

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**UNSTARRED QUESTION NO. 4797**

TO BE ANSWERED ON THE 23<sup>rd</sup> MARCH, 2020, CHAITRA 3, 1942 (SAKA)

**WAIVE OF EDUCATION LOANS**

4797. SHRI THIRUNAVUKKARASAR SU:

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any plan of action to waive of education loans for unemployed graduates who have borrowed the loans from banks;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) to (c): The Model Educational Loan Scheme introduced by Indian Banks' Association (IBA) is a source of financing higher education for credit constrained students. The Scheme *inter-alia* 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, and 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 a provision of telescoping of repayment to provide for lower salary levels at the start of the career. Further, for students belonging to economically weaker sections, an interest subsidy scheme on educational loans is also in place. Under the scheme, during the period of moratorium, full interest subsidy is available for education loans disbursed on or after 1<sup>st</sup> April, 2009.

There is no proposal currently under consideration of the Government for waiver of education loans as the Model Educational Loan Scheme has adequate provisions to provide for difficulties that may be faced by students on account of underemployment/unemployment. The Government generally does not favour waiver of loans due to its deleterious impact on credit culture and credit discipline.

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