

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2198

ANSWERED ON:30.11.2007

EDUCATION LOAN

Ajaya Kumar Shri S.;Bellarmin Shri A.V.;Panda Shri Prabodh

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the interest rate for education loan is the highest, of all other loans advanced by bank;
- (b) if so, the details thereof;
- (c) whether the Government is considering to reduce the interest rate for education loan particularly for economically backward students; and
- (d) if so, the details thereof?

**Answer**

The Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a)&(b): No, Sir. The rate of interest for education loans is not the highest as compared to all other loans advanced by banks. As per the extant guidelines, this interest rate on education loans upto Rs.4 lakh should not exceed the Benchmark Prime Lending Rate (BPLR) of the banks and for loans above Rs.4 lakh it should not exceed BPLR+1 per cent. Some Public Sector Banks have reported that they are charging interest on education loan lower than the BPLR.

(c): No, Sir. The interest rates on advances have been deregulated and banks are free to fix interest rates themselves with the approval of their respective Boards.

(d): Does not arise.