

(b) whether Government proposes to revise them and bring at par with the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) Interest rates on Small Savings Schemes are Administered Interest Rates, and are benchmarked to the average annual yield on Government Securities of comparable maturity in the secondary market, with a suitable spread over the benchmark yield, depending upon the maturity and liquidity of the instruments. The small savings schemes continue to enjoy investor confidence as the risk-return equation of these schemes is favourable with the benefits of liquidity, accessibility, tax incentives and implicit sovereign guarantee.

(b) No, Sir. Rates on Small Saving Instruments are benchmarked to Central Government Securities and not to rates offered by banks.

#### **Review of education loan system**

210. SHRI A. ELAVARASAN: Will the Minister of FINANCE be pleased to state:

(a) whether the education loan growth rate in Public Sector banks is witnessing a continuous declining trend;

(b) whether the growth rate of education loan amount went up by 47.54 per cent and 49.14 per cent in 2005-06 respectively and it has seen a continuous decline after that including 28.87 per cent in 2010 and 20.90 per cent in 2011 upto March 31;

(c) if so, the details thereof;

(d) whether Government has reviewed the current model education loan scheme and proposes modification in the scheme; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) The year-wise progress made by Public Sector Banks under educational loans from 2004 to 2011 is as under:

As on March 31st	No. of Accounts  (in Lakh)	Amount outstanding  (Rs. Crore)	Year on Year Growth (%)	
			No. of Accounts	Amount
2004	3.19	4,550		
2005	4.68	6,713	46.62	47.54
2006	6.80	10,012	45.22	49.14
2007	9.44	14,283	38.89	42.65
2008	12.47	19,817	32.03	38.75
2009	16.03	27,646	28.59	39.51
2010	19.28	35,628	20.26	28.87
2011*	22.35	43,074	15.93	20.90

Source: IBA (\* Source: PSBs)

It would be seen that the number of education loan accounts have increased over 7 fold while loan outstanding has increased 9 fold between 2003-04 and 2010-11. However, the year-on-year growth has been showing a declining trend.

(d) and (e) Indian Banks' Association is in the process of revising its Model Educational Loan Scheme in order to make it more customer-friendly.

#### Linking of GPF interest rates with EPF

211. SHRI SHIVANAND TIWARI: Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to link GPF interest rates with that of EPF and correlate it with inflation; and

(b) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) No, Sir.

(b) Rate of interest on EPF is fixed on the recommendation of the Central Board of Trustees (CBT), Ministry of Labour and Employment based on the income earned on the accumulated fund