

**EVALUATION STUDY REPORT OF Dr. AMBEDKAR  
SCHEME OF INTEREST SUBSIDY ON EDUCATIONAL  
LOANS FOR OVERSEAS STUDIES FOR OTHER  
BACKWARD CLASSES (OBCs)/ ECONOMICALLY  
BACKWARD CLASSES (EBCs)  
(File No. 15-30/2019-Stat. Division)**



**MINISTRY OF SOCIAL  
JUSTICE AND  
EMPOWERMENT**

## **EXECUTIVE SUMMARY**

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# EXECUTIVE SUMMARY

- Dr. Ambedkar Scheme of Interest Subsidy on Educational Loans for Overseas Studies for Other Backward Classes (OBCs) and Economically Backward Classes (EBCs) is a Central Sector Scheme that has been launched by the Ministry of Social Justice and Empowerment, Government of India to promote educational advancement of students from Other Backward Classes and Economically Backward Classes by subsidizing their education loans for higher studies.
- Initially, in the Scheme “Economically Backward Classes or EBCs” relates to communities or castes which are not included under the Scheduled Caste or Other Backward Caste categories and whose incomes do not exceed Rs 1 lakh. As of now, the revised income levels of total income from all sources of the employed candidate or his/her parents/guardians in the case of unemployed candidates should not exceed the present Creamy Layer Criteria (CLC) in case of OBCs and 2.5 lakh in case of EBCs.
- Grant of interest subsidy on education loans is given for 42 Subjects/Disciplines for Masters, M. Phil, and Ph.D. spanning from arts, humanities, social sciences, commerce, pure sciences, engineering, technology, agriculture, medicine, and business among others, ensuring optimal coverage of popular and relevant subjects through the funds deployed. Women scholars are given preference as the guidelines mention that 50% of the total allocation every year shall be reserved for female students. However, in the incidence of non-availability of adequate demand from female students, the same funds may be allocated to students belonging to the male category.
- For students availing the Dr. Ambedkar Scheme for Interest Subsidy on Education Loan, interest payable for the moratorium period shall be borne by the Government of India. The moratorium period refers to the course period and one year/six months after getting a job, whichever is earlier. Beyond the moratorium period, the interest subsidy will be discontinued and the student will be liable for paying the interest on the remainder of the period on the interest rates decided during the procurement of the loan (or as may be amended periodically).
- The agency authorized for the implementation of the Scheme is the Nodal bank that has entered into a Memorandum of Understanding with the Ministry of Social Justice and Empowerment, Government of India. The Canara Bank, which is a public sector bank has been entrusted as the Nodal Bank for the implementation of the Scheme. The Nodal bank lays

down relevant procedures for processing and sanctioning of applications for interest subsidy from the eligible applicants, in consultation with the Ministry of Social Justice and Empowerment. The applicant, along with the provision of income certificate, and caste certification for OBCs (if applicant) shall apply for the subsidization of interest on the Education Loan of the Indian Bank Association (IBA) availed earlier through the bank.

- The Scheme is designed to enable meritorious students belonging to the OBC and EBC categories to pursue further education overseas by subsidizing the interest on their loans during the moratorium period. As per the scheme guidelines, 50% of the total financial assistance is reserved for women candidates. In case there is an absence of adequate demand from female candidates, the same funds may be allocated for male candidates. The financial assistance through interest subsidization can be claimed only for loans whose actual amount does not cross the maximum of Rs. 20 lakh. If the educational loan is sanctioned for more than Rs.20 lakh, the eligible loan component is reckoned as Rs.20 lakh only for interest subsidy claim.

- As per the LoA, the objectives of the study were: to know the impact of the scheme on the success rate of completion of Degrees such as Masters, M. Phil, Ph.D. under different courses in recognised universities abroad, to know the impact of the scheme on the participation of Scheduled Banks under the Indian Bank Association (IBA), to understand whether the fund provided is appropriately utilised for the purpose it was released, to analyse what changes are required to make the scheme more effective and sustainable, to identify a representative sample of households of the respective category of parents having children gone for overseas studies in Masters/ M. Phil./ PhD, to conduct the strengths, weaknesses opportunities and threat analysis of the Scheme, to assess the present status of parents of students of the respective category regarding their education in Masters/ M. Phil / Ph. D. courses, to assess if the assistance provided for interest subsidy for the education loan of OBC/EBC students is adequate, to assess if parental income ceiling envisaged in the scheme is appropriate, to study the impact of the scheme in improving the quality of life of inmates, key findings based on the data collected from the field on the objectives of the study, shortcomings identified in the design of the existing scheme if any, and recommendations/suggestions for necessary restructuring to be carried in the Scheme to achieve desired results and need for its continuation.

