

Study loans: southern States claim maximum interest subsidy

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No more claims pending under the now closed Central scheme, reveals RTI response

Thiruvananthapuram, December 14:

The southern States of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh have made the most of the new Central scheme of interest subsidy on education loans.

The scheme was announced in the Union Budget 2014 and has now been closed in accordance with instructions from the Ministry of Finance, according to Canara Bank, the nodal bank for its implementation.

The subsidy has been released to all member-banks as per claims and nothing is pending, according to RTI information dated November 16, 2015, provided to activist S Dheenadhayalan.

A perusal of the statistics provided reveal that Tamil Nadu topped the list of States and Union Territories (UTs), having received claims worth Rs. 589.47 crore across 1.33 lakh student loan accounts.

It was followed by Kerala (Rs. 342.31 crore; 55,280 loan accounts); Karnataka (Rs. 158.51 crore; 31,354 accounts); Andhra Pradesh (Rs. 119.53 crore; 32,220 accounts); and Bihar (Rs. 107.58 crore; 14,401 accounts).

Early estimates

The Department of Financial Services had informed Dheenadhayalan that preliminary estimates derived on the basis of data collected from public sector banks has suggested that the scheme would benefit nine lakh students to the tune of Rs. 2,600 crore.

But State- and UT-wise claims made during 2014-15 amounted to Rs. 1,822.14 crore, RTI details reveal. The scheme was open to students who had taken educational loans prior to April 1, 2009.

Accordingly, Canara Bank instructed all branches and circle offices to claim the subsidy as per the scheme guidelines within prescribed time schedules. A separate portal was opened for the purpose.

Portal opened

The portal was kept open from February 1 to August 31 and on October 17 in 2014 and from March 16 to March 21, 2015. Branches were advised to send suitable letters to all eligible student borrowers to utilise the benefits.

Loans sanctioned prior to April 1, 2009, were covered under the scheme to the extent of outstanding interest in the loan account as on March 31, 2013.

Family income of the student should not have exceeded Rs. 4.50 lakh per annum for being eligible under the scheme.

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