



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2009-10/396

RPCD.SME&NFS.BC.No. 69/06.12.05 /2009-10

April 12, 2010

The Chairman/Managing Director
All Scheduled Commercial Banks

Dear Sir,

Collateral Free Loans - Educational Loan Scheme

Please refer to our circular [RPCD.PLNFS.BC.No.83/06.12.05/2000-01](#) dated April 28, 2001 regarding educational loan scheme, wherein it was advised that no security may be insisted upon for loans upto Rs.4 lakh. We have been receiving representations from various quarters that collateral security is being demanded even for loans upto Rs.4 lakh.

2. In this connection, we advise that banks must not, mandatorily, obtain collateral security in the case of educational loans upto Rs. 4 lakh.
3. You are requested to issue suitable instructions to your branches/controlling offices for meticulous and strict compliance in this regard.
4. Please acknowledge receipt.

Yours faithfully,

(B.P.Vijayendra)
Chief General Manager

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