- The approach for the evaluation study took cognizance of the objectives, processes, and outcomes of the scheme. When it comes to the objectives of the scheme, i.e. to encourage

students from OBC and EBC backgrounds to apply for studying abroad, and generate employability in socially backward sections of the population, parameters were designed to quantitatively and qualitatively assess them. The objective-based approach was adopted to measure if the initially set goals of the scheme were duly met. Apart from the evaluation of the objectives of the scheme, its processes, and outcomes were also studied. The strengths and weaknesses of the scheme were viewed in light of whether the process of the scheme has been instrumental in achieving the desired objectives. Finally, the outcomes of the scheme, in addition to the aforementioned objectives were evaluated to understand the impact of the scheme within and beyond the EBC/OBC student community.

- The selection of the sample under the study was crucial in the evaluation strategy. A total of 106 samples were prescribed from (1) Madhya Pradesh, (2) Rajasthan, (3) Haryana, (4) Bihar, (5) Uttar Pradesh by the Statistics Division of the Ministry of Social Justice and Empowerment to be covered. A list of 88 beneficiary candidates was shared by Canara Bank, lead Branch, Bangalore on repeated requests. As such, the evaluation study report is based on 88 beneficiaries benefitted during the period 2015-20. In selected cases, 6 beneficiaries did not respond, and 8 beneficiaries covered in 2019-20 were excluded to be precise on the selected objective-based findings. Thus, the objective-based findings have taken into account 74 responses received from the beneficiary students. Several relevant information were duly incorporated after receiving the responses from the Ministry of Social Justice and Empowerment and the scheduled banks for evaluation of the scheme.
- In accordance with the provisions and guidelines set out by the Ministry for conducting the evaluation, the study took into account the prescribed set of key objectives of the scheme. In line with the objectives of the evaluation study, a structured questionnaire was prepared by the study team of IIPA. The questionnaires were duly sent to the Ministry for approval before administering it to the beneficiaries and other stakeholders of the scheme. Subsequent telephonic follow-ups were conducted with the beneficiaries at several stages of the evaluation study to mitigate concerns of 'attrition biases'. The disbursing banks involved under the scheme in subsidizing interest were also administered with the questionnaire.
- Key observations were made during receiving the responses from beneficiary awardees, their parents and bank representatives. The observations drawn from the responses provided deep insights into the implementation and the benefits experienced by the beneficiary students. The in-depth interview and several other discussions enhanced the qualitative and quantitative findings which are briefly outlined below.

1. The information relating to the courses that the beneficiaries opted for, suggests that in the five sampled states, the maximum number of beneficiaries availing the scheme were in 2018-19. Approximately 50% of the total candidates covered in the last five years from the sampled states were found in the year 2018-19. Financial year-wise information suggests that the maximum number of beneficiaries availed educational loans under the scheme were in 2018-19 (47.7%), followed by 2017-18 (23.9%), 2015-16 (11.4%), 2019-20 (9.15%), and 2016-17 (8%).

2. 71.6% of beneficiary students included in the study had completed their degrees whereas same was not the case for the rest 28.4%. The maximum completion rate of beneficiary students' degrees was in Delhi (80%), followed by Haryana (78.6%), Uttar Pradesh (73.9%), Rajasthan (66.7%), and Chandigarh (50%). The mean value of the degree completion rate has been calculated as 69.84 with a standard error of 5.5. Most of the degrees were completed in the Master level courses.

