenure is up to 15 years and the moratorium period is up to 12 months after completing the course.

Security: The parents or the guardian will be the co-applicant or the loan and the primary debtor. Tangible collateral will be accepted as security by the bank with the third-party guarantee. No security required for loans up to 4 Lakhs.

Processing Fees: There are no processing fees for availing PNB education loan.

Courses Covered

- Graduation: For job oriented professional/technical courses offered by reputed universities.
- Post-graduation: MCA, MBA, MS, etc.
- Courses conducted by CIMA- London, CPA in USA etc.
- Degree/Diploma courses like aeronautical, pilot training, shipping etc. provided these are recognized by competent regulatory bodies in abroad for the purpose of employment in abroad.
- List of Premier Foreign Universities and Educational Institutes.

Expenses Covered

- Fee payable to college/ school/ hostel
- Examination/ Library/ Laboratory fee.
- Insurance premium for student borrower, if applicable.
- Caution deposit, building fund/refundable deposit supported by Institution bills/receipts.
- Purchase of books/ equipments/ instruments/ uniforms.
- Purchase of computer at reasonable cost, if required for completion of the course.
- Any other expense required to complete the course - like study tours, project work, thesis, etc.

Eligibility Criteria: Who Can Apply?

- Must be an Indian Resident
- Applicant should have secured admission with the educational institution

Interest Rate of PNB Education Loan for Studies in India and abroad:

Loan Amount	Rate of Interest
Up to 7.5 Lakhs	MCLR + 0.60%
Above 7.5 Lakhs	MCLR + 2.10%

Features of PNB Kaushal Education Loan for Vocational Education and Training

Objective: To provide term loan to Indian students for pursuing vocational courses

Quantum of Loan: Minimum of INR 50,000 and Maximum of INR 1,50,000

Margin: No margin required.

Repayment Period: For loans of INR 50,000 – 3 years, for loans between INR 50,000 and 1 Lakh – 5 years and above 1 Lakh – 7 years.

Security: No security required, however, third-party guarantee will be taken.

Processing Fees: There are no processing fees for availing PNB education loan.

Courses Covered

The courses covered under PNB education loan are Development Courses of duration from 2 months to 3 years preferably leading to a Certificate /Diploma/Degree, etc. issued by a Government Organization or an Organization recognized/authorized by the Government to do so.

Expenses Covered

- Tuition/ course fee.
- Examination/ Library/ Laboratory fee.
- Caution deposit.
- Purchase of books, equipments and instruments.
- Any other reasonable expenditure found necessary for completion of the course.

Eligibility Criteria: Who Can Apply?

- Must be an Indian Resident
- Should have completed 10th standard
- Applicant should have secured admission with the educational institution

Interest Rate

The interest rate under the scheme is MCLR + 1.50%.

Documents Required

- Letter of admission
- Filled in Loan Application Form
- 2 passport size photographs
- Statement of cost of study
- PAN Card of the student and Parent/ Guardian
- AADHAR Card of the student and Parent/ Guardian
- Proof of identity (Driving Licence/Passport/Aadhar/ any photo identity)
- Proof of residence (Driving Licence/Passport/Electricity bill/Telephone bill)
- Student/Co-borrower/ guarantor's bank account statement for last 6 months
- IT return/ IT assessment order, of previous 2 years of Parent/ Guardian/ other co-borrower (if IT Payee)
- Brief statement of assets & liabilities of Parent/ Guardian/ other co-borrower
- Proof of income (i.e. salary slips/ Form 16) Parent/ Guardian/ other co-borrower

EMI Payment Methods

PNB education loan can be repaid in following three ways.

Standing Instruction (SI): If you are an existing account holder with PNB, Standing Instruction is the best mode of repayment. Your EMI amount will be debited automatically at the end of the monthly cycle from the PNB account you specify.

Electronic Clearing Service (ECS): This mode can be used if you have a non-PNB account and would like your EMIs to be debited automatically at the end of the monthly cycle from this account.

Post-Dated Cheques (PDCs): You can submit post-dated EMI cheques from a non-PNB account at your nearest PNB Loan Centre. A fresh set of PDCs will have to be submitted in a timely manner. Please note Post Dated Cheques will be collected non-ECS locations only.

