

GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP
RAJYA SABHA
UNSTARRED QUESTION No. 1398
ANSWERED ON- 11/02/2026

DISTRESS DUE TO NSDC LOAN DEFAULTS

1398. SHRI I.S. INBADURAI:

Will the Minister of SKILL DEVELOPMENT AND ENTREPRENEURSHIP be pleased to state:

- (a) the total number of youths and senior citizens across the country who have become defaulters under National Skill Development Corporation (NSDC)-linked skill and education loan schemes, if so, the State-wise details thereof;
- (b) whether Government is aware that a significant number of beneficiaries defaulted not due to wilful negligence but because of failure of training programmes, poor placement outcomes and non-viable course structures; and
- (c) whether Government will consider a compassionate national policy including loan restructuring, interest waiver or one-time settlement for genuine defaulters, particularly affecting unemployed youths and dependent senior citizens?

ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP

(SHRI JAYANT CHAUDHARY)

(a) to (c): Ministry of Skill Development and Entrepreneurship (MSDE) notified the Credit Guarantee Fund Scheme for Skill Development (CGFSSD) on 20th November 2015 to provide guarantee cover to Skill Loan Scheme to the extent of 75% of the defaulted loan amount to member lending institutions, with the fund being managed and operated by the National Credit Guarantee Trustee Company (NCGTC).

The scheme enables Indian nationals admitted to skill development courses aligned with the National Skill Qualification Framework (NSQF)—offered by ITIs, Polytechnics, recognized schools and colleges, universities, and training partners affiliated with NSDC, Sector Skill Councils, State Skill Missions, or State Skill Corporations—to avail loans for this purpose, ranging from ₹5,000 to ₹1,50,000, with a repayment period of 3 to 7 years. Under this scheme, interest rate to be charged by Member Lending Institutions (MLIs) should not be more than 1.5% per annum over base rate. Further, borrower must enter into an agreement with NCGTC for providing guarantee against default in repayment of the loan extended by lending institutions.

The scheme inter-alia includes the various provisions such as no processing fee, simple rate of interest @11% and 12% per annum during the period of study, sanction of loan without any collateral security or third-party guarantee, no minimum restriction with regard to age etc. which in turn encourage individuals to make use of the scheme. Under the scheme, there are 1597 loan accounts amounting to Rs 18.27 Cr which have been turned NPA (non-performing assets). The State-wise number and amount of loans defaulted as on 31.01.2026 under CGFSSD is given at **Annexure I**.

The scheme was revised and notified on 9th July 2024 to enhance the coverage of the scheme and to provide access to skill trainees/candidates to wide range of high-end courses without any financial constraints. The major changes in modified CGFSSD inter-alia include the increase in maximum loan limit from Rs. 1.5 lakh to Rs. 7.5 lakh, inclusion of non-NSQF aligned courses delivered through Skill India Digital Hub (SIDH), and inclusion of NBFCs/ NBFC-MFIs and Small Finance Banks as the member lending institutions.

ANNEXURE REFERRED TO IN REPLY TO PART (a) to (c) OF RAJYA SABHA UNSTARRED QUESTION NO. 1398 ANSWERED ON 11.02.2026 REGARDING 'DISTRESS DUE TO NSDC LOAN DEFAULTS'

State-wise Number and Amount of loans defaulted as on 31.01.2026 under CGFSSD

(As on 31.01.2026)

State Name	Number of Loans turned NPA
Andaman And Nicobar Islands	0
Andhra Pradesh	11
Assam	32
Bihar	7
Chandigarh	1
Chhattisgarh	29
Dadra and Nagar Haveli and Daman and Diu	0
Delhi	37
Goa	2
Gujarat	67
Haryana	63
Himachal Pradesh	5
Jammu And Kashmir	9
Jharkhand	96
Karnataka	70
Kerala	400
Lakshadweep	0
Madhya Pradesh	79
Maharashtra	146
Manipur	0
Meghalaya	0
Mizoram	0
Nagaland	1
Odisha	17
Puducherry	4
Punjab	78
Rajasthan	18
Sikkim	1
Tamil Nadu	136
Telangana	12
Tripura	0
Uttar Pradesh	89
Uttarakhand	8
West Bengal	179
Grand Total	1597
