

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:275

ANSWERED ON:03.07.2009

EDUCATION LOAN

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Will the Minister of FINANCE be pleased to state:

- (a) the number of applications received and the number of total amount sanctioned by the Public Sector Banks as education loans to students in the country during each of the last three years, State-wise;
- (b) the time taken to process the applications to grant such loans by the banks;
- (c) whether certain banks are reluctant to grant education loans to students particularly in the rural areas;
- (d) if so, the reasons therefor;
- (e) whether collateral or personal security/guarantee is required for such loan;
- (f) if so, the details thereof; and
- (g) the steps being taken to improve the performance of the banks for providing better services to release such loans to the needy students across the country?

Answer

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

(a); State-wise details of education loan applications received, applications sanctioned and amount of loan sanctioned by Public Sector Banks (PSBs) during the year 2006-07, 2007-08 and 2008-09 are given in the Annexure.

(b): As per guidelines under Model Education Loan Scheme, loan applications have to be disposed of within a period of 15 days to one month, but not exceeding the time norms stipulated for disposing of loan applications under priority sector lending. As per reports from PSBs the average time taken in disposing education loan applications by them is one to two weeks, provided the loan applications are complete in all respects.

(c)&(d): No, Sir.However,specific complaints,if any are taken up with the concerned banks for remedial action.

(e)&(f): the security norms prescribed in Model Education Loan Scheme are as under:

Upto Rs. 4 Co-obligation of parents.
lacs No security

Above Rs. 4 Co-obligation of parents together with collateral security in lacs and upto the form of suitable third party guarantee.The bank may, Rs. 7.5 lakhs at its discretion,in exceptional cases, waive third party guarantee if satisfied with the net-worth/means of parent/s who would be executing the document as `joint borrower`.

Above Rs.7.5 Co-obligation of parents together with tangible collateral lakhs security of suitable value, along with the assignment of future income of the student for payment of installments.

(g): The performance of Public Sector Banks under education loan scheme is reviewed in Quarterly Meetings of Finance Minister with CEOs of the banks. Further banks have been advised by Indian Banks` Association that the education loan applications should not be rejected or passed on to other banks/ branches on the grounds of area of operation.