

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 6443
TO BE ANSWERED ON THE 6th APRIL, 2018, CHAITRA 16, 1940 (SAKA)
EDUCATIONAL LOANS IN RURAL AREAS**

6443. DR. SHASHI THAROOR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that students from rural areas are unable to avail educational loans as banks do not accept agricultural land as collateral;
- (b) If so, the details thereof; and
- (c) the step being taken by the Government to deal with the issue?

**ANSWER
(MINISTER OF STATE IN THE MINISTRY OF FINANCE)
(SHRI SHIV PRATAP SHUKLA)**

(a) to (c) There is no restriction in accepting agricultural land as security for granting education loan. However, section 31 (i) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 stipulates that provisions of this Act shall not apply to any security interest created in agricultural land.

Further, Agriculture is a State subject. Laws in many States prohibit agricultural land as collateral security for granting of loan towards non-agricultural purposes.

Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) wherein collateral free loan is given upto Rs.7.5 lakh.
