20 True or False

Decide, then check the answer and reason below each statement.

Question 1

The moratorium period for an education loan is normally the course period plus one year.

TRUE

This is the standard repayment holiday before EMIs begin under the model education loan scheme.

Question 2

Under the IBA Model Education Loan Scheme, loans up to Rs 7.5 lakh need no collateral or third-party guarantee.

FALSE

The no-collateral, no-guarantee threshold is Rs 4 lakh, not Rs 7.5 lakh.

Question 3

The parent or guardian is taken as co-borrower even for loans below Rs 4 lakh that need no collateral.

TRUE

Only the tangible security requirement is waived in this slab, not the co-borrower condition.

Question 4

Vidya Lakshmi is a central sector interest subvention scheme, while PM-Vidyalaxmi is merely the loan application portal.

FALSE

It is the reverse: Vidya Lakshmi is the application portal and PM-Vidyalaxmi is the benefit scheme.

Question 5

The standard margin for education loans above Rs 4 lakh for studies abroad is 15%.

TRUE

This is higher than the 5% margin applicable for studies within India above the same threshold.

Question 6

Under Section 80E, both the principal and interest components of an education loan qualify for tax deduction.

FALSE

Section 80E allows deduction on the interest component only, not the principal.

Question 7

Section 80E deduction has no upper monetary limit on the interest amount that can be claimed.

TRUE

Unlike many other tax deductions, there is no cap on the interest amount eligible under Section 80E.

Question 8

Section 80E deduction can be claimed indefinitely for as long as education loan interest remains outstanding.

FALSE

The deduction is capped at a maximum of eight years, or until the interest is fully repaid, whichever is earlier.

Question 9

CSIS provides full interest subsidy during the moratorium only for studies within India.

TRUE

The Central Sector Interest Subsidy scheme applies to studies at approved institutions in India only.

Question 10

CGFSEL guarantee cover for education loans applies an income ceiling test on the borrower's family.

FALSE

CGFSEL has no income test, unlike CSIS and the PM-Vidyalaxmi subvention component.

Question 11

PM-Vidyalaxmi was approved by the Union Cabinet in November 2024.

TRUE

It is the newer central sector scheme layered on top of the Vidya Lakshmi application platform.

Question 12

The Vidya Lakshmi portal directly sanctions and disburses education loans without any bank involvement.

FALSE

Vidya Lakshmi only routes standardised applications to banks, which independently sanction and disburse the loan.

Question 13

Scholarships and assistantships received by a student can be counted as part of the required margin contribution.

TRUE

This is treated as part of the borrower's own contribution under the model education loan scheme.

Question 14

Education loan margin can only be brought in as a single lump sum before the first disbursement.

FALSE

Margin can be brought in on a year-on-year basis as the loan is disbursed proportionately.

Question 15

Education loan disbursement is released directly to the institution in stages as per fee demand.

TRUE

The loan is not credited as a lump sum into the student's account but staggered against fee demands.

Question 16

Interest does not accrue on an education loan during the moratorium period.

FALSE

Interest accrues throughout the moratorium even though EMI payment is not required until it ends.

Question 17

Education loans for educational purposes, including vocational courses, qualify as priority sector advances.

TRUE

This classification applies up to the ceiling specified in the RBI Master Directions on Priority Sector Lending.

Question 18

Education loans sanctioned for studies abroad are excluded entirely from priority sector classification.

FALSE

Loans for studies abroad are also covered within the applicable priority sector ceiling.

Question 19

CGFSEL is operated through the National Credit Guarantee Trustee Company.

TRUE

This entity administers guarantee cover for collateral-free education loans in the specified slab.

Question 20

In an education loan, the parent or guardian is always the primary borrower and the student is the co-borrower.

FALSE

It is the reverse: the student is the primary borrower and the parent or guardian joins as co-borrower.