

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION
DEPARTMENT OF HIGHER EDUCATION
LOK SABHA
UNSTARRED QUESTION No. 114
ANSWERED ON 25/11/2024

Burden of Loans on Students

114 Shri Kodikunnil Suresh:

Will the Minister of EDUCATION be pleased to state:

(a) whether the Government is aware of the increasing burden of education loans on students and their families, particularly in the context of rising education costs;

(b) the specific measures being taken to address the challenges faced by students in repaying their loans, including any initiatives for loan waivers or interest subsidies;

(c) whether the Government has any plans to enhance scholarship programmes, particularly for marginalized and economically disadvantaged students, to promote access to higher education;

(d) the current status of existing scholarship schemes, including their reach and effectiveness in supporting students from underprivileged backgrounds;

(e) whether the Government has consulted Educational Institutions and student organizations to assess the needs and gaps in current loan and scholarship programmes; and

(f) the anticipated outcomes of these initiatives on increasing enrollment rates, reducing dropout rates, and improving overall educational equity for marginalized students across the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF EDUCATION

(DR. SUKANTA MAJUMDAR)

(a) to (f) Education Loans to students are provided by the banks under the Model Education Loan Scheme of Indian Banks' Association (IBA). The scheme was last revised in 2022. The details are available at <https://www.iba.org.in/retail-banking/educational-loan-scheme.html>. To ease the burden of loan, Interest is computed at simple annual rate on the outstanding principal amount of education loan during moratorium period (course period plus one year). Further, repayment can be done upto 15 years after the moratorium period.

Further, the Union Cabinet on 06.11.2024 has approved the PM-Vidyalaxmi, a new Central Sector scheme to provide financial support to meritorious students of Quality Higher Education Institution (QHEIs). Under the PM Vidyalaxmi scheme, any student who gets admission in

QHEIs will be eligible to get collateral free, guarantor free loan from banks and financial institutions to cover full amount of tuition fees and other expenses related to the course. Further, under PM-Vidyalaxmi, a 3% interest subvention support during moratorium period will be given every year to one lakh fresh students having an annual family income of up to Rs. 8 lakhs and not eligible for benefits under any other government scholarship or interest subvention schemes.

In addition, Ministry of Education provides student financial aid in the form of interest subsidy on education loans for technical and professional courses in India under the Pradhan Mantri Uchchatar Shiksha Protsahan (PM-USP) Central Sector Interest Subsidy Scheme (CSIS).The guidelines are available at <https://www.education.gov.in/scholarships-education-loan-4>.

The Government is implementing various scholarship schemes for marginalized and economically disadvantaged students. The details of these schemes including the number of slots, assistance offered and eligibility criteria are available in the following websites:

Sl. No.	Ministry/ Department	Website links
1.	Department of Higher Education	https://www.education.gov.in/pm-usp-scholarships-education-loan
2.	University Grants Commission	https://www.ugc.gov.in/Home/student_Corner
3.	All India Council for Technical Education	https://www.aicte-india.org/bureaus/rifd/Scholarship-Schemes
4.	Ministry of Social Justice & Empowerment	https://socialjustice.gov.in/scheme-cat
5.	Ministry of Tribal Affairs	https://tribal.nic.in/ScholarshiP.aspx
6.	Ministry of Minority Affairs	https://www.minorityaffairs.gov.in/show_content.php?lang=1&level=2&ls_id=661&lid=823
7.	Department of Science and Technology	https://dst.gov.in/inspire-scheme-innovation-science-pursuit-inspired-research

The above mentioned scholarship schemes are spread across the country, and the applicants from underprivileged backgrounds can avail the benefits of the scheme as per the scheme's eligibility conditions and norms. Consultation with stakeholders, namely students & educational institutions is a continuous process. The schemes envisages that no deserving and meritorious student is denied the opportunity to pursue higher education because of financial constraints.
