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Title : Need to provide interest-free education loan to students.

SHRI A.V. BELLARMIN (NAGERCOIL): The announcement of waiver of agricultural loans to small and marginal farmers in the General Budget amounting to Rs. 60,000 is receiving universal appreciation. But, it is a matter of equal concern that there is total silence in the matter of waiver of interest on Education loans sanctioned by the banks. The Government has announced that Education loan will be sanctioned to eligible students upto four lakhs without any collateral security or surety. One of the prime conditions stipulated by the banks while sanctioning the loan is that the repayment should be made from the date, the student get employed or three years after the completion of the studies whichever is earlier. It is pertinent to mention at this juncture in either case the interest charged at compound rate applicable to commercial advances will cause a heavy burden on the students.

The objective of such advance is to help the poor parents to send their wards for professional courses. Most of the parents are poor and agricultural persons and middle class poor people from rural and urban slum areas. The waiver of interest on education loan will be a great relief for them. In this context it is to be brought to the kind notice of the Government that the banks have made a downward revision in benchmark prime lending rate reducing the retail lending rate for car loans and house loans which is mostly availed by the creamy layer of the society.

I, therefore, appeal to the Government to consider total waiver of education loans advanced so far and pass necessary instructions to RBI to sanction interest free education loans.