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A STUDY ON ACCESSIBILITY OF EDUCATIONAL LOANS IN INDIA FOR FINANCING HIGHER EDUCATION

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ABSTRACT

Student loans also sometimes known as deferred payment plans are integral to higher education policy where educational costs are to be borne by students. The higher education policy recommendations of various national and international bodies, commissions and committees have reiterated time and again that education loan programmes should be strengthened on large scale to promote access and equity in higher education. Student loan schemes are presently in operation across various countries for student support in financing their higher education. This research aims to study the accessibility of educational loans in India for financing higher education by percentage analysis of responses gathered through questionnaires from a purposively drawn sample of students of higher education and parents of students pursuing higher education. Furthermore, in-depth interviews were conducted with educationists and academicians to seek their views and suggestions on strengthening the existing educational loan system in India for financing education and making it more encouraging and promising for the needy and deserving aspirants of higher education. The major finding of the present study is that education loans in India are not a popular cost-sharing device to finance higher education. Thus, greater awareness about as well as accessibility to a user-friendly loan scheme system to finance higher education needs to be strengthened by the Government of India.

KEY WORD: *Cost- sharing, Financing of Higher Education, Student Loans.*

INTRODUCTION:

Student loans also sometimes known as 'deferred payment plans' are integral to higher education policy where educational costs are to be borne by students (Johnstone, 2004). Individual students are expected to meet the costs of higher education. Any enhancement in tuition fees may make it difficult or ever impossible for the weaker sections of the society to pursue higher education (Mathew, 1996).

Loans may be of two types- Mortgage type loans and Income Contingent Loans (ICL). While conventional or mortgage type of loans involve repayment of fixed equal amounts in regular instalments, the Income Contingent Loans (ICL) carry a contractual obligation to repay some percentage of future earnings generally until the loan is repaid at the contractual rate of interest or until the borrower has repaid for a maximum number of years (Johnstone, 2004). However, there are several problems associated with student loans, such as, they being, psychologically unwelcomed in many societies; involve high perceived as well as actual private costs maybe unavailable to the students from economically weaker sections of the society in developing countries due to demand of security by lending financial institutions (Friedman, 1962; Mathew, 1996; Nerlove, 1972; Pigou, 1920) and the risk of non-repayment of the loan (Tilak, 1995). Thus, "investment in loans for higher education may not yield good fiscal returns to the government that make investment in loans" (ibid, p. 29).

Loans are regarded to promote equity and efficiency (Blaug, 1970; Mingat & Tan, 1985; Psacharopoulos & Woodhall, 1985; Woodhall, 1983 cited in Tilak, 1995, p.25). However, Johnstone (2004) finds these two aims "distinct but quite contradictory" (p.44). Student loans have been understood to be beneficial for increasing access to higher education (Mathew, 1996; Woodhall, 1983) and increasing diligence and efficiency of the students (Mathew, 1996). Loans are advocated as they provide flexibility in repayment.

The National Loan Scholarship Scheme began in India in 1963, when the government decided to operate a scheme of interest- free national loan scholarship with an objective to increase the access to higher education for the economically weaker sections of the Indian society. The loans were awarded on the basis of merit as well as the financial needs of the students. Recovery of the loan was the responsibility of the central government and the recovered amount was to be shared between both the central government and the state governments. However, the scheme had to be withdrawn mainly because of high default rate and low rates of recovery (Tilak, 2007). The New Educational Loan Scheme was introduced in 2001 by the intervention of the Supreme Court and the combined efforts of the Reserve Bank of India (RBI) and the Indian Banker's Association (IBA). Most of the public sector banks were required to float student loans. The loan scheme covers both school and higher education and higher education abroad; it covers tuition fees and other related fees; provides loan up to the limit of Rs. 1 million for higher studies in India and Rs. 2 million for studies abroad; for all loans above Rs. 70,000 the students and their parents need to provide collaterals or security; and the loan needs to be repaid over the period of 5 to 7 years with a grace period of one year after completion of studies or after 6 months of getting a job, whichever is earlier. Many private banks also offer loans but these are largely operated on commercial lines. The private banks impose their own conditions, charge different rate of interest and insist upon a regular source of income for the parents of the student aspiring for a loan. In addition they do not care either for the educational background of the student or for their economic background (Tilak, 2007; Agarwal, 2009). Usher (2005) examined that in comparison to 85 percent in U.K. and Sweden, 50 percent in U.S.A. and Canada and 77 percent in Australia, less than 1 percent students' availed loans for their education in India (cited in Agarwal, 2009, p.155).