3. The Canara Bank has handled the maximum number of educational loans (30.7%), followed by the State Bank of India (17%), Bank of Baroda (12.5%), Oriental Bank of Commerce (12.5%), and so on. To assess the impact of the scheme on scheduled banks, a total of 19 responses from 4 scheduled banks were received. Out of the 19 responses received, one response each was from Oriental Bank of Commerce and Syndicate Bank, 2 responses from Canara Bank, and 15 responses from State Bank of India. It was found that the major concern of the bank was to get repayment from the borrower. If the loan is paid back after the moratorium, the impact of the scheme on the Scheduled bank is considered to be positively impactful.

4. The study has revealed that 73.7% of the scheduled banks found the repayment of educational loans effective whereas, 26.3% of bankers did not subscribe to this view. The maximum bankers from the State Bank of India endorsed the view that repayment of the loan was made (78.6%), followed by Canara Bank (14.3%) and Oriental Bank of Commerce (7.15%). The bankers were found satisfied with the repayment of loan by the borrower under the interest subsidy on educational loans for overseas studies for other backward classes (OBCs)/Economically Backward Classes (EBCs). The maximum responses on the component have been received from the State Bank of India. As such, the impact of the scheme on the participation of Scheduled Banks under the IBA was found to be very effective (73.7%).

5. Fund utilization is a major component under the scheme's evaluation. The credit branch of Canara Bank has informed the study team that the lump-sum amount prescribed by the university/concerned for Masters/M. Phil and Ph.D. programmes are converted into Indian rupees. The expenses consist of two major heads viz. tuition fees and living expenses. The tuition fee cannot be assessed whether it was appropriately utilized. The living expenses are the amount borne by the borrower from the loan amount or otherwise. As the loan amount is to be paid back, the borrower optimally utilizes the fund. Under this scheme, the entire interest payable during the moratorium period is waived off, as the same is covered by the Scheme. As such, the fund provided was appropriately utilized for the purpose it was credited.

6. The feedback on the required changes regarding the scheme to make it more effective has taken into account the views from both bankers and beneficiary students. Most of the beneficiaries expressed that the scheme was a good initiative provided it covered more students. The bankers expressed that the eligibility criteria of the scheme should be revised with the provision of merit in terms of cut off percentage. The scheme needs to be made borrower driven. The claims are to be done by the customer on the portal. A unique reference number needs to be generated. Once the customer applies online, the banks would fill-in the mandatory data required and verify borrowers' data with bank records. A total of 19 beneficiaries have given their views on the revision of the income ceiling. The range of suggestions i.e. 1-5 infuses a 5% increment in the ascending order. Here 1 stands for 5%, 2 for 10%, 3 for 15%, 4 for 20%, and 5 for 25%. The other level was not allowed on the rating scale. This was mostly shared by EBC students because their income level was not subjected to the present creamy layer criteria. For them, an enhancement of 22.5% (4.5X5) was required to be accommodated in the income ceiling. It was calculated on 2.5 lakh, then the next revised income level was vehemently suggested to be brought to 3.06 lakhs. The opinions of the bankers have also been documented in this regard. Out of the total 19 responses received, 14 of them said that the income ceiling was appropriate while five of them suggested revision. Four bankers wanted the income ceiling to be revised to the tune of 75%. After the enhancement of the income ceiling by 75%, it comes to 4.37 lakh.

7. In the representative sample of households of the OBC and EBC categories, it was shared that in the last five years no one other than the beneficiary student availed the educational loan under the scheme or otherwise. The beneficiary students informed that they received the loan after strenuous efforts. In the sampled households of five states, only those who received

the scholarship went abroad for higher studies. Nobody other than beneficiaries were reported to have gone abroad from the studied households. The information is based on the views shared by the beneficiaries with the study team and subsequent entry received through Google forms.

8. With regards to the present status of parents of students of the respective category regarding their education in Masters/M. Phil/Ph.D. courses, it was found that the parents did not have either M. Phil or Ph.D. degrees. However, some of the parents did have Master's degree. It was also found that the educational qualification of parents did not have a significant correlation with the academic pursuits of beneficiary students. Most of the Master's degree holders were from the EBC category, as compared to the OBC category.

