

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2080

ANSWERED ON:11.08.2006

EDUCATION LOAN

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Will the Minister of FINANCE be pleased to state:

- (a) whether the commercial banks have started any insurance and loan schemes for students pursuing higher studies;
- (b) if so, the criteria adopted for the same and the amount of loan sanctioned during the last three years, State-wise;
- (c) the amount earmarked for disbursement of education loans for 2006-07; and .
- (d) the steps taken by the Government to facilitate hassle free loans for higher education to the students in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL) :

- (a) and (b) Some banks have offered different insurance coverage with the education loans in association with Insurance Companies. As reported by Reserve Bank of India (RBI), total State-wise outstanding education loans given by Commercial Banks for the years 2002-03, 2003-04 and 2004-05 (as available) are given in the Statement enclosed.
- (c) Banks have been advised to advance 40% of Net Bank Credit to the Priority Sector which, inter-alia, consists of education loans to individuals upto the ceiling of Rs. 7.5 lakhs for studies in India and Rs. 15 lakhs for studies abroad.
- (d) The banks have discretion to sanction higher amounts for studies in India and abroad based on -commercial judgment and as approved by their respective Boards, and support highly meritorious/deserving students without security to delegate such powers to a fairly higher authority. Indian Banks Association has advised the banks to give adequate publicity to the Education Loans Scheme.