

Student loan NPAs: parents to take on recovery firm

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On January 27, the Indian Nurses' Parents Association will press Reliance ARC not to go ahead with its 'coercive' loan recovery efforts

File picture of Indian Nurses' Parents Association members staging a protest in Thiruvananthapuram S Mahinsha
Kochi, January 11:

Even as education-loan non-performing assets (NPAs) are mount in Kerala, which is among the top users of these loans, parents of a section of the defaulting borrowers are planning to stage a protest.

On January 27, the Indian Nurses' Parents Association will march to the office of Reliance Asset Reconstruction Company (R-ARC), which has bought the bad debts from State Bank of Travancore, to press the company not to go ahead with its 'coercive' loan recovery efforts. Much of the education loans given in Kerala are to nursing students who also happen, due to a host of reasons, to be the biggest defaulters.

In a controversial move in July last year, public sector State Bank of Travancore (SBT) had sold its education NPAs of Rs. 130 crore, to be recovered from 8,568 defaulters, to R-ARC for Rs. 63 crore. Reliance paid Rs. 9 crore to the bank immediately and gave security receipts for Rs. 54 crore. It could pay the money to the bank within a time period frame of 15 years.

'Cancel the deal'

"We want SBT to cancel the deal with Reliance," NR Mohankumar, State vice-president of the Indian Nurses' Parents Association, told *BusinessLine*. "We urge the Centre to take over the loans, waive the interest portion and allow a staggered repayment schedule as most of the borrowers were unable to repay because they are either unemployed or earning very low salaries."

"If the government and the banks can write off thousands of crores of dues from big industrialists, why can't they do this favour to poor nursing students?" asks Mary Thomas, Ernakulam district secretary of the INPA.

She alleged that R-ARC was sending notices and 'threatening' attach the pledged properties of the borrowers' families. Already, she claimed, unable to repay the loans, four nurses and 17 parents had committed suicide in Kerala.

West Asia crisis

Jasmin Sha, State president of the United Nurses Association, pointed out that in many cases the accrued interest had surpassed the principal. Under the loan scheme, he said, a BSc. (Nursing) student could received a loan of up to Rs. 4.5 lakh. After four years of study and one year of internship, the nurse's starting salary under the minimum wages norms would be in the range of Rs. 10,000-13,500 a month. By that time, the monthly repayment of the loan would be around Rs. 12,000.

"How can even an employed nurse repay the loan?" he wondered. He also pointed out that most students had taken the loans to pursue BSc (Nursing) or GNM courses in the hope of finding jobs in the Gulf, Europe or the US.

But the turmoil in West Asia had upset their hopes and thousands of nurses had returned empty handed from Iraq, Libya and other troubled countries. These nurses had added to the number of unemployed nurses in Kerala, the state which has for decades been a major provider of nurses to the rest of India as well as to the world.

Large dues

Kerala is said to be the largest education loan borrower in terms of number of accounts — close to four lakh so far. The education loan scheme has helped thousands of girls in Kerala, mostly from poor financial backgrounds, to get trained as nurses, mainly outside the state.

However, the repayment of these loans has been extremely tardy.

According to the State-Level Bankers' Committee statistics, banks in the state had outstanding dues of Rs. 9,865 crore by September last. Of this, Rs. 1,038 crore were NPAs from 44,233 accounts.

SBT's sale of bad debts to R-ARC was opposed by the All-Kerala Bank Employees' Federation (AKBEF) as well as the Left parties. CD Joson, General Secretary of the AKBEF, told *BusinessLine* that SBT had made a huge loss by selling NPAs worth Rs. 130 crore for just Rs. 63 crore.

SM Krishna, Secretary of the SBT Employees' Union, said that following the protest by the union, the bank had agreed not to sell any more education loan NPAs in future. But the current deal with R-ARC was fait accompli.

INPA leader Mohankumar said thousands of parents of nurses across the state would show up for the protest march at the R-ARC office here on January 27. He said the INPA would not buckle under the 'threatening tactics' of the company. He wanted the state and Central governments to intervene immediately.

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