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Title: Regarding educational loan subsidy scheme.

SHRI P. VISWANATHAN (KANCHEEPURAM): Mr. Chairman, Sir, I am raising a very important issue relating to the student community. On 27th August, 2009, the Union Government had launched an interest subsidy scheme on Education Loans for various professional courses in approved educational institutions for students with the total family income of less than Rs. 4.5 lakh. Under the scheme, the bank shall waive the interest for the period of course duration plus either one year or earlier if the students get employed. The banks can claim this interest subsidy amount from the Government through Ministry of Human Resource Development every six months or at the end of the academic year. This scheme was effective from the academic year 2009-10.

Subsequently, on 31st August, 2009, one Education Loan Mela was conducted in my Constituency Kancheepuram presided over by the hon. Home Minister, Shri P.Chidambaram. About 32 banks participated in the event and received over 5,000 loan applications. But I have received many complaints from students and their parents that the banks are not implementing the interest waiver part and are insisting on full interest for sanctioning the loan. I understand that so far the banks have not claimed reimbursement of the interest subsidy through the Ministry of Human Resource Development. Hence, no details are available as to how many students had actually benefited from the scheme and how much subsidy is to be reimbursed through the banks.

It appears that there is a delay from the bankers' side in consolidating and submitting their claim to the Ministry of Human Resource Development. In turn, there is a delay from the Ministry of Human Resource Development to the Ministry of Finance.

There should be strict instruction to the bankers from the Ministry of Finance to act fast. Timeframe is to be fixed and circulated to all the concerned to follow it strictly.

Another important point I would like to raise in the 'Zero Hour', which I feel is a valuable hour for my constituency, is that the zero involvement of the private banks is a very bad thing for the private banks in this particular scheme. So, suitable instructions may be sent to get them actively involved.

Therefore, I would request the hon. Union Finance Minister, through the hon. Chairman, to direct the banks immediately to implement this very important social scheme effectively for the benefit of the deserving students during this academic year, 2010-11.