

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3443

ANSWERED ON:20.08.2004

EDUCATION LOAN

Adhalrao Patil Shri Shivaji; Appadurai Shri M.; Mandal Shri Sanat Kumar; Nair Shri P.K. Vasudevan; Rana Shri Kashi Ram; Shaheen Shri Abdul Rashid; Vasava Shri Mansukhbhai D.; Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

-

(a) whether the Government is aware that public Sector Banks do not always adhere to the directions of Government/RBI and refuse to give the loans even after completion of all formalities, as a result, talented students are deprived from taking education and forced to commit suicide;

(b) if so, the number of suicide cases reported;

(c) the action being taken by the Government against such banks;

(d) whether the Government intends to further simplify the guidelines for grant of such loans; and

(e) if not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) to (c) RBI has reported that only one instance of alleged denial of educational loan by Poozhanad branch of Indian Overseas Bank, Thiruvananthapuram Region resulting into the reported suicide by an engineering student has come to the notice. IOB has stated that Kum. Rajani S. Anand had applied for an educational loan of Rs. 1.42 lakh from Poozhanad branch of IOB but her application was not considered on the ground that her residence was not in the service area of the branch & she was advised to approach the local bank branch. Kum. Rajani was getting full education benefit from the Government of Kerala. An amount of Rs. 1,14,907/- was paid by the State Government towards her first and second year fees, stipend and lumpsum grant. She was also paid an amount of Rs. 315/- per month as hostel fees. During the second year she did not collect the lumpsum grant and stipend. Further, she did not attend college after August 14, 2003 and failed in 9 out of the 10 papers in the first year.

(d) Yes, Sir. In consonance with Budget announcement 2004-05. Indian Banks Association has issued a circular on July 23, 2004 to all member banks not to ask for collateral on loans up to Rs. 7.5 lakh. Accordingly, now no security is required for loans upto Rs. 4 lakh, only a satisfactory third party guarantee is enough for loans above Rs. 4 lakh and up to Rs. 7.5 lakh and collateral security of suitable value is required for loans above Rs. 7.5 lakh.

(e) Does not arise.