

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4104
ANSWERED ON:20.03.2015
EDUCATIONAL LOAN CASES IN LOK ADALAT
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Reserve Bank of India (RBI) has advised the State Bank of India (SBI) to be flexible in fixing EMI for long term educational loan based on the income and if so, the details thereof;
- (b) whether the SBI does not fix the flexible EMI to educational loan borrowers based on the income and file the cases before LokAdalats with in few months of default;
- (c) if so , the details thereof and number of cases filed by SBI before LokAdalat, zone and State/UT-wise/; and
- (d) the corrective steps taken by the Government / RBI in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI JAYANT SINHA)

(a)to (d): Indian Banks' Association has formulated Model Education Loan Scheme to be adopted by its member banks for providing financial support from the banking system to meritorious students for pursuing higher education in India and abroad. The scheme provides broad guidelines to the banks for operationalising the educational loan scheme and the implementing bank will have the discretion to make changes as deemed fit.

SBI has informed that at present, there are no income based flexible EMIs in education loans. However, extension in moratorium period and extension of loan tenure is permitted as per the provisions of the Education Loan Scheme framed by the Indian Bank Association

As per the information furnished by SBI, there is no instance where the cases have been filed before LokAdalat with in few months of default. However, in case of chronic defaults, SBI give an offer to the borrowers to settle the case on mutually agreed terms through LokAdalat.