

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2355

ANSWERED ON:23.08.2013

GUIDELINES FOR EDUCATION LOANS

Agarwal Shri Rajendra;Das Shri Bhakta Charan;Dhotre Shri Sanjay Shamrao;Guddu Shri Premchandra

Will the Minister of FINANCE be pleased to state:

(a) the details of education loans Sanctioned/disbursed and interest rate charged by public/private sector banks particularly State Bank of India (SBI) for education loans, higher education and diploma courses in the country during the last three years and current year, State/ UT, year and bank-wise;

(b) whether any instructions/guidelines have been issued/ laid down by the Government /Reserve Bank of India (RBI) to the banks for granting education loans for pursuing higher education/AICTE approved diploma courses;

(c) if so, the details thereof along with the complaints received by the RBI against banks for violating the said guidelines and action taken by the Govt./ RBI thereon, bank-wise;

(d) whether instances of exploitation of students particularly those belonging to SCs/ STs/OBCs and weaker sections by the private banks have been reported during the recent past by charging higher interest rates;

(e) if so , the details thereof for the last three years and the current year; and

(f) the remedial steps taken/being taken by the Government/ RBI in this regard?

Answer

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

(a) & (b) Education Loans are disbursed by Banks as per Model Education Loan Scheme of Indian Bank Association(IBA). Reserve Bank of India (RBI) has deregulated the interest rates charged by Banks, linking up with their base rates. The interest rate on education loan accordingly varies depending upon the base rate and the quantum of loan. The interest rate charged by State Bank of India(SBI) on education loans during the last three years has varied from 10.25% to 15.25% per annum. State wise and year wise data of outstanding education loan against Public Sector Banks including SBI as obtained from RBI is enclosed in Annexure-I.

(c) to (f) Reserve Bank of India(RBI) has reported that on receipt of complaints regarding education loans, the matter is taken up with the Head Office of the concerned Bank for redressal. Indian Bank Association(IBA) has advised the banks to give wide publicity to their grievance redressal mechanism on education loans and to make effective use of the mechanism.