

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UN-STARRED QUESTION NO-381
ANSWERED ON 6th FEBRUARY, 2024/ 17 MAGHA, 1945 (SAKA)

LOANS AND FINANCIAL INCLUSION

381: SHRI DEREK O' BRIEN:

Will the Minister of *FINANCE* be pleased to state:

- (a) the breakdown of loans extended to first-time homebuyers, emphasising interest rates and tenure variations, State-wise;
- (b) the details on measures in place to support first-generation college students, with a State-wise distribution of loans granted;
- (c) the data on loan defaulters and steps taken to address this issue, State-wise;
- (d) the strategies to ensure financial inclusion and accessibility to loans in States with lower participation or outreach; and
- (e) the insights into future strategies for enhancing transparency and efficiency in State level loan disbursement?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

- (a) As informed by Reserve Bank of India (RBI) and National Housing Bank (NHB), no state-wise data of loan extended to first time home buyers is maintained.
- (b) All Scheduled Commercial Banks (SCBs) have been advised by RBI to adopt Model Education Loan Scheme, formulated by Indian Banks' Association (IBA). The main features of the scheme are as under:
 - The scheme provides need-based education loan.
 - No collateral security or third-party guarantee is required for loans up to Rs. 7.50 lakhs in case loans that are eligible for Central Sector Interest Subsidy Scheme (CSIS)/ Credit Guarantee Fund Scheme for Education loan (CGFSEL)
 - No Margin for loans up to Rs. 4 lakh.
 - Moratorium period is allowed upto study period plus one year in all cases.
 - Repayment period (after moratorium) is available upto 15 years for all loans.

The above mentioned IBA Model Educational Loan Scheme also supports first generation college students. However, as informed by IBA, first-generation college students' data is not centrally

maintained. The data on State-wise education loan sanctioned by Public Sector Banks from FY 2020-21 to FY 2023-24 (upto 31.12.2023) is provided at **Annexure I**.

(c) With regard to the data on loan defaulters, RBI has informed that under the provision of section 45E of the RBI Act, 1934, RBI is prohibited from disclosing credit information. Section 45E provides that credit information submitted by a bank shall be treated as confidential and not be published or otherwise disclosed.

However, as per RBI's Financial Stability Report dated 28.12.2023, Gross Non-performing Ratio of Scheduled Commercial Banks, as on 30.9.2023, under Housing Loans and Education loans are 1.2% and 4.4% respectively.

Comprehensive measures have been taken by the Government and RBI to keep a check on loan defaulters, which, *inter alia*, include, the following:

- (i) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective.
- (ii) The pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh, to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
- (iii) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts.
- (iv) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.

(d) and (e): RBI *vide* Master Directions on Priority Sector Lending (PSL) – Targets and Classification dated 4.9.2020 (updated till 27.7.2023) has issued guidelines to Commercial Banks, Small Finance Banks, Regional Rural Banks, Primary Urban co-operative Banks and Local Area Banks, aligning bank credit with emerging national priorities and bring a sharper focus on inclusive development.

RBI, *vide* aforesaid guidelines, introduced enabling provisions to address regional disparities in the flow of credit at the district level. RBI ranked districts based on per capita credit flow to priority sector and built an incentive framework for districts with comparatively lower flow of credit and a dis-incentive framework for districts with comparatively higher flow of priority sector credit.

Accordingly, from FY 2021-22 onwards, a higher weight (125%) is assigned to the incremental priority sector credit, which *inter alia* include, housing and education loans along with other priority sectors, in the identified districts where the credit flow is comparatively lower (per capita PSL less than Rs. 6000), and a lower weight (90%) is assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher (per capita PSL greater than Rs. 25,000).

Annexure-I as referred to in Part (b) of the Reply

Education Loans Sanctioned by Public Sector Banks								
Amount in ₹ crore								
States	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24 (upto 31.12.23)	
	Loan Sanctioned		Loan Sanctioned		Loan Sanctioned		Loan Sanctioned	
	A/Cs	Amount	A/Cs	Amount	A/Cs	Amount	A/Cs	Amount
Andaman and Nicobar Islands	29	4.30	58	6.66	94	6.96	81	6.67
Andhra Pradesh	7402	1106.95	13582	2307.45	47178	4223.73	77181	3485.37
Arunachal Pradesh	23	1.04	44	2.33	68	5.16	43	3.11
Assam	1082	68.93	1574	101.19	2545	182.72	2499	182.47
Bihar	2420	210.37	3553	330.22	5006	515.45	4756	483.77
Chandigarh	364	57.91	509	85.29	680	116.64	510	92.32
Chhattisgarh	1247	120.43	1687	168.35	2831	280.35	2327	247.18
Dadra & Nagar Haveli and Daman & Diu	204	25.69	381	53.10	453	81.44	274	41.82
Delhi	3720	490.39	5015	753.35	6644	1019.13	6107	878.52
Goa	513	63.31	669	105.80	990	165.37	800	126.27
Gujarat	4940	752.85	7070	1212.57	9857	1910.44	7852	1502.89
Haryana	2572	352.60	3782	570.86	5846	988.15	5302	894.58
Himachal Pradesh	832	68.23	1378	113.58	2099	195.96	1893	194.72
Jammu and Kashmir	422	52.71	724	115.59	780	102.28	807	123.28
Jharkhand	2943	302.40	5189	464.27	6837	674.72	6474	606.84
Karnataka	15611	1356.18	24351	2315.27	36302	3590.33	32119	3075.72
Kerala	14971	1610.61	27235	3047.48	41787	5218.60	34398	4544.49
Ladakh	6	0.74	20	3.94	96	18.69	8	0.73
Lakshadweep	-	-	111	16.23	3	0.32	3	0.30
Madhya Pradesh	4757	477.07	7147	754.47	10087	1073.44	8235	860.31
Maharashtra	13064	1536.67	25483	2952.71	37064	4758.42	35463	4556.77
Manipur	56	3.70	61	5.85	184	19.02	167	16.95
Meghalaya	252	36.88	342	45.28	498	79.51	645	112.35
Mizoram	17	0.69	17	1.87	33	3.47	31	3.32
Nagaland	40	2.18	154	12.86	98	7.92	101	7.09
Odisha	2619	243.86	3725	335.39	7049	517.78	8100	478.92
Punjab	1000	112.48	1181	183.50	1999	277.32	1881	191.78
Puducherry	2160	289.66	3609	532.61	4965	717.94	4049	605.72
Rajasthan	3273	390.60	4664	589.37	6704	937.88	5883	800.33
Sikkim	38	2.03	2740	223.54	107	15.91	69	6.64
Tamil Nadu	12447	1111.53	20605	1885.62	44773	3112.21	52231	2875.14
Telangana	5344	966.78	10073	2473.79	21390	3846.84	31177	2891.25
Tripura	210	13.37	286	23.61	367	30.75	373	31.87
Uttar Pradesh	7982	717.98	11192	1118.88	16694	1752.01	15647	1553.70

Uttarakhand	1811	189.01	2437	251.88	3830	400.63	3565	377.41
West Bengal	5517	498.92	11458	810.26	24829	1474.04	16400	1099.69
TOTAL	1,19,888	13,239.05	2,02,106	23,975.03	3,50,767	38,321.51	3,67,451	32,960.29
Source: IBA								