

PSU banks cannot deny education loan to students

The students who are keen to fulfill their dreams of taking up higher education but are facing difficulty in getting education loan can directly dial finance minister P Chidambaram number or ministry officials. The government has allowed the students to directly contact the finance minister or finance ministry officials in case a public sector bank denies an education loan without giving a proper reason. Ministry has instructed the public sector banks to make sure that criteria like location of residence or age should not be the reason for not giving the educational loans the students. 'We have directed the banks not to create objections in issuing loans as long as the area of residence of the student and the bank branch are in the same district,' a senior official in the finance ministry said.

In other words, an education loan application cannot be rejected by any PSU bank branch just on the basis that the residence of the student, the education institution or the guarantor is not located in the same place.

It has come into notices that at times the residence of an education loan applicant is different from that of the guarantor. "Banks usually insist that both the guarantor and the candidate should be residing under the area of the branch, which is impractical. We have issued a directive to all the banks with an aim to remove this ambiguity," the official said.

The official said that finance minister has received letters in this regard from many students who have requested for his intervention. The official said all the genuine cases have been resolved. A senior officer of joint secretary rank has been appointed to look into all education loan-related grievances which are addressed to the finance minister or the ministry. Moreover PSU banks have also been instructed that the age of the applicant should not be criteria for rejecting education loans. According to this even a 35 or 45-year-old can apply for an education loan.

According to the directives given to banks now can no longer insist that the place of residence of the student and the college concerned should be located at the same place i.e. 'branch area' for availing a loan. Usually the branch area of a bank is within a radius of six to eight kilometers, although there are no set rules for it. The area can also vary from bank to bank and depending on the location. In comparison, a district area covers 30-40 kms. For the rejection of an application the genuine reason can include past record of the candidate. The pro-student rules are not applicable for courses which are not recognized by any statutory body like UGC, AICTE, the central government or a state government.