

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5199

ANSWERED ON:27.08.2010

EDUCATIONAL LOANS

Basheer Shri E. T. Muhammed;Chaudhary Shri Arvind Kumar;Chauhan Shri Sanjay Singh;Dashmuni Deepa ;Jawale Shri Haribhau Madhav;Kashyap Shri Virender;Mishra Shri Mahabal ;Pandurang Shri Munde Gopinathrao;Shekhar Shri Neeraj;Venugopal Shri K. C.

Will the Minister of FINANCE be pleased to state:

- (a) the details of the criterion being followed by the banks for disbursing educational loans to students;
- (b) the details of the educational loans provided to the students belonging` to the Scheduled Castes and the Scheduled Tribes communities for the last three years and the current financial year, bank-wise;
- (c) whether the Government proposes to provide interest subsidy to such students on the educational loans;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken by the Government to streamline the procedure for providing educational loan to those students who are deprived of this loan due to the procedural complexities?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMONARAIN MEENA)

(a): The broad operational guidelines are given in the Model Educational Loan Scheme, circulated by Indian Banks` Association (IBA). The main features of the scheme are as under:

Loan Limit

For studies in India Rs. 10 Lakhs

For studies in abroad Rs. 20 lakhs

Security Norms

Upto Rs. 4 lakhs No security. Co-obiigation of parents.

Above Rs. 4 lakhs and upto Rs. 7.5 lakhs Co-obligation of parents together with collateral security in the form of suitable third party guarantee.

Above Rs. 7.5 lakh Co-obligation of parents together with tangible collateral security of suitable value alongwith the assignment of future income of the student for payment of installments.

Copy of the Model Educational Loan Scheme is available on the web-site of IBA at www.iba.org.in

(b): As per information furnished by Reserve Bank of India (RBI), bank-wise details of education loans outstanding to Scheduled Caste/Scheduled Tribe (SC/ST) on last reporting Friday of March, 2008, 2009 and 2010 are given in the Annexure.

(c) & (d): The Ministry of Human Resources Development has circulated Interest Subsidy Scheme on Educational Loan for Economically Weaker Sections (EWS) to banks on 25-05-2010. In terms of the Scheme, full interest subsidy would be provided by Government during the period of moratorium/study period and would be applicable to students from EWS with a parental upper income limit of Rs. 4.50 lakhs. The Scheme is for studies in recognized technical and professional courses in India. The Scheme

would be applicable from the academic year 2009-10 (with effect from 01-04-2009).

(e): The banks are required to adhere to the broad operational guidelines and eligibility criterion given in the Model Educational Loan Scheme. IBA has reported that banks consider loan applications, received from students who fulfill all the eligibility criteria prescribed under the Model Educational Loan Scheme.

Further, most of the banks have put in place on-line system of processing of loan applications so as to minimise difficulties in applying for the loans.