

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:795
ANSWERED ON:01.03.2013
INTEREST RATE ON EDUCATION LOAN
Virendra Kumar Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to provide education loans at a very low interest rate to the poor students for acquiring professional education and training?
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the action taken/ proposed to be taken by Government in this regard?

Answer

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

(a) to (d): Reserve Bank of India has de-regulated the interest rates. With effect from 1st July, 2010, Banks are required to price their loan products, including education loans, linked with the base rate approved by their respective Boards. Banks are not permitted to resort to any lending below the Base Rate.

Under 'Interest Subsidy' Scheme of Ministry of Human Resource Development full interest subsidy is available for educational loans disbursed on or after 1st April, 2009, during the period of moratorium for the students belonging to economically weaker sections (whose parental income from all sources does not exceed Rs. 4.5 lakhs per annum) from scheduled banks.