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Title: Need to provide interest-free loans to the eligible students during the moratorium period.

SHRI S.R. VIJAYA KUMAR (CHENNAI CENTRAL): I would like to bring it to the kind attention of the Government that the eligible students availing education loan from banks do not get the full subsidy under the Central Scheme to provide Interest Subsidy (CSIS).

As per the (CSIS) Scheme implemented by the Ministry of HRD, any economically weaker section (EWS) student availing education loan from the banks under the IBA Scheme to pursue professional and technical course is eligible for full interest subsidy during the moratorium period. (Course period + one year or six months after getting employment, whichever is earlier). That means, the student need not pay any interest during the moratorium period. This Scheme is applicable to loans granted on or after 1.4.2009.

A lot of complaints have been received that many banks do not provide full interest subsidy to the students. Only a portion of eligible interest is being credited to the loan account. In many cases, the banks have also failed to submit the claims to the nodal bank, that is, the Canara Bank for the eligible students. The poor students are forced by the banks to pay the interest, which, otherwise, should have been reimbursed by the Government.

There is a lack of awareness among the students and the bank officials about this Scheme. Because of this, many eligible poor students are deprived of the benefit from the Government.

I request the Government to conduct a thorough investigation into the implementation of Education Loan.

Since the Interest Subsidy Scheme creates confusion among the banks and students, instead of providing full interest subsidy, the Government can consider to grant Interest-free loans to the eligible students during the moratorium period. In such cases, the banks would take more care to claim the interest portion from the Government and the students will get the full benefit. After the moratorium period, the student may be asked to pay the regular interest.

HON. SPEAKER: Shri Sunil Kumar Mondal – not there.

Shri Rabindra Kumar Jena.