



A STUDY ON EDUCATION LOAN FACILITY PROVIDED BY DIFFERENT BANKS

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ABSTRACT

Education is central to the Human Resource Development and empowerment in any country. National and state policies are framed to ensure that this basic need of the population is met through appropriate public and private sector initiatives. While governments endeavor to provide primary education to all on a universal basis, higher education is progressively moving into the domain of private sector with a gradual reduction in government subsidies higher education is getting more and more costly and hence the need for institutional funding in this area.

KEYWORDS: Human Resource Development and empowerment , universal basis, higher education.

INTRODUCTION

The scope of education has winded both in India and abroad covering new courses in diversified areas. Development of human capital is a national priority and it should be the endeavor of all that no deserving student is denied opportunity to pursue higher education for want of financial support. Loans for education should be seen as an investment for economic development and prosperity. Knowledge and information would be the driving force for economic growth in the coming years. The Honorable Finance minister in a meeting with the chief executives of the public sector banks on 13th June, 2000 had highlighted the role of commercial banks in facilitating pursuit of higher education by poor, but meritorious students. He also expressed that could be adopted by all banks. Accordingly, a study group under the chairmanship of Sri .R. J. Klamath, chairman and managing director, Canara bank was constituted to examine the issue in detail.

OBJECTIVES OF THE STUDY:

To analyze the various schemes of education loan.
To study how poor students are getting loan facility

STATEMENT OF THE PROBLEM:

There is lot of problems that occurred during my research work.
Firstly, there was lot of businesses on the part of respondents while answering my survey.
Secondly most of the respondents hesitate to take loans due to the bank procedure, which is complicated.

Lastly fluctuating interest rate is one of the biggest problem in my research work i.e. respondents choose those banks which charge less rate of interest for education loan, ignoring other facilities.

SAMPLE SIZE:

Sampling size is complex and involves several qualitative and quantitative considerations. Here sample size is 100.

SCOPE OF THE STUDY:

The primary objective of research is to awareness, acceptability and sustainability among the students and also making the consumer well known about the affairs regarding loans amount and fluctuating rate of interest.

SOURCES OF DATA:

The source of data used in this study was collected from primary and secondary data.

PRIMARY DATA

Under primary data the information is collected through direct interview and questionnaire with employees, students and other banks.

SECONDARY DATA

Secondary data is collected through, Website.

Bank old record book.

Books and Magazines.

Article and research papers and internet.

LIMITATIONS OF THE STUDY:

Since the report is based on sampling the sample may not be a true representative of the population.

Also I have used questionnaire for the customer feedback, here there is a possibility that the clients may not have given true information pertaining to the returns on the investments, amount invested in a year, total income as usually people avoid divulging such details and people generally have the tendency to exaggerate certain information.

Also the opinion aired by them may be biased due to unavoidable factors. This may affect the interpretation of the data collected up to the extent of the information given by the client loan services so omission and commission in the data collection is quite possible.

Table –1
How did you come to Know About Educational Loan?

Variables	No. of Respondents	Percentage
Friends & Relatives	30	30%
Media	15	15%
Bank	20	20%
Educational institutions	17	17%
Local politicians	10	10%
Others	8	8%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.1 shows that, out of 100 students surveyed 30% were know about friends & Relatives,15% were know about media,20% were know about bank,17% were know about educational institution, 10% were know about local politicians ,8% were know about others.

Table – 2
Gender of the Student

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Male	60	60%
Female	40	40%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.2 shows that, out of 100 students' surveys, 60% were males and 40% were female.

Table – 3
By whom you were Motivated to Avail Educational Loan?

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Friends & Relatives	28	28%
Bank	21	21%
Educational institutions	20	20%
Local politicians	26	26%
Others	5	5%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.3 shows that, out of 100 students surveyed, 28% were motivated in friends & relative, 21% were motivated in local politician, 20% were motivated in bank officials, 26% were motivated in educational institution, 5% were motivated in others.

Table – 4
What prompted you to Avail Educational Loan from Commercial Bank?

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Cheap and assured loan of government	21	21%
Publicity by bank	25	25%
Advertisement in media	20	20%
Recommendation of local politicians	14	14%
Highly indebted to other loans	20	20%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.4 shows that, out of 100 students surveyed 21% prompted for cheap and assured loan of government,25 % were prompted for publicity by bank, 20% were prompted for

advertisement in media, 14% were prompted for recommendation for local politicians, 20% were prompted for highly indebted to other loans.

