

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2665  
ANSWERED ON:04.12.2009  
INTEREST ON EDUCATION LOAN  
M.Thambidurai Dr.

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

- (a) whether the Public Sector Banks (PSBs) have increased the rate of interest on education loan;
- (b) if so, the details thereof and reasons therefor;
- (c) whether the Government proposes to review the matter; and
- (d) if so, the details thereof and action taken/proposed to be taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : The interest rates on advances above Rs.2 lakh have been deregulated by Reserve Bank of India (RBI) since October 1994 and these rates are determined by the Banks themselves with the approval of their respective Board, subject to their Benchmark Prime Lending Rate (BPLR) and spread guidelines. However, as per extant guidelines on education loan scheme, interest rates on education loan upto Rs.4 lakh should be BPLR of the bank and for loans above Rs.4 lakh it should be BPLR+1 per cent.

In general the BPLR of the Public Sector Banks (PSBs) have shown a declining trend during the last one year.

(c) & (d): In view of (a) and (b) above, no such proposal is under consideration.