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Title: Need to conduct audit of all the eligible education loan under Central Scheme to provide Interest Subsidy for the period of moratorium on Educational Loans taken by students from economically weaker sections.

SHRI THOL THIRUMAAVALAVAN (CHIDAMBARAM): I would like to bring to the kind attention of the Government that all the banks do not pass on the full interest subsidy to the eligible students who have availed loans under Education Loan from the banks.

As per the "Central Scheme to provide Interest Subsidy (CSIS)" launched by Ministry of HRD, full interest subsidy is provided for the moratorium period (i.e. Course Period plus one year or six months after getting job, whichever is earlier) on educational loans availed by students from Economically Weaker Section (EWS) under IBA educational loan scheme, to pursue Technical/ Professional courses in India. The scheme is effective from the academic year 2009-10.

Many students are complaining that the banks do not provide them full subsidy. Though the students are not required to pay even a single rupee by way of interest for the moratorium period, the banks force the poor students to pay interest. Banks do not claim the full subsidy from the Government and because of the lapses of bank officials, the poor students are forced to borrow money from outside at huge interest and pay the interest. In many of the cases, banks have failed to submit claim to the nodal bank within the time and consequently, the poor students are forced to pay interest.

Further, many of the branch managers misguide the students about the interest subsidy (CSIS) scheme. Banks do not give serious importance to create awareness about interest subsidy scheme among the students and their own officials.

Because of the poor implementation of the scheme by the banks, the scheme itself gets defeated. I, therefore, urge upon the Government to immediate arrange CAG/RBI audit of all the eligible education loan accounts to find out whether the banks have claimed the interest subsidy properly and pass on the benefits to poor students. I also urge upon the Government to take stern action against those officials of the Bank who are not properly implementing the CSIS Scheme and it is my humble submission to the Government, instead of paying interest subsidy, students should be given interest free Education Loan.