9. The assistance provided for interest subsidy is upto 20 lakh under the Scheme. The loan amount to be borrowed by beneficiaries depended on the requirements of the course and the country where the candidate had to study. As per the inputs shared by the banks, the amount of interest subsidy was adequate and it required no further enhancement. The adequacy of interest subsidy was responded on a Likert Scale of 1-5 wherein 1 stands for fully dissatisfied and 5, for extremely satisfied. An average of 3.2 is visible on the existing interest subsidy upto 20 lakh which is more than satisfied. However, the feedback on the same component differs from one state to another. In Chandigarh, the average score has been 2.7 which is above the average on the rating scale. The same is highest in Delhi (3.4), followed by Uttar Pradesh (3.3), Rajasthan (3.2), and Haryana (3.1). Overall, keeping in view the bankers' view and beneficiaries' perceptions, the interest subsidy of upto 20 lakh was adequate and not to be enhanced.

10. The income ceiling has been prescribed for both OBC and EBC category candidates. For OBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in case of the unemployed candidate should not exceed present creamy layer criteria. For EBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in the case of the unemployed candidate should not exceed Rs. 2.5 lakh per annum. As per the information shared by beneficiaries, the mean value on the rating scale with regard to the component is 4.2 which shows above the average level agreement with the existing income ceiling. However, the agreement on the rating scale varies from one state to the other. The maximum level of agreement is visible in Chandigarh (4.7), followed by Rajasthan (4.4), Uttar Pradesh (4.3), Haryana (3.8), and Delhi (3.4).

11. Findings on the quality of life of the beneficiaries inform that they experienced an improvement in the quality of life of beneficiaries, thoughts, and knowledge base. It has been found that that students from Uttar Pradesh scored 4.1 on the rating scale which is the highest among the sampled states. The beneficiary students have given the highest rating in Uttar Pradesh (4.1), followed by Haryana (4.0), Rajasthan (4.0), Delhi (3.8), and Chandigarh (3.3). Indeed, the advancement in knowledge is largely subjected to a conducive eco-system that they experienced. The overseas institutions have given space to the scholars by appreciating their knowledge base and cultural pre-dispositions to which they are bestowed. Overall, as an impact of the scheme, there has been a qualitative improvement in the life of beneficiaries.

12. The sample under study provides crucial insights into the rural-urban divide of the beneficiaries. Within the sample population, barring the UT of Chandigarh and Delhi, the majority of the beneficiaries in the states of Haryana, Rajasthan, and Uttar Pradesh affiliate themselves to the rural areas. Of the total rural population in the sample under study, around 42% of the rural beneficiaries belonged to the state of Rajasthan, followed by Uttar Pradesh (38%), Haryana (15%), Delhi (4%), and Chandigarh (2%). As far as the urban population in the sample study is concerned, around 43% of the urban beneficiaries belonged to the state of Rajasthan followed by Uttar Pradesh (26%), Haryana (17%), Delhi (9%), and Chandigarh (6%).

13. The caste-wise classification tends to suggest that a larger proportion of the beneficiaries in the sample belong to the OBC category. The similar composition is reflected both in the urban and rural areas of the sample population. Among the beneficiary respondents in the rural areas, around 17% belonged to the EBC and 83% to the OBC community. On the other hand, in the urban areas, the caste classification is on similar lines wherein around 26% of the respondents belonged to the EBC community whereas; around 74% of the beneficiaries fell in the OBC community.

14. A state-wise categorization of the sample tends to suggest that around 42% of the respondents belong to the state of Rajasthan followed by Uttar Pradesh (33%), Haryana (16%), Delhi (6%), and Chandigarh (3%). Overall, the maximum number of beneficiaries has been covered in the State of Rajasthan. Moreover, in the sample population and among the beneficiary respondents, around 30% are females and approximately 70%, males. This shows insignificant inclusion of women in the scheme, as compared to beneficiary men.



15. Since the scheme primarily aims to foster higher studies among the target group, the preference of candidates to pursue a Masters level course abroad has profusely been recognized. The findings of the study suggest that around 98% of the respondents have ended up pursuing the Masters program having availed the interest subsidy on the loans whereas, merely about 2% of the sample respondents have pursued Ph.D. studies abroad. Moreover, around 20% of the respondents who have opted for a Masters programme belonged to the EBC community whereas, 80% of them were from the OBC category. Similarly, there has been a negligible yet an equal intake of Ph.D. course by respondents across the OBC and EBC category. This suggests that the Master programme remains a popular preference among the respondents. The students belonging to the OBC category showed an increasing incidence to pursue higher studies abroad under the scheme, as compared to the EBC category.

