

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1120

ANSWERED ON:04.12.2015

Educational Loans

Antony Shri Anto ;Khaire Shri Chandrakant Bhaurao;Laguri Smt. Sakuntala;Tasa Shri Kamakhya Prasad;Thomas Prof. Kuruppassery Varkey

Will the Minister of FINANCE be pleased to state:

Will the Minister of Finance be pleased to state:

(a) the criteria adopted and percentage of educational loans disbursed, outstanding and interest being charged to the students by the public/private sector banks during each of the last three years and the current year, bank and State-wise;

(b) whether the banks have followed the guidelines issued by the Reserve Bank of India (RBI) in this regard;

(c) if so, the details thereof along with the detailed guidelines of RBI in this regard;

(d) whether the Government has received complaints against banks for denial of loans to the students during the last three years and if so the details thereof; Bank and State-wise; and

(e) the steps taken/being taken by the Government to simplify the process of raising educational loan and to redress the grievances of the students in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) All Scheduled Commercial Banks have adopted and implemented the Indian Banks' Association (IBA) Model Educational Loan Scheme for pursuing higher education in India and abroad. The scheme is applicable uniformly to all students' borrowers. The total education loans disbursed / outstanding by Public Sector Banks for the last three years with interest being charged by the respective banks are given in the Annexure-I. State-wise data on the number of accounts and outstanding credit pertaining to Education Loan reported and classified as Priority Sector Advances by Scheduled Commercial Banks (SCBs) as on March, 31, 2013, 2014 and 2015 are furnished in Annexure-II.

(b) & (c): Yes Sir, All the Banks are following guidelines issued by IBA/RBI with due diligence.

Reserve Bank of India instructions on Education loan are as under:

(i) Loan to individuals for educational purposes including vocational courses upto Rs.10 lakh irrespective of the sanctioned amount will be eligible for priority sector lending. It would, however, be open to banks to consider higher quantum of loan for educational purpose.

(ii) All banks are mandated not to accept collateral security for educational loans upto Rs.4 lakh.

(iii) Banks have been advised not to reject any educational loan application for reasons that the residence of the borrower does not fall under the bank's service area.

(d) Complaints regarding educational loans, as and when received by the Government, are taken up with banks concerned for corrective action. As informed by Public Sector Banks, during 2015-16 (upto 30.09.2015), 3749 complaints related to education loans were received, out of which 3663 were disposed off.

(e) The Model Education Loan Scheme is modified from time to time by IBA keeping in view the needs of the students. The last such revision was made in August, 2015.

A web-based portal viz. Vidya Lakshmi has been launched for the benefit of students seeking Educational Loans. Students can view, apply and track the education loan applications made to participating banks anytime, anywhere by accessing the portal.

Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) wherein collateral free loan is given upto Rs.7.5 lakh. The Interest Rate charged for loans covered under CGFSEL is maximum upto 2% over the Base Rate.