

**GOVERNMENT OF INDIA
HUMAN RESOURCE DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:1686
ANSWERED ON:08.08.2006
INTRODUCTION OF MERIT SCHOLARSHIP SCHEME
Sugavanam Shri E.G.

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

- (a) whether the Government has introduced Merit Scholarship Schemes for the benefit of Medical and Engineering students;
- (b) if so, the details thereof;
- (c) whether the banks have been instructed to waive collateral surety on loans to students;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government for the easy availability of educational loans to students of economically weaker sections in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT (SHRI M.A.A. FATMI)

(a) & (b): Yes Sir, the Central Board of Secondary Education

(CBSE) has started a new merit scholarship scheme for professional studies (Medical and Engineering) from the year 2005-06. 500 scholarships (150 for Medical and 350 for Engineering) are available for such meritorious students. Under this scheme Rs.1000/- per month is paid to the selected candidates for a period of 4 years.

(c) to (e): The Revised Model Educational Loan Scheme of Indian Banks' Association provides broad guidelines to the banks for providing financial support from the banking system to deserving/meritorious students for pursuing higher education in India and abroad. The main emphasis is that every meritorious student, though poor, is provided with an opportunity to pursue education with the financial support from the banking system with affordable terms and conditions and that no deserving student is denied an opportunity to pursue higher education for want of financial support. For such loans upto Rs.4.00 lakhs, no security is required. Above Rs.4.00 lakhs and upto Rs.7.5 lakhs collateral in the form of a suitable third party guarantee is required. The bank may, at its discretion, waive third party guarantee if satisfied with the net-worth/means of parent who would be executing the document as 'joint borrower'. Above Rs.7.5 lakhs, collateral security of suitable value or suitable third party guarantee along with the assignment of future income of the student for payment of installments is required.

Subject to repaying capacity of the parents/students, the following ceiling has been imposed regarding; quantum of finance:

1. Studies in India - Maximum Rs. 7.5 lakhs
2. Studies abroad Maximum Rs. 15 lakhs

Rate of interest:

Upto Rs. 4 lakhs BPLR,

Above Rs. 4 lakhs - BPLR + 1%