16. Overall, the sample under study provides striking evidence of the presence of a major proportion of the beneficiaries (50%) in the income group of over and above Rs. 20,000 followed by an income level of Rs. 5,000 to Rs. 10,000 (25%).

17. A state-wise categorization of the employment levels of the respondents at the time of application to the scheme suggests that around 41% of the applicants from the state of Rajasthan and Uttar Pradesh reported to be employed. On the other hand, around 42% of the applicants from the state of Rajasthan reported having been unemployed (of the total unemployed respondents). This reaffirms our previous findings of the sample under study which suggested that of the total respondents, around 42% belonged to the state of Rajasthan. Moreover, around 25% of the total respondents reported to be employed and more than half of the sample were unemployed (75%).

18. As far as the employment status of the beneficiaries is concerned, in the UT of Chandigarh, and Delhi, there seems to prevail high unemployment rates among the sample beneficiaries at the time of application. Semi-govt. sector employment exists in states barring the UT of Chandigarh, with Delhi (20%), Haryana (14.3%), Rajasthan (2.7%), and Uttar Pradesh (3%) reporting the minor presence of such employment opportunities. Private employment opportunities were found extremely low across the sample wherein around 19% of the respondents in Rajasthan engaged themselves in the private sector, followed by Uttar Pradesh (14%) and Haryana (7%).

19. With regard to the use of interest subsidy, a total of 17 EBC and 57 OBC category beneficiary students availed the scheme. Most of the beneficiaries used the interest subsidy

for obtaining a Master's degree. The beneficiaries who took the interest subsidy for Ph.D. purposes were not able to complete their courses. A total of 76.4% of EBC students have successfully used the interest subsidy as compared to 71.9% of OBC students. This shows that the students of the EBC category used financial assistance in the form of interest subsidy more effectively than the OBC students.

20. The caste wise classification tends to suggest that a larger proportion of the beneficiaries in the sample belong to the OBC. This similar composition is reflected both in the urban and rural areas of the sample population. Among the respondent beneficiaries in the rural areas, around 17% belong to the EBC and 83% belong to the OBC community. On the other hand, in the urban areas, the caste classification is on similar lines wherein around 26% of the respondent beneficiaries belong to the EBC community whereas; around 74% of the beneficiaries belong to the OBC community. Around 42% of the respondents belonged to the state of Rajasthan followed by Uttar Pradesh (33%), Haryana (16%), Delhi (6%), and Chandigarh (3%). Overall, the maximum number of beneficiaries have been covered in the State of Rajasthan.

21. The sample understudy provides striking evidence of the presence of a major proportion of the beneficiaries (45%) in the income group of over and above Rs. 20,000 followed by an income level of Rs. 5,000 to Rs. 10,000 (38%). This highlights the fact that at the time of availing the scheme, the majority of the beneficiaries' gross family income was above 20,000 which puts the family in a comfortable position to finance the studies of the beneficiaries following the further easing out of interest to be paid on the loans availed. However, with the beneficiaries' income level of less than 5,000 and Rs. 5,000 to Rs. 10,000 also forming a cumulative 47% of the sample under study, the success of the scheme can be gauged from the fact that whether this 47% of the beneficiaries in the sample ended up completing the course abroad and if the interest subsidy component acted as a driving force in this process.

22. A state-wise categorization of the employment levels of the respondents at the time of application to the scheme that the study has covered. It tends to suggest that around 47% of the applicants from the state of Rajasthan reported to be employed. On the other hand, around 38% of the applicants from the state of Rajasthan reported to be unemployed (of the total unemployed respondents). This reaffirms our previous findings of the sample under study which suggested that of the total respondents around 42% belong to the state of Rajasthan.

Moreover, the fact that in the sample under study, around 41% of the total respondents reported to be employed and more than half, reported to be unemployed (57%).

