

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1326

ANSWERED ON:07.03.2008

EDUCATION LOANS

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Will the Minister of FINANCE be pleased to state:

- (a) the criteria fixed for granting the education loans and the amount of education loans disbursed to the students pursuing higher education in India and abroad during each of the last three years with the recovery position thereof, bank-wise;
- (b) the target fixed and achieved for disbursement of education loan by Banks during each of the last three years, category-wise;
- (c) whether the Government has any proposal to provide education loan on subsidized rates of interest;
- (d) if so, the details thereof;
- (e) whether the Government has received complaints against the banks for creating hurdles to discourage students in getting education loan; and
- (f) if so, the details thereof and the steps taken by the Government in this regard?

Answer

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

(a) : The criteria for granting education loan to students including eligibility of courses, eligibility of institutions conducting these courses, etc. are delineated in the guidelines for the revised Model Education Loan Scheme of the Indian Banks' Association (IBA). Data on bank-wise disbursement and recovery of education loans is not captured by the Reserve Bank of India (RBI). However, the total amount of education loan (outstanding) during the last three years as reported by the RBI is given below :

As on amount (Rs. in crore)

March 2005 6694

March 2006 11219

March 2007 14391

(b) : No targets are fixed for disbursement of education loan.

(c) & (d) : Proposal to provide interest subsidy on education loans is under consideration of the Government of India. The details of the scheme are yet to be finalised.

(e) & (f) : References are received from time to time regarding problems encountered by students while applying for education loans. The issues raised in these references are taken up with the concerned banks with a view to understanding the nature of problems and redressing them. Sometimes the students are not aware of the basic requirements of the scheme, which may lead to rejection of their loan application. Keeping the above in view, the banks, as part of the facilitative measures, are advised to institute online system of loan applications, advertise the scheme through various types of media and organize loan Camps at the beginning of academic session in order to service the students better and to create awareness about the salient features of the scheme.