

**A REVIEW ON THE CURRENT PENALTIES AGAINST THE NATIONAL
HIGHER EDUCATION FUND CORPORATION (PTPTN) DEFAULTERS**

By

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ABSTRACT

This Research Paper with the title of a Review on the current penalties against the National Higher Education Fund Corporation (PTPTN) defaulters mainly about the issues on current punishment imposed by the organization towards its loan defaulters. National Higher Education Fund Corporation (PTPTN) loan is the major source of financing tertiary education in Malaysia. Non-repayment of the loan among university students after they have graduated becomes a major problem to the government since the total amount of loan available to the students is depended on the loan repayment. This study sought to examine the legal aspect on the current penalties imposed towards the defaulters regarding the educational loan. Three aspects of focus are legality, effectiveness and the relevancy of the penalties towards students and the repayment of the loan to PTPTN. This study also analyzed the alternatives methods that are relevant in achieving the objective of collecting the repayment that could be adopted by the PTPTN. In the course of completion of this paper, case study method as well as further consultation and an intensive study on the PTPTN act is our main methodology apart from internet research. The findings revealed that the current penalties have many rooms for improvement in order to give more benefit towards the repayment of the loan as well as educating society at whole and not merely as punishment because majority of students perceived the loan as a burden to them and it limits many options of their life after graduation.

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CHAPTER ONE: INTRODUCTION

1.0 Introduction

Tens of thousands of those who have completed their pre-university education will be looking for financial aid and assistance to further their tertiary studies. There will therefore be a rush for scholarships, loans and grants to help them lighten their financial burden. As scholarships will be rather limited, their only hope is to get loans to tide them over.

Their main hope will be the National Higher Education Fund Corporation (PTPTN), set up by the Government a few years ago to fund the studies of those wishing to read for a degree or diploma at local and foreign universities. Perbadanan Tabung Pendidikan Tinggi Nasional Malaysia (PTPTN) was established to help students gain entry to Higher Level Institutions of Education in Public (IPTA) and Private (IPTS) sector.

This PTPTN Study Loans program was established in 1999 and is mainly focused on students who have gained admission to local universities but are unable to further their studies due to financial constraints. So far, the Government has spent some RM12bil to enable more than 500,000 applicants to complete their higher education, which has boosted the number of trained manpower considerably.¹

It has also managed to keep many private universities and colleges in business, as students at these institutions are also eligible to apply for the loans, the amount of which will depend on the courses the applicants are pursuing. While this is a fantastic scheme, its continuance is being undermined by the reluctance of some of the borrowers to repay their loans. The PTPTN's viability and its very existence will have to depend on borrowers meeting their financial commitments.

¹ <http://www.malaysia-scholarship.com/ptptn.html>, accessed on 19 August 2008