23. The categorization tends to suggest that in the UT of Chandigarh, and Delhi, high unemployment rates prevailed among the sample beneficiaries at the time of application. Semi Govt. sectoral employment exists in states barring the UT of Chandigarh, with Delhi (13%), Haryana (25%), Rajasthan (38%), and Uttar Pradesh (25%) reporting the presence of such employment opportunities. Private employment opportunities also tend to be extremely low across the sample wherein around 72% of the total employed respondents in Rajasthan engage themselves in the private sector followed by 38% of the respondents in Uttar Pradesh and 33% in Haryana.

24. The expenditure pattern of the beneficiaries at the time of application seems to suggest that the majority of the respondents (48%) were engaged in the process of incurring an expenditure of Rs. 20,000 and Rs. 29,999. Around 2% of the respondent beneficiaries incurred an expenditure of Rs. 30,000 and Rs. 39,999. Aligning income pattern with expenditure pattern tends to suggest that individuals earning an income of over 20,000 per month, tend to incur an expenditure of a maximum Rs. 15,000 with a minimum saving of Rs. 5,000 per month. This makes it inevitably harder for families to support educational needs and financing abroad studies becomes a strenuous task. In a break-up of the expenditure category to expenditure on stationary and on books, it has been found that around 41% of the respondents spend around Rs. 3,000 to Rs. 3,999 on books followed by around 28% of the respondents spending between Rs. 2,000 and Rs. 2,999 for the purpose of purchasing books. As far as expenditure on stationery is concerned, around 35% of the respondent beneficiaries spend around Rs. 4,000 and Rs. 4,999 followed by around 31% of the beneficiaries spending around Rs. 2,000 and Rs. 2,999.

25. In administering the question regarding any major constraints faced by the respondents while pursuing the course abroad, around 91% of the respondents responded to have not faced any problem. About 9% of the beneficiaries faced problems pertaining to course completion. Moreover, 38% of the respondents who found it difficult were from the state of Uttar Pradesh and Rajasthan.

26. The scheme has generated a steady movement of people from one social level to a higher one. Around 90% of the beneficiary respondents have opined that the scheme helps them pursue higher education. In turn, it has led to significant improvement in their socio-

economic conditions. A category classification of the beneficiaries tends to suggest that 91% of the beneficiaries experienced socio-economic improvements, of which around 78% belonged to the OBC community. This hints at the increasing role that higher education plays in ensuring socio-economic improvements.

27. Around 23% of the beneficiaries have opted to pursue studies in the United Kingdom followed by 20% of the beneficiaries in Canada. Around 10% of the beneficiaries ended up pursuing their degrees in Australia. Overall, countries that have become popular destinations include the UK, Canada, and Australia. Other countries comprise 7% like New Zealand, Nepal, the Philippines among others, each of which forms 1% of the overall destinations opted by the beneficiaries.

28. Around 36% of the beneficiary respondents suggested improvement through the submission of particulars using a single-window system. Since the majority of the students found difficulty in obtaining income certificate, IT returns of their parents, etc., a single-window system would inevitably benefit the candidates in terms of saving time and also lead to a simplification of the application procedure. The principal repayment process under the scheme wherein the candidate is to initiate the payment of the interest accrued and the principal amount, after the completion of the moratorium period also deserves some kind of relaxation. Support in the form of additional time over and above the moratorium period would be beneficial in the longer run.

29. Gaps in achievements of outcomes include a) The awareness level was not satisfactorily raised in the target group of beneficiaries, considering the given number of applications to Masters/M.Phil. /Ph.D. programs abroad under the scheme. This is evident in the sample under study where the intake of Ph.D. programs under the scheme is extremely low, with just 2% of the beneficiaries undertook such programs abroad, b) The number of beneficiaries prescribed through the LoA did not match with the number of beneficiaries covered under the scheme. However, the collection of beneficiaries' information by banks may not have been updated, c) Currently, there exists around 31 indicative subjects/disciplines with an additional open subject (32nd) that are covered under the scheme for Masters, M.Phil. and Ph.D. programs abroad. Widening the subjects/ disciplines in the light of the increasing educational demands of the Economically Backward Classes (EBCs) and the Other Backward Classes (OBCs) section of the society can boost participation, thereby enhancing the intensity of coverage of the scheme, d) The employment creation aspect of the programme needs to be

stressed upon which acts as a crucial benchmark to gauge the effectiveness of the scheme. The feedback suggests that there has been negligible employment generation in post completion of the course by candidates, and e) To compensate for the exuberant costs associated with pursuing higher studies abroad, the interest subsidy component of the loan provides a much-needed relief which reduces the financial constraints faced by families of the potential candidates. The flexibility of the interest subsidy component implicit in the loans disbursed by the designated banks allows beneficiaries to meet several expenditures that are not covered under the loan.

