

# Banks pare student-loan exposure

GNAGA SRIDHAR

f t in w e 0



student loan

# NPAs to blame, say bankers

**HYDERABAD, JULY 13**

Banks are slowly shying away from education loans, and the worry over increasing bad loans is to blame.

In the one-year period beginning May 2017, the priority sector loans of scheduled commercial banks (SCBs) fell over ₹2,000 crore — from ₹59,300 crore in May 2017 to ₹57,200 crore this May. The trend continues this year: the first quarter saw a 5.7 per cent fall in gross bank credit towards education loans, according to data from the Reserve Bank of India.

Under priority sector lending (PSL), individuals are disbursed education loans of up to ₹10 lakh for studies in India, and ₹20 lakh for pursuits overseas.

Interestingly, the State Bank of India has now put up hoardings advertising high-value education loans: those in excess of ₹1 crore.

## Bad-loan woes

Some bankers attribute the decline in priority sector loans to prudent lending. “All is not well in the education loans portfolio, but we expect it to improve,” said a senior SBI executive in response to a query.

Government data showed that at the end of the third quarter of last year, SBI had ₹915 crore of bad loans in this segment, of a total exposure of ₹1,565 crore.

In January, too, SBI put up ₹382-crore worth of NPAs in education loans for sale to asset reconstruction companies (ARCs).

Other banks, too, are easing up on education loans. Punjab National Bank’s share of education loans as a percentage of the total retail loan portfolio was steady at 8 per cent for FY16 and FY17, but in FY18, it fell to 7.4 per cent.

The overall outstanding in educational loans fell from ₹69,700 crore to ₹69,200 crore.

A senior executive director of a public sector bank said there has been not much job creation in recent years and that students are unable to service loans due to delays in finding employment.

Published on July 13, 2018

---

### TOPICS

[bad loans](#) [non performing assets](#) [education loans](#)

---

**Previous Story**

New premium income of life insurers up 15% in June

Get more of your favourite news delivered  
to your inbox

Subscribe

## Promoted Content

Recommended by

**Next stop...Caribbean or Indian Ocean ?**  
Air France



**Sky Is The Limit For Five Of These Rooftop Pubs In Chennai**  
LiveInStyle.com



**Could Shadab Khan be the next Steve Smith?**  
Cricinfo

**More From The Hindu Business Line**



**Firms on insolvency path need not seek prior nod of bourses, SEBI**



**Zee Entertainment sinks to 8-month low**



**'Be prepared for heightened volatility in 2018'**



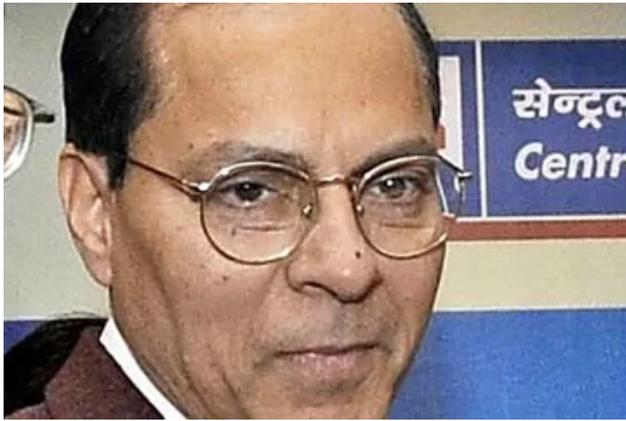
**Mukesh Ambani gets another 5 yrs as Reliance Chairman**



**SBI orders recovery of overtime pay from staff of associate banks**



**A man who nurses banks back to health**



Chaturvedi, the right choice for ICICI Bank



Bad loans are just the tip of the iceberg



RBI's Institute offers PG diploma in banking tech

## MORE FROM BUSINESSLINE

### What is Title Insurance?



If you are paying lakhs of rupees for buying a property, it only makes sense to protect your investment and eliminate any uncertainty with regard to title of land. The property purchased does not neces

## Wipro shares jump to 6-month high



Wipro shares gained the most in 6 months, and the chart suggests further upside. The stock jumped as much as 3.7 per cent, its biggest intraday gain since January 16. The stock has broken above a resi

## Pc Jeweller Ltd. - Update On Proposed Buyback Offer Of Upto 1,21,14,285 Equity Shares



Update on proposed Buyback Offer of upto 1,21,14,285 Equity Shares Pdf Link: [Pc Jeweller Ltd. - Update On Proposed Buyback Offer Of Upto 1,21,14,285 Equity Shares](#) Source : BSE - [www.bseindia.com](http://www.bseindia.com)

0 comments

♥ Recommend 0

Write a comment

1000

or

Name

Email

I agree with Vuukle's [Privacy Policy](#)

POST

## TALK OF THE TOWN

SBI orders recovery of overtime pay from staff of...

'India has taken a quantum jump in the wrong...

28 comments

15 comments

Today's Poll

5 comments

Samsung's new unit gives a nice ring to 'Make...

4 comments

Biomed engineer offers solution to help Delhi breathe  
easy

4 comments

A mere footnote

3 comments

[Show more articles](#)



1. Comments will be moderated by The Hindu Business Line editorial team.
2. Comments that are abusive, personal, incendiary or irrelevant cannot be published.
3. Please write complete sentences. Do not type comments in all capital letters, or in all lower case letters, or using abbreviated text. (example: u cannot substitute for you, d is not 'the', n is not 'and').
4. We may remove hyperlinks within comments.
5. Please use a genuine email ID and provide your name, to avoid rejection.