

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5262

ANSWERED ON:24.04.2015

EDUCATION LOAN

Bhamre Dr. Subhash Ramrao;Kalvakuntla Smt. Kavitha;Karandlaje Km. Shobha;Kodikunnil Shri Suresh;Kumar Shri P.;S.R. Shri Vijay Kumar;Sawant Shri Arvind Ganpat;Singh Shri Abhishek;Teacher Smt. P.K.Sreemathi;Thomas Prof. Kuruppassery Varkey;Tumane Shri Krupal Balaji

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has proposed to cut subsidy to students whose parents have an annual income below 4.5 lakh to access interest free bank loans for professional and technical education;
- (b) If so, the details thereof along with the details of eligibility criteria, growth rate of educational loan and the loan provided for professional and technical education during the last three years, State-wise;
- (c) whether the Government has extended/proposed to extend tax concession against interest paid on educational loan to students especially to those belonging to the weaker sections of the country;
- (d) If so, the details thereof along with the criteria adopted and quantum/ percentage of educational loans disbursed to the students belonging to the General, Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Below Poverty Line (BPL) and minority communities by the Public Sector Banks (PSBs) during the last three years and the current year, bank and category-wise;
- (e) whether the Government is considering dispensing with the condition/requirement of taking any guarantee/surety for advancing educational loans;
- (f) If so, the details thereof and if not, the reasons therefor;
- g) whether the Government proposes to reform the educational loan scheme and if so, the details thereof: and
- h) the steps taken/being taken by the Government to simplify the process for raising educational loans and redress the grievances of the students in this regard?

Answer

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

(a)& (b): As per the information furnished by Ministry of HRD, at present, there is no proposal to cut subsidy on interest for education loan.

(c) Presently, rebate in Income tax is provided to the extent of interest paid on education loan.

(d) All Scheduled Commercial Banks have adopted and implemented the IBA Model Educational Loan Scheme for pursuing higher education in India and abroad. The scheme is applicable uniformly to all students' borrowers including SCs/STs/OBCs/Minority Communities and those below the poverty line.

The bank-wise data on outstanding education loan (within that to SC/ST also) reported and classified as priority sector advances by public sector banks as on last reporting Friday of March 2012 and last day of March 2013 and 2014 are furnished in Annexure.

(e) & (f): In order to augment higher credit flow to promote education, the Government of India has decided to start a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) to guarantee collateral free and third party guarantee free loans sanctioned to deserving students for pursuing higher studies with special thrust on un-served and under-served sections of the society.

(g) & (h): Yes, Hon'ble Finance Minister in the budget announcement for 2015-16 has proposed to set up a fully IT based Student Financial Aid Authority to administer and monitor Scholarship as well as Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram.

The banks have also been advised to keep in view primarily the larger public/societal interest involved while giving education loan. Also, while providing education loans, banks should primarily keep in mind the standing and stature of the institution.

List of all 'A' rated universities, colleges and technical institutions has been forwarded to IBA for onward circulation to all Banks so that

students getting admissions in these institutions could get educational loans with minimal formalities.

Canara Bank shall also be a nodal bank for all grievances pertaining to interest subsidy and shall resolve the issues centrally at one place and if necessary in consultation with branches of the banks directly.