

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1014

ANSWERED ON:28.11.2014

EDUCATION LOAN

Agrawal Shri Rajendra;Baheria Shri Subhash Chandra;Dhotre Shri Sanjay Shamrao;Lokhande Shri Sadashiv Kisan;Mahtab Shri Bhartruhari;Patel Shri Devji Mansingram;Premachandran Shri N.K.;Rajoria Dr. Manoj;Reddy Shri J.C. Divakar;S.R. Shri Vijay Kumar;Simha Shri Prathap;Udasi Shri Shivkumar Chanabasappa

Will the Minister of FINANCE be pleased to state:

- (a) the criteria adopted and percentage of education 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-wise;
- (b) whether the banks have followed the guidelines issued by Reserve Bank of India (RBI) in this regard;
- (c) If so, the details thereof along with the detailed guidelines of RBI;
- (d) whether the Government has any proposal to limit or reduce the amount of the education loan being given to the students by banks/self financed institutions;
- (e) if so, the details thereof;
- (f) 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; and
- (g) the steps taken/being taken by the Government to simplify the process of raising education loan and to redress the grievances of the students in this regard?

Answer

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

(a) 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 and those below the poverty line. 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.

(b) & (c): Yes, 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 for studies in India and upto Rs.20 lakh for studies abroad are classified under 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)and (e): No Such proposal at present is under consideration of Government of India.

(f) 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 2014-15 (upto 30.09.2014), 2102 complaints related to education loans were received, out of which 1926 were disposed off.

(g) The Model Education Loan Scheme is modified from time to time by Indian Banks' Association

(IBA) keeping in view the needs of the students. The last such revision was made in September, 2012.