It is recommended that you opt for either the SI or ECS mode of payment for faster and less prone to error than the use of PDCs.

How to Apply for PNB Education Loan?

You can either apply online or visit a nearby PNB branch for the application.

You can also download the education loan application form from the PNB official website, complete the form and submit it the bank representative.

You can also check your eligibility for an education loan through CreditMantri and apply for it.

A comparative Education loan Interest of HDFC and PNB Bank

Punjab National Bank Education Loan

Punjab National Bank offers a variety of [educational loans](#) to students. The loans have an attractive interest rate and a repayment period of up to 15 years.

The repayment period, however, will vary depending on the loan.

Higher education (in India or abroad), vocational education and training, education at premier institutes, and higher education in Delhi are all eligible for an education loan. The loan is also available to individuals who were born outside of India but aspire to pursue higher education in India.

PNB Education Loan Interest Rates 2024

Scheme	Interest Rates(p.a.)
PNB Saraswati	11.00% p.a. to 12.75% p.a.
PNB Pratibha	9.20% p.a. to 11.90% p.a.
PNB Udaan	10.25% p.a. to 12.75% p.a.
PNB Kaushal	11.75% p.a. to 12.25% p.a.
PNB Honhaar	12.25% p.a. to 12.75% p.a.
PNB Pravasi Shiksha Loan	12.25% p.a. to 12.75% p.a.
PNB PM CARES EDUCATION LOAN SCHEME	10.50% p.a. to 11.50% p.a.
Concessional Education Loan	4% p.a.

HDFC Bank Education Loan

Three different forms of education loans are available to students from HDFC. These loans offer a number of advantages, such as cheap interest rates. The repayment period for these student loans from HDFC Bank is 15 years.

HDFC Bank Education Loan Interest Rates

Scheme Name	Maximum Loan Amount	Interest rate (p.a.)
HDFC Education loan for Indians	Up to Rs.10 lakh	9.50% p.a. onwards

HDFC Bank Education Loan Schemes

1. Education loan for Indian Education

- Can be availed by an Indian resident between 16 and 35 years of age.
- Should have secured admission through entrance test or on merit basis.
- Co-applicants are mandatory in the case of full-time courses.
- You can avail yourself of a loan of up to Rs.30 lakh.
- Preferential interest rates are provided in case you have secured admission at a top university.
- Repayment tenure can go up to 15 years.
- Processing fee is a minimum of Rs.1000 and a maximum of up to 1% of the loan amount, which is higher.
- No hidden charges.
- Minimal and simple documentation.
- Avail pocket-friendly EMI repayment options.

- Rebate on the paid interest under Section 80E of the Income Tax Act 1961.
- No collateral required for an education loan of up to Rs.7.5 lakh.

2. Central Government Interest Subsidy Scheme

- Avail loan at subsidized interest rates.
- Interest is waived off during the moratorium period.
- Can be availed of the annual gross income from all sources in below Rs.4.5 lakh.

3. Education loan for Foreign Education

- Can be availed by an Indian resident between 16 and 35 years of age.
- Should be able to offer collateral for certain cases (Moveable or Immoveable)
- You can avail an unsecured loan of up to Rs.45 lakh.
- Co-applicant is mandatory in the case of full-time courses.
- Preferential interest rates are provided in case you have secured admission at a top university.
- Education loans can be availed for more than 950 courses in 36 countries.
- Entire cost of reduction can be covered with collateral.
- Repayment tenure can go up to 14 years.

- Minimal and simple documentation.
- No hidden charges.
- Avail pocket-friendly EMI repayment options.

- Rebate on the paid interest under Section 80E of the Income Tax Act 1961.

Fees and Charges for HDFC Bank Education Loan

The fees and charges associated with the HDFC Bank education loan are as follows:

Type of Charge	Amount
Processing fee	Nil – domestic cases Up to 1% - for international/part-time/special initiative cases, or a minimum of Rs.1000 (whichever is more)
Charges for late EMI payment	24% p.a. on the outstanding EMI amount from the EMI due date
Duplicate repayment schedule charges	Nil
EMI return charges	Rs.450
Cheque/ACH swapping charges	Nil
Loan re-booking/re-scheduling charges	Nil
Loan cancellation charges	Nil