

**GOVERNMENT OF INDIA  
HUMAN RESOURCE DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1299

ANSWERED ON:21.08.2007

LOAN TO STUDENTS

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**Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:**

- (a) whether the Government provides loan at lower rates and grants to the students for completing their education;
- (b) If so, the details thereof;
- (c) whether a large number of students are not in a position to pursue higher studies due to lack of resources ;
- (d) if so, whether the commercial banks charge prohibitive rates of interest and demand collateral guarantee, making bank loans inaccessible to the weaker sections ;
- (e) if so, whether the Union Government has planned to set up a Higher Educational Refinance Corporation to provide student loans at low interest rates for pursuing higher education ;
- (f) if so, the details thereof ; and
- (g) the time by when the final decision is likely to be taken in this regard ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT (SMT. D. PURANDESWARI)

(a) to (d): While there is no scheme of government loans to students for education, the Indian Banks' Association has an Educational Loan Scheme to provide financial support from the banking system to deserving meritorious students for pursuing higher education India ( for upto Rs. 7.5 lakh) and abroad (for upto Rs.15 lakh). No security is required for loans upto Rs. 4 lakh and only simple interest is charged during the Repayment holiday/moratorium. The Central Government through its various Ministries, has a number of scholarship schemes, such as National Scholarship Scheme (for Post Matric studies in India), Post-Matric Scholarships for Scheduled Castes, Scheduled Tribes and Other Backward Classes, Post-Graduate Indira Gandhi Scholarship Scheme for Single Girl Child, Post- Matric Merit Scholarship Scheme for University Rank Holders in General and Honours Course at Under- graduate level, as well as Fellowships for studies abroad.

(e) to (g) : The proposal for setting up a Reference Corporation has been r reconsidered, on the basis of inputs received from the Planning Commission and the Department of Financial Services, and an alternative scheme is being worked out.