
Education Loan for Studying Abroad

Financing a degree overseas involves more moving parts than most first-time applicants expect, and the loan amount itself is only the starting point. Lenders calculate eligibility based on the course, the institution's ranking or recognition, and the destination country, which means the same student might be offered very different amounts by different banks for the same program. It's worth checking early on exactly what the loan covers — tuition alone, or also living expenses, travel, and one-time costs like a laptop or health insurance — since assumptions here often don't match the fine print.

Interest rates and whether collateral is required vary quite a bit between public sector banks, private banks, and NBFCs, and this is usually where the real decision gets made. Public banks often offer lower rates for loans above a certain size but ask for collateral and take longer to process; NBFCs and newer lenders move faster and sometimes skip the collateral requirement, but at a noticeably higher rate. Neither option is automatically better — it depends on how much the family can put up as security and how quickly the loan needs to be sanctioned before an admission deadline.

Most education loans build in a moratorium period, so repayment doesn't start until the course finishes or a short grace period afterward, which takes the pressure off during the actual years of study. That said, interest often accrues during this period even if repayment hasn't started, so understanding whether that interest is simple or gets added to the principal changes the real cost of the loan by the time repayment begins. Comparing two or three lenders on this specific point alone can make a noticeable difference to what gets repaid over the following years.