

**GOVERNMENT OF INDIA
HUMAN RESOURCE DEVELOPMENT
LOK SABHA**

STARRED QUESTION NO:509

ANSWERED ON:13.08.2014

INTEREST SUBSIDY ON EDUCATION LOANS

Adsul Shri Anandrao ;Yadav Shri Dharmendra

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

- (a) whether rising cost of education including higher education is impeding the educational prospects of the students belonging to the economically weaker sections of the society and if so, the reaction of the Government thereto;
- (b) whether the Government has launched any scheme to provide interest subsidy on education loan taken by such students and if so, the details thereof including the norms/criteria laid down for the purpose under the scheme;
- (c) the total number of students who have availed the benefit under the scheme during each of the last three years and the current year, State/UT- wise and the percentage of students out of them who have availed benefit for higher education; and
- (d) the steps taken/being taken by the Government to make education loans accessible to the students belonging to the weaker sections of the society?

Answer

MINISTER OF HUMAN RESOURCE DEVELOPMENT (SMT. SMRITI ZUBIN IRANI)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 509 FOR 13.08.2014 ASKED BY SHRI ANANDRAO ADSUL AND SHRI DHARMENDRA YADAV, HON'BLE MEMBERS OF PARLIAMENT, REGARDING INTEREST SUBSIDY ON EDUCATION LOANS.

(a): The cost of education in higher education sector, especially technical and professional education, has been on a steady rise because of the global and economic trends combined with local inflationary pressure. The Central Government being sensitive to the needs for ensuring equity in access to higher education, has undertaken comprehensive demand side financing through scholarships/fellowships, apprenticeships, internships, reimbursement of tuition fees, interest subsidies, education loans and credit guarantee on education loans for ensuring that the rising cost of education does not impede the educational prospects of students in general, especially of students belonging to the economically weaker sections of the society.

(b): Yes, Madam. The Government is implementing a Central Sector Scheme, namely, Central Sector Interest Subsidy Scheme (CSIS) for providing interest subsidy during the period of moratorium on educational loans which is study period plus one year or up to six months after getting a job, whichever is earlier, to students belonging to economically weaker sections with an annual gross parental/family income upper limit of Rs. 4.5 lakh per year (from all sources) for undergoing professional/technical courses in higher educational institutions within the country. The educational loans disbursed under the Indian Banks Association

(IBA) Model Educational Loan Scheme and those granted by the National Scheduled Castes Finance and Development Corporation (NSCFDC), National Scheduled Tribes Finance and Development Corporation (NSTFDC), National Backward Classes Finance and Development Corporation (NBCFDC), National Handicapped Finance and Development Corporation (NHFDC), National Minorities Development and Finance Corporation (NMDFC) and National Safai Karamcharis Finance and Development Corporation (NSKFDC) are covered under CSIS. A copy of the Scheme is available in www.mhrd.gov.in.

(c): Details of the total number of students who have availed the benefit under the Scheme during each of the last three years and the current year, State/UT-wise are at Annexure. The Scheme is for the higher education sector only and, therefore, the percentage of students who have availed of the benefits of the Scheme in higher education sector is 100%. The interest subsidy for 2013-14 has not been compiled by Canara Bank, i.e. nodal Bank, as the last date for submission of the subsidy claims by the Banks to the nodal Bank is 31st August, 2014.

(d): The CSIS Scheme covers students belonging to economically weaker sections with an annual gross parental/family income upper limit of Rs. 4.5 lakh per year (from all sources). Further, with a view to reduce the Non-Performing Assets on educational loan, allow more loans at reasonable rates and in special cases without any collateral security in the form of third party guarantee, the Government has approved the Credit Guarantee Fund Scheme for Educational Loans (CGFSEL).