

an>

Title: Need to set up Education Loan Refinance Bank.

SHRI S.R. VIJAYA KUMAR (CHENNAI CENTRAL): Hon. Madam Speaker, though the Government of India is interested in providing education loan support to the needy and poor students with interest subsidy, yet in reality, the banks do not take initiative in making the scheme successful. Though interest subsidy scheme offers full reimbursement of interest charged to the students during the moratorium period, yet the students get only a small portion of interest payable. Banks force the students to pay the balance amount. In addition, the rate charged by the banks on education loan is so high that the very purpose of the scheme gets defeated.

In order to provide education loan support to the needy students, the Government of India can create a new institution to re-finance the education loans granted by the banks. This new Institution can be on the lines of the IDBI, NABARD and the SIDBI. The new Institution can get international funding at low interest and then re-finance to the banks, based on the education loans disbursed by them at low interest. This will reduce the rate of interest to the students. This will help the banks to increase the education loan beneficiaries.

HON. SPEAKER: Shri Nishikant Dubey is permitted to associate with the issue raised by Shri S.R. Vijaya Kumar.