LITERATURE REVIEW

There has been a gradual decline in resource allocation to the higher education sector in India. Although the government has initiated private participation in provision and financing of higher education, it cannot abandon its responsibility of financing the sector. It must devise ways of resource mobilization by encouraging enhancement of fees, providing more loans to the students, ensuring proper utilization of academic and physical infrastructure, reduce failure in examinations and establish an education development bank to provide soft loans to universities and other higher education institutions (Azad, 1995).
National Institute for Educational Planning and Administration (NIEPA) made recommendations regarding resource mobilization by the institutions of higher education, in the form of alternative sources of finance. These recommendations evolved as an outcome of the workshop held at NIEPA on 'Planning of higher education in 21st century: Role of Management'. In the proceedings of the workshop held in the year 1995, it was suggested that fee should be raised in a phased manner and higher education should be provided to the deprived sections, free of cost. Furthermore it was recommended that the student loan programmes should be launched on large scale to promote access and equity in higher education.

A National Seminar on 'Funding of Higher Education in India' was held at National Institute of Educational Planning and Administration (NIEPA), New Delhi on 23-24th January, 1995. As an outcome of the seminar, certain policy recommendations were suggested. It was emphasized that the state cannot abandon the responsibility of funding higher education in India and shift the onus to market forces. It was also felt that there is an urgent need in improving mechanisms for the allocation and flow of Universities Grants Commission (UGC) and government grants to universities and institutions of higher education. The report suggested introduction of well-designed scholarship and student loan programmes (Tilak, 1995).

Bollag (2002) supported the view that loans are necessary to avoid education from becoming a privilege of the students from affluent families. Loan programmes exist in more than 60 countries today but hardly a few of them have been successful in their primary mission. Countries like China, Russia and India that are the three most populous nations had also initiated the loan schemes but by and large these schemes have only been successful, that to some extent, in China. A major problem with loan schemes is the high default rate and huge administration costs involved therein that makes the programmes financially unviable.

Several studies on the student loan programmes in higher education systems across various countries have been conducted. Finnie (2002) conducted an empirical analysis to measure the number of students using the Canada Student Loan Program (CSLP), the amounts they have been borrowing, their debt loads and repayment records. It was found that Canadian students borrowing level and debt burdens had risen overtime and were still average not excessive. Most graduates had been paying their loans fairly quickly and relatively few reported difficulties. Students had borrowed more when given a chance. The higher education system in Southern and Eastern Africa (Johnstone and Marcucci, 2003) and in Netherlands (Vossensteyn, 2002) is moving towards greater cost- sharing through increase in student loans for student support and finally increased emphasis on parental contribution and students own resources. Kim and Lee (2003) studied the student loans schemes in the Republic of Korea. The Korean loan schemes have been financially sound with low administrative costs and default rate and a well-developed banking system. The burden of repayment for students was tolerable. However, the student loan schemes only covered the tuition fees. Kitaev, Nadurata, Resurrection and Bernal (2003) examined the operation of student loan schemes in higher education in the Philippines and found a lack of corporate governance and transparency in the banking system, compounded by tax evasion and corruption. Shen and Li (2003) reviewed the student loan scheme in China and arrived at a conclusion that GSSLS (Government Subsidized Student Loan Scheme) which was designed to help the needy students has not been very successful in achieving its objectives. Ziderman (2003) made an in- depth study of the Student Loans Scheme (SLS) in Thailand aimed to increase access to the poor to upper secondary and tertiary education. The SLS has served as a means of easing financial burdens of the non- poor. In the initial years, the scheme functioned on an ad hoc basis without any formal Act. No monitoring mechanism existed to know how far the scheme was reaching its objectives of adequately reaching the poor. The scheme was implemented quickly and it was found that the loan levels to students at the private institutions exceeded to those students enrolled in public institutions because of considerable differences in tuition fees levels. Canton and Blom (2004) studied the impact of student loan program implemented in Mexico and found that it had a positive impact on increasing accessibility of higher education and improving academic performance of student recipients of loan. However, students in the loan program were still credit constrained, and therefore had to generate income while studying. Savastsomboon (2004) studied the student loan financing in the university sector in Thailand. The educational loan Fund (ELF) was established to increase access to higher education for the economically disadvantaged students. This loan scheme is based on supply side financing. An income contingency loan scheme has been proposed as an alternative to increase access to higher education and also to overcome the problem loan default. Mohadeb (2006) conducted a study to examine the operation student loans schemes in Mauritius and found that most of the institutions were assisting students with a view to earning a profit, as the rate of interest charged and securities requested are almost the same as for any other type of commercial loan.

