

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:295

ANSWERED ON:11.07.2014

EDUCATION LOAN

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Will the Minister of FINANCE be pleased to state:

(a) the criteria adopted and quantum of education loans disbursed to the students by the Public Sector Banks (PSBs) during each of the last three years and current year, Bank-wise and category-wise;

(b) whether the Government is considering to dispense with the condition /requirement of taking any guarantee/ surety for interest free higher education loans ; and

(c) if so, the details thereof along with the corrective measures taken by the Government to reform the education loan scheme?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SMT. NIRMALA SITHARAMAN)

(a) The loans are sanctioned as per the guidelines laid down by Indian Banks' Association (IBA) from time to time. Presently, as per revised IBA Scheme, the eligibility criteria is as under:

The student should be an Indian National.

Should have secured admission to a higher education course in recognized institutions in India or abroad through Entrance Test/ Merit Based Selection process after completion of HSC (10 plus 2 or equivalent). However, entrance test or selection purely based on marks obtained in qualifying examination may not be the criterion for admission to some of the post graduate courses or research programmes. In such cases, banks will have to adopt appropriate criteria based on employability and reputation of the institution concerned.

Note: It would be in order for banks to consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota.

The details of education loans outstanding of Public Sector Banks, Bank-wise as on last reporting Friday of March, 2011, last reporting Friday of March, 2012, as on 31st March, 2013 and as on 31st March, 2014 as per data furnished by RBI & Public Sector Banks are given at Annexure. Category-wise data is not maintained.

(b) & (c): No such proposal is under consideration. For education loan upto Rs 4 lakh, no guarantee/surety is required. Parents, however, have to be Joint Borrowers. The loans granted by banks are not interest free. Government of India has approved setting up of a Credit Guarantee Fund for Education Loans with a corpus of Rs. 2500 crore which among other features guarantees to a maximum extent of 75% of amount in Default to the bank or such other percentage as specified by the Management Committee of the Fund from time to time.