

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:742  
ANSWERED ON:01.03.2013  
SPECIAL SEED FUND FOR HIGHER EDUCATION LOANS  
Tandon Annu

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

- (a) whether the Government/Reserve Bank of India (RBI) had set a deadline for banks to submit all pending interest subsidy claims pertaining to the financial year 2010 and financial year 2011 to the nodal bank before November 2012;
- (b) if so, the details along with the present status thereof;
- (c) the likely impact of the said deadline on the loans taken by the students from economically and socially weaker sections of society;
- (d) whether the Government proposes to set up a special seed fund for higher education loans, if so, the details thereof;
- (e) whether the Government also proposes phased disbursement of educational loans and tie up the interest rates with the performance of a student; and
- (f) if so, the details thereof and the reasons therefor?

**Answer**

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

(a) to (c): Under the Interest Subsidy Scheme of Ministry of Human Resource Development, full interest subsidy is made available for educational loans disbursed by scheduled banks on or after 1st April, 2009, during the period of moratorium for the students belonging to economically weaker sections with parental income of upto Rs.4.50 lakh per annum. In order to protect the interest of the students, Banks were asked to submit 'interest subsidy' claims for the year 2009-10 and 2010-11 till 31.12.2012.

Canara Bank, the Nodal Bank for implementation of the 'Interest Subsidy' Scheme for education loans has submitted pending claims amounting to Rs.409.98 crore covering the years 2009-10, 2010-11 and 2011-12 to Ministry of Human Resource Development for settlement.

(d) The Government announced in the Budget 2012-13 setting up of a Credit Guarantee Fund (CGF) for education loan to ensure better flow of credit to deserving students.

(e) and (f): As per revised guidance notes on Model Educational Loan Scheme of Indian Banks' Association issued in May, 2012, students getting admission to highly rated institutions and students who have high rating for themselves could be offered loans with lower rate of interest.