Devesa and Blom (2008) compared the student loan programs in Latin America and the Caribbean within a global context. The study encompassed four key indicators for student loan programs- penetration rates, administration costs, delinquency rate and default rates. Penetration rates refer to the number of students enrolled in higher education that benefit from student loans. It was found that with 13 per cent, the student loan program in Jamaica had the highest penetration rate in Latin America and the Caribbean region, while Cambodia had the highest penetration rate among the included Latin America countries. Furthermore, in Latin America, the administrative costs were relatively high compared to administrative costs in high- income countries. It was also found that the information related to default (loans that are deemed uncollectible and lost) and delinquency (loans with loan repayments in arrears) were rarely publicly available in Latin America. Larrain and Zurita (2008) examined the student loan system that was created by the government of Chile through a legal framework in the year 2005. The system was designed with the purpose of satisfying the loan needs of the significant growing number of students. The system ensures that there is no discrimination based on gender, course of study or the higher education institution in which the student is studying. The loan system is guaranteed both by the state and higher education institution and is financed by the private capital market through the securitization of the loans. Shen and Ziderman (2008) made international comparisons between the 44 loan schemes in 39 countries across the world. While making cross- country comparisons it was found that considerable differences existed between the loan schemes in the underlying objectives pursued, organizational structure, sources of initial funding, student coverage, loan allocation procedures and collection methods. All the loan schemes were highly subsidized by the governments. Most loan schemes were of mortgage- type. However, income contingent loans were being offered in Australia, England and Wales, Ethiopia, Ghana, New Zealand, Sweden and South Africa. The average repayment ratio for the 39 countries was 60.85 per cent which meant that, on an average, the borrowers were required to repay only about 60 per cent of the total loan received and the average of hidden grant ratio was 39.15 per cent. The highest average levels of repayment were found in the America, Australasia and Asia. However, in most of the schemes the repayment ratio was 40 per cent or less. Overall loan recovery was found to be considerably lower. Panigrahi (2010) studied the accessibility to educational loan in India borrowed by students of technical and professional institutes in terms of variables such as gender, regions, discipline and socio- economic status. Direct personal interview method was used to collect data on educational loans from students selected through stratified random sampling from four institutes of Orissa state located at two different regions, i.e. rural or semi- urban and urban areas and from branch managers of certain banks that provided loan for education.. Step wise OLS regression method and binary logistic regression method were used as statistical techniques. The study revealed that higher parental income increases the net worth of the students applying for loan; the high income reduces the need for loans. General category students from middle and upper middle class families are generally sanctioned educational loans. Rarely all the study expenses of the students are covered by the loan amount sanctioned for technical and professional courses. Unofficially, some banks do ask for securities to the students who require educational loan even below rupees four lakh depending upon the parental income of the student.

EMERGENCE OF THE PROBLEM

The purpose of higher education has undergone a paradigm shift from 'knowledge generation' to 'skill creation' and culminated into an increased demand for professional courses as against arts, humanities and other liberal disciplines. The focus has shifted on soft skills development, on- the job training that increases the prospects of employability and finally, strengthening of academic- industry linkages. Since higher education has become expensive in the present times, and pursuing a professional course is costlier than pursuing a general course, education loans are considered to promote access and equity in higher education. Though Government supported loan programmes have been devised and implemented in many countries to financially support the needy as well as economically disadvantaged students and enhance access to higher education but they have become financially unviable due to high administrative costs involved therein, high default rates and low recovery rates.

