

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1545  
ANSWERED ON:05.03.2010  
INTEREST ON EDUCATION LOAN  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has waived off interest on education loan;
- (b) if so, the details thereof;
- (c) whether Banks have shown disinterest for granting education loan to poor students by asking them for sureties;
- (d) if so, the details thereof and reasons therefor;
- (e) whether Government has set up any Complaint Redressal Cell to address such complaints against these banks; and
- (f) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMONARAIN MEENA)

(a) & (b): Ministry of Human Resource Development has proposed to introduce a scheme for interest subsidy during the period of moratorium on loans taken by students belonging to economically weaker section for pursuing higher education under educational loan scheme of Indian Banks' Association (IBA). The modalities for implementation of the scheme are being finalized by IBA in consultation with banks.

(c) & (d): The banks are required to follow the broad operational guidelines provided in the Model Educational Loan Scheme, which include security norms as below:

Security

Upto Rs. 4 lakh No security. Co-obligation of parents,

Above Rs. 4 lakh & Co-obligation of parents together with collateral  
Upto Rs. 7.5 lakh security in the form of suitable third party guarantee.

Above Rs. 7.5 lakh Co-obligation of parents together with tangible collateral  
security of suitable value alongwith the assignment of future  
income of the student for payment of instalments.

(e) & (f): specific complaints regarding non sanction/delay in sanctioning loans received, if any, are taken up with the concerned banks for remedial action.