

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:982  
ANSWERED ON:05.08.2011  
EXEMPTION OF INTEREST ON EDUCATION LOAN  
Joshi Shri Pralhad Venkatesh

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

- (a) whether the Government has issued a detailed circular regarding exemption of interest on the educational loans taken by the families whose annual income is less than Rupees 4.50 lakhs;
- (b) if so, the details thereof;
- (c) whether the scheduled commercial banks have been disbursing the educational loans on the basis of the said circular;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the action taken against such erring banks?

**Answer**

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

(a) and (b): Ministry of Human Resource Development (HRD) has formulated an Interest Subsidy Scheme which provides interest subsidy for the period of moratorium on education loan taken by students from economically weaker sections under the IBA Model Scheme, for pursuing technical and professional courses in India. Students whose parental income is less than Rs.4.5 lakhs per year are eligible. The scheme is in operation since the year 2009-10 and loans disbursed from 2009-10 are eligible for benefit. Canara Bank is the Nodal bank for Scheme.

(c), (d) and (e): As per information furnished by Canara Bank, the banks have been reimbursed interest subsidy amounting to Rs.134.14 crore in 3.21 lakh accounts for the year 2009-10. In 2.10 lakh accounts supplementary claims for Rs.72.84 crore have been submitted by the banks for the year 2009-10. Fresh claims for Rs.50.10 crore have been submitted by banks for 73,944 accounts for the year 2010-11