

PM: Repayment of PTPTN loans via ICL practical for borrowers

PUTRAJAYA: Repaying National Higher Education Fund Corporation (PTPTN) loans through the Income Contingent Loan (ICL) option is a practical move that would not burden borrowers, Prime Minister Datuk Seri Anwar Ibrahim said.

He said ICL, among several methods proposed by the National Review Committee on the National Higher Education Policy, will involve monthly salary deductions through the Inland Revenue Board (LHDN).

Anwar said the repayment rate for PTPTN loans was very low, and the government is concerned about PTPTN's long-term sustainability.

"Up to May 2023, the outstanding loan amount was RM66.9 billion. This amount, if repaid, can fund approximately 2.5 million new students," he said during the closing ceremony of the National Higher Education Open Day organised by the Higher Education Ministry (KPT) here.

His speech text was read out by Deputy Prime Minister Datuk Seri Fadillah Yusof.

Higher Education Minister Datuk Seri Mohamed Khaled Nordin was also present.

Anwar said the NRC recommended the introduction of a new financing mechanism where public universities would be bound to the government through a Service Level Agreement (SLA) to produce high-quality students and research.

He said instead of the block grant model, the proposal suggests that the government 'pay' public higher education institutions (IPTAs) for educational services based on the performance-based financing formula.

"This formula should be based on graduate employability, graduate salaries and quality of education. Institutions that can demonstrate strong performance will receive higher costs per student," he said.

Anwar, who is also finance minister, said the NRC had also recommended the implementation of a three-year budget planning cycle, similar to the one in Hong Kong. - MM