Table – 5
Level of Awareness regarding Educational Loan

VARIABLES	LEVEL	NO.OF RESPONDENTS	PERCENTAGE
Pre-condition for sanction loan	Fully aware	35	35%
Borrowing limit	Somewhat aware	25	25%
Rate of interest	Fully aware	30	30%
Repayment period	No knowledge	10	10%
Total		100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.5 shows that, out of 100 students surveyed 35% students were fully aware of pre-condition for sanction loan, 25% students were somewhat aware of borrowing limit, 30% were fully aware of rate of interest, 10% were no knowledge of repayment period of educational loan.

Table- 6
Types of consumer for education loan

COURSES	NO.OF RESPONDENTS	PERCENTAGE
Post Graduate	30	30%
Professional	52	52%
Technical	10	10%
Non-Technical	8	8%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig.4.6 shows that, out of 100 respondents 52% of students are taking loan for professional courses, 30% of respondents are taking for post-graduate, 10% of the respondents are taking for technical and 8% of taking for non-technical.

Table- 7
Requirement of education loan

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Higher studies in India	32	32%
Higher studies in Abroad	62	62%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig. 4.7 shows that, out of 100, 62% respondents are require for higher studies in Abroad, 32% of respondents are require for higher studies in India and remaining 6% for others.

Table- 8
Amount of loan taken by respondents

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Less than 2.5 lakhs	15	15%
2.5 lakhs to 5 lakhs	25	25%
More than 5 lakhs	60	60%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig.4.8 shows that, 60% of the respondents has taken loan amount more than Rs. 5lakhs, 25% of the respondents has taken loan amount between 2.5 to 5 lakhs and remaining 15% of respondents has taken loan amount less than 2.5 lakhs.

Table- 9
Age factor for taking education loan

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Less than 20 years	18	18%
20-25 years	50	50%
25-30 years	20	20%
More than 30 years	12	12%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig.4.9 shows that, 50% of respondent between 20-25 years taken education loan, 20% of respondents between 25-30 years taken education loan, 18% less than 20 years and remaining 12% people above 30 years taken loans for education loan.

Table-10
Income factor for taking education loan

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Less than Rs. 150000	32	32%
150000-250000	44	44%
250000 & above	24	24%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig.4.10 shows that, 44% of the respondents are usually between incomes Rs. 1,50,000-2,50,000, 32% of the respondents have less than 1,50,000 and 24% of the respondents are 2,50,000 and above.

Table – 11
Gender factor for taken education loan

VARIABLES	NO.OF RESPONDENTS	PERCENTAGE
Male	65	65%
Female	35	35%
Total	100	100%

(Source: Primary Data)

Interpretation: The above fig.4.11 shows that, out of 100 respondents 65% are male and remaining 35% are female respondents.

FINDINGS, SUGGESTION AND CONCLUSION. FINDINGS:

- Most of the students are known about educational loan from friends and relatives.
- It is inferred that majority of the students are male.
- Most of the respondents are motivated by educational institution.
- It is inferred that majority of the students are prompted to avail in educational loan from publicity of bank.
- Most of the respondents are fully aware of pre-condition of sanction loan & interest rate.
- Most of the respondents have taken loan for professional courses and remaining respondents have taken for post - graduation, technical and non-technical.
- For higher studies in Abroad 62% of students require loan to study in India.
- Maximum number of respondents says that get education loan only after keeping margin of safety. Education loan has taken by the students between 20-25 years, 25-30 years and more than 35 years of age.
- Majority of respondents who have taken loans are males.

SUGGESTIONS:

The candidate who applies for education loan should be properly aware regarding the various banks processes and procedures that are to be fulfilled, as they face problem when they do not have proper knowledge the same.

The education loan requires guarantors so student should have good co-guarantor that can have good repayment capacity when they apply for loan.

Sometimes bankers don't treat their customers properly. There has to be a major change in how banks treat their customers. The bankers should know that they need customers as much as customers need them.

The banks provide education loans only to those students who give big securities to banks, but those students who belong with poor families they can't give big securities, so banks must make some provisions for those students who belong to poor families.

As a result of personnel survey conducted it was found that most of the customers are in favor of higher amount of limits at lower rate on interest.

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