30. Some key challenges identified in the scheme include a) The interest subsidy component of the educational loan under the scheme constraints the parents in repayment. The primary bottleneck of the loan arises due to the uncertainty in interest rate variation as prescribed by the member banks, b) A major drawback of the release of interest subsidy under the scheme pertains to a situation which leads to beneficiary candidates either discontinuing the course due to some reasons or those who are expelled from the institutions. As per the current norms, in the light of such a situation, the interest subsidy under the provision of the scheme is made ineligible to the beneficiaries, c) As per the provision of the scheme, the interest accrued on the educational loan would be uniformly over a period of time subsidized by the Ministry, as and when the claim is submitted by the disbursing bank. The process of reimbursement needs to be expedited so that this delay doesn't create additional liability on the part of the beneficiary, and d) On the part of the beneficiary, a major challenge remains on availing the loan and attaining the interest subsidy. The increasing documentation adds to the burden for which electronic documentation procedures need to be adopted.

31. In terms of existing challenges and issues pertaining to the scheme have also been identified in the light of the evaluation study which includes the following: a) Only those beneficiaries can be selected who have the same base as the member bank. The beneficiaries having a track record of banking transaction sounds to be an inappropriate prerequisite for sanctioning of the loan. The list of potential beneficiaries is prepared by the bank; it seems difficult for this scheme to be inclusive, b) Though the information relating to the Scheme is available on the Canara Bank's website, it looks a little unrealistic that candidates from far off places can access to the scheme information using the internet, c) Though out of the total outlay in a year, a minimum of 50% amount is earmarked for the interest subsidy to the girl candidates, the scheme has never covered 50% of women candidates, based on the information collected from the sampled states in the last five years, d) The Scheme is bank

driven and depends on the wisdom of the bank whether the potential beneficiary would be covered. The scheme has a clear expression in clause 8 (Funds-Limited Nature of the Scheme) that the funds would be released to the applicants on the first-come-first-served basis which would probably exclude delayed but extraordinarily meritorious candidates, e) The beneficiaries selected under the scheme, after moratorium period, the repayment is made by parents concerned. The amount of loan is paid by their respective parents after the moratorium period is over. The study has also revealed that once beneficiaries went abroad, generally do not come back. After all, the interest component paid to them is from the public money and there should be social return on investment (SROI), and f) though there is provision for a recommendatory committee to examine the applications, the job related to cross verification generally rests with the bank. It would be advisable that since the bank is receiving timely disbursement of interest money from the Ministry, the active role of the Ministry in scrutinizing the applications needs to be ensured.

### **Recommendations**

Dr. Ambedkar Scheme of Interest Subsidy on Educational Loans for Overseas Studies for Other Backward Classes (OBCs)/ Economically Backward Classes (EBCs) is one of its kind because it has promoted educational advancement in most of the beneficiary students. The overall impression of the Scheme by both beneficiaries and bankers has been found captivating. 94.7% of bankers have recommended the scheme to be continued and 89.06% of beneficiaries have rated positive (on the rating scale) on their learning outcomes, as such the **study recommends for continuation of Dr. Ambedkar Scheme of Interest Subsidy on Educational Loans for Overseas Studies for Other Backward Classes (OBCs)/ Economically Backward Classes (EBCs) scheme.** Following recommendations are given to improve the effectiveness, outreach, and strong monitoring mechanism of the Scheme:

1. For the scheme to expand its outreach, necessary awareness camps and sensitization workshops need to be periodically organized involving potential beneficiaries, representatives of the disbursing banks, community leaders, and the Ministry representatives. The camps should aim at achieving twin objectives of dissemination of scheme information and spreading awareness amongst the target group to encourage participation.
2. In its existing conditions, the mode of application and subsequent submission under the scheme has been rated as extremely exhausting by beneficiary respondents. The application which is initially submitted to the loan disbursing banks by the beneficiaries doesn't notify the candidate nor the ministry regarding the status of the applications. This results in

beneficiaries repeatedly approaching banks to enquire about the status. In this regard, an online registration cum tracking mechanism needs to be devised ensuring transparency in the application process and retaining beneficiaries' database.

