

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**LOK SABHA**

**STARRED QUESTION NO. \*282**

**TO BE ANSWERED ON THE 9<sup>th</sup> DECEMBER, 2019, AGRAHAYANA 18, 1941 (SAKA)**

**Waiver of Educational Loans**

\*282. SHRI THIRUMAAVALAVAN THOL:

Will the Minister of Finance be pleased to state:

- (a) whether most of the students who availed educational loans from the Public Sector Banks are still searching for jobs and some of them have committed suicide due to unbearable pressure from banks to repay the loans;
- (b) if so, whether the Government proposes to waive the educational loans of unemployed youth in the country; and
- (c) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

Finance Minister

(SMT. NIRMALA SITHARAMAN)

(a) to (c): A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PART (A) TO (C) OF LOK SABHA  
STARRED QUESTION NUMBER \*282 FOR 9TH DECEMBER, 2019 REGARDING  
WAIVER OF EDUCATIONAL LOANS BY SHRI THIRUMAAVALAVAN THOL**

**(a) to (c)** : Model Educational Loan scheme introduced by IBA is a source of financing higher education for credit constrained students in India. As per the scheme, Education loans are term loans granted by public sector banks to Indian Nationals for pursuing higher education in India or abroad where admission has been secured. The endeavor is to empower the youth by providing them with qualifications, professional competency and development of entrepreneurial skills to enable them to get gainfully employed or explore self-employment opportunities.

The model education scheme provides for relief to students post completion of the education course and while seeking jobs, in terms of liberal repayment of loan in equated monthly instalments for a period of 15 years, repayment holiday/moratorium of 12 months after completion of course with facility for additional period of moratorium in case of underemployment/unemployment. There is also a moratorium for the incubation period if the student wants to take up a start-up venture and telescoping of repayment with stepped up instalments to provide for lower salary level at the start of the career.

As per the data provided by PSBs, during the last three years from 2016-17 to March 2019, the amount of outstanding education loans has increased from Rs 67,685.59 crore to Rs 75,450.68 crore in September, 2019. More than 90% of these accounts are standard as on 31<sup>st</sup> March, 2019. Data linking education loans sanctioned by banks with securing of jobs is not centrally maintained. As reported by Public Sector Banks (PSBs), no case of suicide by students due to unbearable pressure from banks to repay education loans has been reported. However, the banks have been sensitized to adopt a non-coercive strategy for recovery of education loans. Further, there is no proposal under consideration for waiver of education loans.

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