The Reserve Bank of India (RBI) has issued guidelines to all commercial banks in India to provide for substantial financial support through education loans schemes to meritorious but needy students so as to promote equitable access to quality higher education. Not many researches have been conducted to examine the existing student loan programmes for financing higher education in India. The present research is an attempt to study the accessibility of educational loans in India for financing higher education.

OBJECTIVES OF THE STUDY

The present study sought to accomplish the following objectives:

1. To study the accessibility of educational loans in India for financing higher education.

2. To explore the accessibility of educational loans in India to the parents to finance higher education of their children.
3. To study the perception of teachers in higher education institutions on accessibility of educational loans in India for financing higher education.
4. To gather suggestions from educationists and academicians on enhancing the accessibility of educational loans in India for financing higher education.

RESEARCH DESIGN

Descriptive method of research was selected for quantitative as well as qualitative analysis. Questionnaires were administered for seeking data from a purposively drawn sample of students studying in various higher education institutions as well as parents of students studying in higher education institutions on accessibility of educational loans in India for financing higher education. In-depth interviews were conducted with academicians and educationists working both in public as well as private higher education institutions so as to gather diverse views on accessibility of educational loans in India for financing higher education. Each interview was scheduled and conducted for half an hour. These interviews were audio taped and transcribed objectively in writing.

SAMPLE

Students and parents of students in higher education both at the graduation and post-graduation level in both general and professional education streams from various higher education institutions (i.e. central universities, state universities, private universities, deemed universities, government aided institutions and self- financing institutions) in National Capital Region (NCR) constituted the sample population for conducting the survey. The sample was purposively selected so that a representative distribution across various types of higher education, in general stream both at the graduation (B.Sc., B.Com, B.A) and post-graduation levels (M.Sc., M.Com, M.A) and in professional stream both at the graduation (BBA, BCA, B.Ed, BJMC) and post-graduation levels (MBA, MCA, M.Ed, MJMC) could be gained. Educationists and academicians heading various departments in apex educational bodies in India, deans of various faculties and university professors having a deep understanding of higher education planning, finance and policy, also constituted the universe of the study.

The sampling frame was as under:

Sample Group	**Number (N)**
Students in higher education institutions	460
Parents of students pursuing higher education	200
Educationists and Academicians	7
Total	**667**

Figure 1 presents a systematic overview of the sample distribution of students.

