

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:800
ANSWERED ON:25.07.2003
EDUCATION LOAN FOR TALENTED YOUTH
VIJAY KUMAR KHANDELWAL

Will the Minister of FINANCE be pleased to state:

- (a) whether the poor talented youths are coming forward to take education loan;
- (b) whether it is due to high rate of interest on loan; and
- (c) if so, the action being taken by the Government to reduce the interest rate on education loan which is even higher than the interest rate on housing loan?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a), (b) & (c): According to the information furnished by Reserve Bank of India they have not received any complaints regarding poor talented youth not coming forward to take education loan. Government in consultation with RBI & Indian Bank's Association has framed a comprehensive educational loan scheme to ensure that no deserving student in the country is deprived of higher education for want of finances. For loans up to Rs.4 lakh no collateral or margin is required and the interest rate will not exceed Prime Lending Rate (PLR). for loans above Rs.4 lakh, the interest rate will not exceed PLR plus 1 percent. RBI has been pursuing a soft interest rate regime. The lending rates of banks from time to time are governed by the directives on interest rate issued by RBI. In previous year, there has been continuous reduction in PLRs of banks.