

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1694
ANSWERED ON:25.11.2016
Write off Education Loans
Biju Shri Parayamparanbil Kuttappan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any plan to write off education loans given to the poor and middle class family students who could not get employment; and
- (b) If so, the details thereof and the steps taken by the Government to address the stress of youths, through a special financial package?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) & (b) There is no plan to write off education loans. However, for the students belonging to economically weaker sections, an interest subsidy scheme on educational loans is in place. Under the scheme during the period of moratorium full interest subsidy is available for educational loans disbursed on or after 1st April, 2009.

The Indian Banks' Association (IBA) has formulated a Model Educational Loan Scheme for adoption by banks. As per the scheme, Banks may also provide additional moratorium upto 6 months at a time taking into account spells of under-employment/unemployment during the tenure of the loan.

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 fund provides guarantee against default in repayment of education loans to the extent of 75% of the amount in default.