Figure 1
Sample Distribution of Students

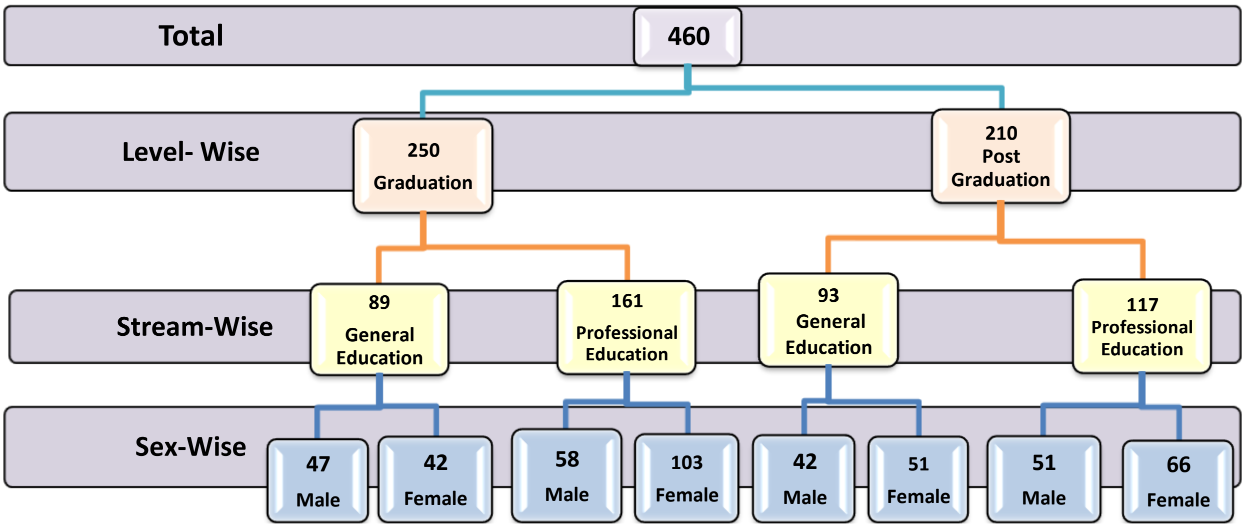
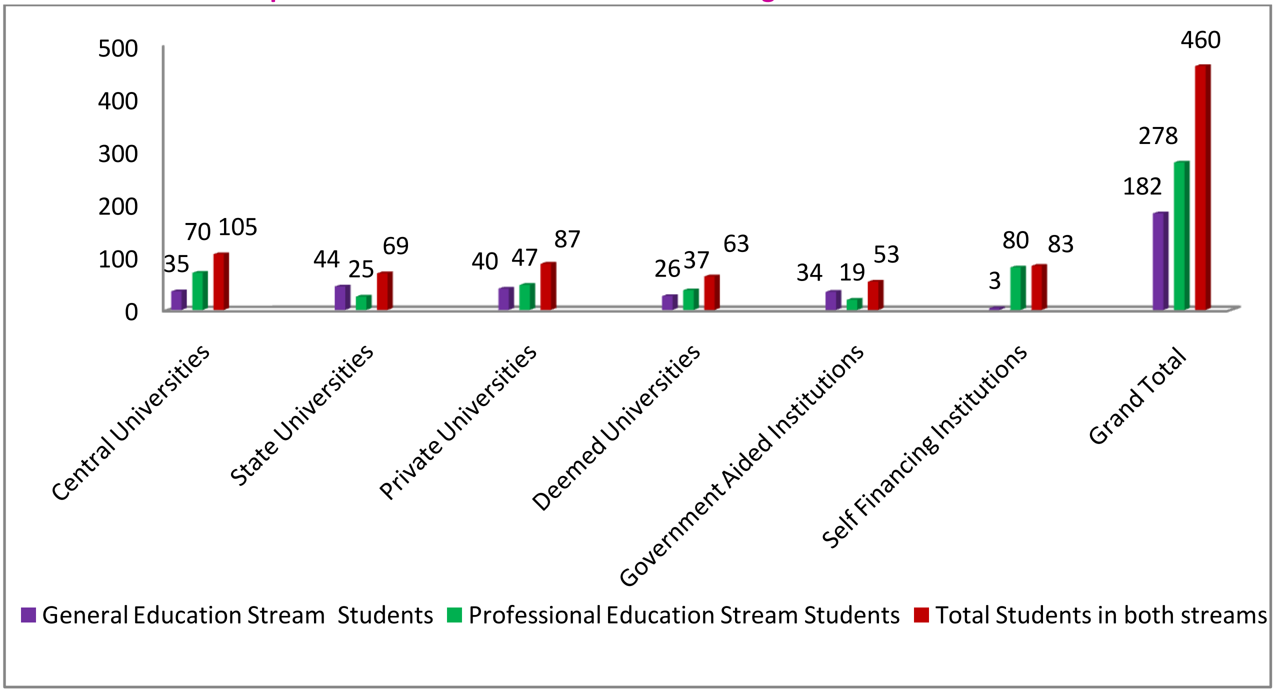


Figure 2 is a graphical presentation of sample of students selected from various higher education institutions.

Figure 2
Sample of Students Selected from Various Higher Education Institutions



An overview of profile of parents selected as sample for the study has been presented in Table 1.

