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Repaying loans: A social obligation

IT IS payback time. Some 60 per cent of the more than 100,000 students who took government study loans and defaulted on their repayments are being hunted down by the Public Service Department (PSD) with the help of the National Registration Department and the Inland Revenue Board. As a result more than half the number have been traced.

The PSD, in attempting to ensure collection, is opening opportunities for negotiations with the defaulters, including those who are unemployed, and appointing the post office as its collection agent. There are also plans to enable payments through financial institutions. All this on top of what is currently available, among which is the method of salary deductions.

This last fact makes for the conclusion that the defaulters intended to default carrying with it a more disturbing implication: their apparent lack of social responsibility. As the Prime Minister, Datuk Seri Dr Mahathir Mohamad, says Malay students - they account for the majority of borrowers - who fail to repay their loans not only deprive other students of the facility, but also tarnish the image of the community.

Unlike scholarships, loans come from funds that are not expected to deplete and then to be continuously replenished by the government over time. Rather, as a result of the modest interest rate attached to the loan, the funds are expected to be near self-sustainable. Therefore, when one generation refuses to uphold their end of the bargain, it is the next generation that suffers the consequence. One wonders, therefore, as to the effectiveness of the education the loan bought.

However, there are instances where legitimate extenuating circumstances make default inevitable. It should be remembered that study loans are often forced on those who can least afford them. For these borrowers, employment comes with commitments to parents and other dependants, the list for which only increases with time.

Would it not have been better then that for this category of students a scholarship be forthcoming in the first place? They are, after all, deserving of it on at least two counts: their ability and their obvious need.

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