

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2778
ANSWERED ON:07.02.2014
TAX CONCESSION
Chanabasappa Shri Udasi Shivkumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has extended/proposes to extend tax concession against interest paid on education loan to students especially to those belonging to the weaker sections of the society;
- (b) if so, the details thereof; and
- (c) the funds earmarked for the purpose?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI J.D. SEELAM)

(a)&(b) Section 80E of the Income-tax Act, 1961 provides that in computing the total income of an individual, there shall be allowed a deduction of the amount paid by way of interest on loan taken by him from any financial institution or approved charitable institution for the purpose of pursuing his own higher education or higher education of his spouse, or children, or the student for whom he is the legal guardian. The deduction is available for eight assessment years beginning with the assessment year in which the payment of interest on such loan is first made or until the interest is paid in full, whichever is earlier. This deduction is available to every individual who is liable to income-tax.

(c) No specific funds are earmarked for the purposes of extending tax concession against interest paid on education loan.