Table 1
Profile of Parents Selected as Sample for Study

Stream of Higher Education	Sex			Category					Annual Income				
	Male	Female	Total	General	SC	ST	OBC	Total	Above 10 lac	5 lac - 10 lac	2 lac - 5 lac	Below 2 lac	Total
Parent of Students Pursuing General Education	50	46	**96**	69	6	2	19	**96**	7	35	37	17	**96**
Parent of Students Pursuing Professional Education	66	38	**104**	82	6	0	16	**104**	11	38	43	12	**104**
Total	**116**	**84**	**200**	**151**	**12**	**2**	**35**	**200**	**18**	**73**	**80**	**29**	**200**
Grand Total	**200**			**200**					**200**				

TOOLS

A questionnaire comprising of 15 questions was constructed and administered on 460 students and 200 parents of students pursuing education across various types of higher education institutions. An interview schedule seeking views and suggestions of educationists and academicians were sought on ways of making the education loan system in India more encouraging and promising for the needy and deserving aspirants of higher education.

STATISTICAL TECHNIQUES

The data was treated using a mixed model approach of quantitative as well as qualitative analysis. Percentage analysis was employed to analyse the responses of students and parents collected with the help of questionnaires. To analyse the responses of educationists and academicians, content analysis of the interview schedule was undertaken. Qualitative coding was done which permitted some standardization as well as assessment of responses.

RESULTS

From Table 2 it may be seen that out of the total sample of 460 students, only 10 students acknowledged that they had availed an education loan to finance their higher education.

Table 2
Education Loan Availed by Students for Financing their Higher Education in India

Total No. of Students	460
Number of Students Availing Education Loan	10

Percentage of Students Availing Education Loan	0.02
Type of Banks financing the Education Loan	Public and Private Banks
Courses for which loan is financed	MBA, MCA
Amount of Loan Financed	Rs. 3 lacs- Rs. 8 lacs
Rate of Interest Charged	7 %- 14 % per annum
Security Demanded by Bank	No security up to Rs. 4 Lacs; Between 4 lac- Rs. 7.5 Lac requires collateral security in the form of third party guarantee {besides the parent/guardian executing the documents as joint borrower(s)}. Loan above Rs. 7.5 lacs require a tangible collateral security such as land, building, government securities, insurance policies, mutual funds, bonds, shares & debentures.
Documents Demanded by Bank	Name of Applicant and his/ her age, signature, identity and residence proof, recent passport size photographs, Institution admission letter with fee break-up, relevant mark sheets, income documents
Percentage of Study Expenses covered by Loan	100 per cent
Time period for Repayment of Loan	Course period+1 year or 6 months after getting job, whichever is earlier

This implies that merely 0.02 percent students out of the total sample of students had availed an education loan. These students were found to be pursuing professional courses such as MBA and MCA. None of the students pursuing general courses in science, commerce and humanities, both at the graduation and post-graduation level acknowledged that they had availed an education loan. The education loan availed by the students were taken from both type of banks- public as well as private. Students had availed an education loan between Rs. 3 lacs- Rs. 8 lacs and were charged an annual interest between 7 percent – 14 percent per annum. The loan covered 100 percent of their study expenses. The students revealed that the bank charged no security on loan amount up to Rs. 4 lacs. However, a loan amount between 4 lacs- Rs. 7.5 lacs required collateral security in the form of third party guarantee. The third party guarantee could come from a relative, neighbour or friend [besides the parent/guardian executing the documents as joint borrower(s)] standing guarantee for the full amount. A loan above Rs. 7.5 lacs could be availed by the borrower against a tangible collateral security such as land, building, government securities, insurance policies, mutual funds, bonds, shares and debentures. The documents demanded by the concerned bank included name of applicant and his/ her age, signature, identity and residence proof, recent passport size photographs, institution admission letter with fee break-up, relevant mark sheets, and income documents. The repayment moratorium (or the repayment holiday) was the course work period + 1 year or 6 months after the student gets a job or starts earning; whichever is earlier. Besides this, students revealed that they were allowed to repay under flexible repayment plans.

Table 3 presents a systematic analysis of the responses of students in the context of education loan schemes for financing higher education.

