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Title: Regarding writing off outstanding education Loans

SHRI K. SUBBARAYAN (TIRUPPUR): Development of human capital is the national priority. Therefore, education loans are investment for economic growth and development. Public Sector Banks are obliged to give education loans to students who qualify for the same. It is the commitment of the Public Sector Banks. The PSBs to a large extent have fulfilled the commitment.

But repayment of education loans has shrunk in the last 5 years. The outstanding education loan portfolio for all commercial banks is at around Rs.71,700 crores as on the 30th November, 2017 as per available RBI data. The NPA in this segment has risen to 7.3 percent of the total education loan in the fiscal year 2016-17 as against 5.7 percent in 2014-15. This is certainly attributable to the unprecedented crisis of unemployment. Data of unemployed educated youth proves this claim. Unemployment in India has shot up to the highest in five decades.

The borrowers of education loans are not willful defaulters. They cannot repay because they do not get employment. Policies of the Government have encouraged commercialization of education. Sharp increase in private engineering colleges with availability of education loans have encouraged youth to study. But unemployment has jeopardized their lives. Unpaid loans attract penal interest and that has increased the dues to enormous levels. Adding on to their misery is the harassment by the banks. In fact, for recovery of NPAs, education loan

defaulters are the soft targets of the banks and Asset Reconstruction Companies.

Unemployed youth are thus subjected to double jeopardy. On the one hand, they are burdened with debts and on the other in the most illogical manner, they are denied opportunities of jobs and credit facilities because of outstanding loans. Government of Kerala has effectively implemented an education loan repayment scheme to ameliorate the distress of the youth. But the sale of Rs.847 crore education loan portfolio of SBI to Reliance ARC at the rate of 45% only confirms the readiness to support the corporate and the private sector. Concessions offered to Reliance could well have been offered to the student borrowers.

In 2018-19, our banks have written off more than 2 trillion worth of bad loans. All these are loans defaulted by corporate borrowers. But the education loan defaulters are treated like criminals and harassed. I, therefore, call upon the Minister of Finance to seriously consider writing off all the outstanding education loans.