

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

UNSTARRED QUESTION NO. 3458

TO BE ANSWERED ON THE 20th DECEMBER, 2021, AGRAHAYANA 29, 1943 (SAKA)

EDUCATION LOAN TO MEDICAL STUDENTS

3458. SHRI RAJMOHAN UNNITHAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether around 25000 numbers of Indian medical students are in financial trouble from March 2020 due to Covid pandemic restrictions which have put many families in debt trap;
- (b) if so, the details thereof;
- (c) whether the Government will support them to obtain relaxation in bank education loan repayment for these students; and
- (d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. BHAGWAT KARAD)

(a) to (d): As per information received from Public Sector Banks (PSBs), 9360 education loan accounts of medical students have been classified as Non-Performing Assets as on 30.09.2021.

The Model Educational Loan Scheme of Indian Banks' Association provides for relief to students in terms of liberal repayment of loan in equated monthly instalments upto 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 provision of telescoping of repayment to provide for lower salary levels at the start of the career.

Further, to help borrowers tide over any difficulties in the wake of Covid 19 pandemic, the Reserve Bank of India (RBI) allowed moratorium of six months on payment of all instalments falling due between March 1, 2020 and August 31, 2020 without an asset classification downgrade. Further, RBI, in its Monetary Policy August, 2020, introduced stimulus measures to restructure the debt if the loans were classified as 'standard' as on 1st March, 2020. This may include, *inter-alia*, rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, or, granting of moratorium based on assessment of income stream of the borrowers, subject to a maximum of two years. Correspondingly, the overall tenor of the loan may also get modified commensurately. Further, in view of the resurgence of Covid 19, RBI has announced Resolution Framework 2 dated May 05, 2021 which permits lending institutions to restructure personal loans including education loans, which have not been restructured earlier.