Table 3
Views of Students on Education Loan Schemes for Financing Higher Education (in percentages)

Response	No. of Respondents (N=460) (multiple responses given by respondents)	Response (%)
Enhanced loans to meritorious and Economically Weaker Section (EWS) students	407	88.47
Lower interest rates and extension of repayment period	139	30.21
Education loan facilities should be promoted by the government	68	14.78

It may be noted from Table 3 that 88.47 percent of students studying in various higher education institutions suggested that loan schemes should be enhanced especially for the aspirants of higher education who belong to the economically weaker sections of the society and for the meritorious students. 30.21 percent students suggested that education loan schemes for the students should bear a low rate of interest that would lessen the repayment burden on the student's family. In addition, 14.78 percent students advocated that the government should promote education loan facilities in the country so that the aspirants of higher education have access to loan schemes that entail less formalities, demand for collateral security and bear lower interest rates.

Data gathered from parents on education loans availed by them to finance their ward's higher education has been presented in Table 4. Parents were asked if they had availed an education loan to finance their ward's higher education.

Table 4
Education Loan Availed by Parents for Financing Higher Education of their Ward

Total No. of Parents	200
Number of Parents Availing Education Loan for their Ward	7
Percentage of Parents Availing Education Loan for their Ward	0.035
Type of Banks financing the Education Loan	Public and Private Banks
Amount of Loan Financed	Rs. 2 lacs- 5 lacs
Course for which loan is financed	MBA, MCA
Rate of Interest Charged	7 %- 13.5 % per annum
Security Demanded by Bank	No security up to Rs. 4 Lacs; Between 4 lac- Rs. 7.5 Lac requires collateral security in the form of third party guarantee {besides the parent/guardian executing the documents as joint borrower(s)}
Documents Demanded by Bank	Name of Applicant and his/ her age, signature, identity and residence proof, recent

	photographs, Institution admission letter with fee break-up, relevant mark sheets, income documents
Percentage of Study Expenses covered by Loan	100 per cent
Time period for Repayment of Loan	Course period+ 1 year or 6 months after getting job, whichever is earlier

It may be noted that out of the total sample of 200 parents; only 7 parents of students pursuing higher education acknowledged that they had availed an education loan to finance their ward's higher education. This implies that merely 0.035 percent parents out of the total sample of parents had availed an education loan for their ward. Their wards' were found to be pursuing professional courses such as MBA and MCA. None of the parents of students pursuing general courses in science, commerce and humanities, both at the graduation and post-graduation level had acknowledged that they had availed an education loan.

As evident from Table 5, 32 percent parents viewed that education loan schemes for financing higher education should be strengthened by providing the same at lower interest rates. Further, the repayment period should be extended in case the borrower is unable to repay the loan amount during the stipulated time period. 29.50 percent parents suggested that education loans should be made easily accessible to all, especially for the students belonging to the economically weaker sections of the society. In the opinion of 20.50 percent parents there should be less bank formalities to get an education loan. There is a need to divert all efforts towards spreading awareness and popularizing education loan schemes in India. Finally, 13 percent parents stressed the need for the government to promote education loan schemes for financing higher education in India.

Table 5

Views of Parents on Education Loan Schemes for Financing Higher Education (in percentages)

Response	**No. of Respondents (N=200)** ***(multiple responses given by respondents)***	**Response (%)**
Lower interest rates and extension of repayment period	64	32.00
Easy accessibility for all, especially for the economically weaker sections	59	29.50
Less bank formalities	41	20.50
Effort need to be made to spread awareness and popularize the schemes	28	14.00
Should be promoted extensively by the government	26	13.00

The views and suggestions gathered from in-depth interviews with educationists and academicians has been reported below as narratives.

Question: How can the education loan system in India become encouraging and promising for the needy and deserving aspirants of higher education?

Interviewee 1: There is a need to spread mass awareness about the availability of loan schemes for financing higher education. Education loans should be provided to the aspirants of higher education, especially from the weaker sections of the society at lower rate of interest. Furthermore, the bank formalities for availing an educational loan should be minimal. For students showing exceptionally good results, interest cost (and in very deserving cases, the entire principal and interest cost) should be waived.

Interviewee 2: The loans should be easily accessible to the needy students. Lower interest rates should be charged by the banks. Conditions of repayment of loans should be made easy for the borrowers.