3. The ultimate objective of the scheme is to award interest subsidy to meritorious students belonging to the Other Backward Classes and Economically Backward Classes so as to provide them better opportunities for higher education abroad and enhance their employability. The online registration platform can be used to obtain real-time information of the beneficiaries wherein they can periodically update their academic performance, and also submit feedback on the interest subsidy scheme. As the scheme has been found bank driven, the online platform may be shared with the Ministry with the 'log-in' credentials. The 'bank-driven' format of the scheme may be converted into 'beneficiary-driven' so that its bandwidth can substantially be improved.

4. The provisions as laid down in the central sector scheme under study hasn't identified or enlisted institutes/universities wherein the beneficiaries could pursue the course by benefitting from interest subsidy. Since there exists variation in course structure across universities abroad as well as employability prospects, a set panel of universities should be developed by the Ministry under the scheme which would help the beneficiaries in shortlisting universities for their quality studies abroad.

5. Since the scheme has complex provisions and given the strenuous application process which requires information to be furnished through the disbursing banks, a grievance redressal mechanism needs to be set up. This would help monitor and provide sustained solutions to difficulties faced by the existing beneficiaries.

6. The present distribution of the scheme across the states seems to be confined to a grouped few. This calls for an urgent policy intervention in terms of designing necessary target allocation amongst the state based on the OBCs and EBCs population. This would allow wider coverage of the scheme across the states and also ensure that states with a higher OBCs and EBCs population benefit more from the scheme.

7. The interest subsidy scheme which is currently offered up to a loan amount of Rs. 20 Lakh only can be tabled to be revised downwards to Rs. 10 Lakh. This would be in line with the RBI prescription of the educational loan ceiling as classified under the priority sector lending.

8. Along with a grievance redressal mechanism as stated in one of recommendations above, it's imperative to periodically intimate the beneficiaries who are shortlisted under the scheme so that they constantly receive requisite information until their courses commence. This also

includes sending reminder emails to beneficiary candidates and provides the necessary support.

9. The disbursing banks keep the general details about the beneficiary students. The status of course completion needs to be properly updated. For a strong monitoring mechanism, the disbursing banks should have a provision in their online portal wherein information related to the status of the course completion can be in place. The information on the component should mandatorily be taken from the interest subsidy awardees. At least, on the portal, the status of course completion should be updated quarterly.

10. The income ceiling of Rs. 2.5 lakh for EBCs needs to be revised. As per the suggestions received from the member banks, it may be revised to Rs. 5 lakh per annum from all sources.

11. To ensure that the interest subsidy is reaching out to the deserving and interested candidates, a committee with educational experts may be constituted who would be shortlisting the candidates based on their merit, interest, and employability of courses. The beneficiaries availing interest subsidy should also be expected to send their progress report to the committee constituted to provide them suggestions to improve upon their performances. That would help them complete their courses successfully.

12. To do away with the inability to complete academic courses, priority should be given to those candidates who have cleared GRE/GMAT/TOFEL, so that the selected candidates have required acumen to complete their courses. In addition to this, the system should be in place to examine the research aptitude of the candidates. To ensure that the selected candidates complete their courses, the Indian Missions/Embassies abroad may be requested to devise a system to mentor and motivate them. In case the candidate does not complete the course successfully and drops the studies midway without proper justification, the candidate may be required to refund the entire amount of subsidy with penal interest.

13. IIPA is of the considered opinion that when the Ministry is spending a considerable sum of taxpayers' money on interest subsidy of the loan amount with regard to overseas education for candidates from the country, it should be made mandatory for the beneficiaries to return to India after the completion of studies and serve our nation for at least three years. However, when they come back to India, the Ministry in the coordination with State may help them gain employment in the states where there is a dearth of qualified professionals and motivate them to pursue specialized research.