Interviewee 3: We need to develop proper awareness (among the aspirants of higher education) of the existing education loan system in India. The government must ensure that education loans are available to all those who need it. In addition, education loan schemes should be widely available to meritorious students and students of economically weaker sections (EWS) of the society.

Interviewee 4: Educational loans at concessional rates should be provided to promising and needy students. For students showing exceptionally good results, interest cost (and in very deserving cases, the entire principal and interest cost) should be waived.

Interviewee 5: There is a need to spread mass awareness about the availability of education loan schemes in India. Education loans should be provided to the aspirants of higher education, especially from the weaker sections of the society at lower rate of interest. Furthermore, the bank formalities for availing an educational loan should be minimal. There is a need to facilitate a provision of repayment of loan amount may be done after the student gains employment.

Interviewee 6: The government needs to enhance loan schemes for the aspirants of higher education. Mass awareness on the availability of loan schemes need to be initiated. Loans should be provided to finance higher education at a lower rate of interest.

Interviewee 7: Loan schemes should be enhanced by the government and made accessible to aspirants of higher education and especially to the needy students. Interest rates should be low. There is a need to enhance awareness of the schemes and expand its coverage to all parts of the country.

DISCUSSION

The major finding of the present study is that education loans in India are not a popular cost- sharing device to finance higher education especially among the meritorious and needy students. This is consistent with the findings of Tilak (1995) and past researches conducted to study the accessibility of student loan schemes/programmes in 60 countries by Bollag (2002), in China by Shen and Li (2003), in Philippines by Kitaev, Nadurata, Resurrection and Bernal (2003), in Thailand (Ziderman, 2003; Savastsomboon, 2004), in Mauritius by Mohadeb (2006) and in India by Panigrahi (2010).

In contrast, student loan programmes in Canada (Finnie, 2002), Southern and Eastern Africa (Johnstone and Marcucci, 2003), Netherlands (Vossensteyn, 2002), Korea (Kim and Lee, 2003), Mexico (Canton and Blom, 2004), Latin America and the Caribbean (Devesa and Blom, 2008) and in Chile **(**Larrain and Zurita, 2008) had a considerable positive impact on increasing accessibility of higher education, providing student support and improving academic performance of student recipients of loan.

CONCLUSION

On the basis of the above analysis we may conclude that hardly 0.02 percent of the total students and 0.035 percent of parents of the selected sample for the study had availed an education loan for financing higher education. Both students as well as parents of students pursuing higher education were of the view that education loan schemes for financing higher education should be made accessible to all and especially to the students of economically weaker sections of the society (EWS) students and the meritorious students. Education loan schemes must be promoted by the Government of India and loans should be available to the needy at lower interest rates and with an extension in repayment period.

POLICY IMPLICATIONS

In tune with the World Bank policies, various committees of the University Grants Commission (UGC 1993, 1999, 2000) and the All India Council for Technical Education (AICTE, 1994), since the economic reforms introduced in the year 1991, have suggested full-cost recovery of education from students via tuition and development fees to meet both recurring and capital costs of education. The Government of India has been promoting private -public partnership in provision and financing of higher education. Although, it has from Eighth Five Year Plan (1992-97) onwards increased its focus towards promotion of equitable and inclusive access to qualitative higher education but in reality it is inaccessible to the "numerically large, yet politically and economically insignificant poor people of our country" (Majumdar & Vaidyanathan, 1994, p.353). One of the many reasons could be inability of the students and their parents to bear the financial burden of a higher education programme. Thus, greater awareness about as well as accessibility to a user-friendly loan scheme system to finance higher education needs to be strengthened by the Government of India.

SCOPE AND LIMITATION

The study was limited to a sample of students and parents of students in higher education in both general and professional education streams from various higher education institutions in National Capital Region (NCR). It may be replicated on a larger sample of population including other stakeholders like teachers and educational heads/administrators. The accessibility of educational loans to aspirants of technical education and medical education may also be investigated. In –depth studies across different states and Union Territories of India may be conducted to ascertain the accessibility of educational loans in financing higher education.

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