

Education Loans in South India: Trends and Flows & Beneficiaries' Perceptions

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Abstract

The development of "Education Loan" as a substitute source of finance for higher education in India results from the rising demand for higher education and the Government's financial constraints. Commercial banks have stepped up to finance higher education on a larger scale since the Model Education Loan Scheme was unveiled in 2001. Even though student loans have dramatically increased over time, the programme has encountered several difficulties. This study primarily focuses on the growth and trend in commercial banks' educational loans, as well as beneficiaries' perceptions of the conditions required to qualify for loans for higher education and overall perceptions of educational loans. Both primary data and secondary data were used to support this investigation. 120 randomly selected State Bank of India education loan borrowers who are presently enrolled in professional education in the three professions of engineering, management, and nursing at independent colleges in Kerala's Kozhikode and Ernakulam districts provided the primary data.

Keywords: *Higher Education, Financing Education, perceptions, Education loan, Model education loan scheme*

Introduction

The knowledge, skills, and health people have acquired over their lives, allowing them to reach their full potential as contributing members of society, are referred to as human capital. Human capital refers to the production abilities that employees possess. Investment in education creates human capital as a result. One can make more money due to the higher productivity of those who are more educated or trained, which helps build human capital. It is common knowledge that investing in human capital through education guarantees higher rates of economic return in the future due to the rising standard of labour. The education standards of the member nations have been improved via the efforts of international organizations and nations. The fourth Sustainable Development Goal (S.D.G.) of the United Nations calls for all children, adolescents, and adults to be at least minimally literate and numerate by the year 2030. More educational resources are needed in order to achieve these goals.

How human capital can be developed is the next concern. The explanation above makes it evident that education is the cornerstone of human capital development. According to

theories of economic growth, a nation's growth is inversely correlated with its level of education. Therefore, every Government has increased its spending on health and education. However, in developing nations like India, where numerous other developments must be attended to, the percentage of national G.D.P. set aside for education and health falls short of the necessary amounts. The government cannot support education, particularly higher education, on its own. It is now generally accepted.

Additionally, in the era of New Economic Reforms, higher education is viewed as good of "non-merit." As a result, financing higher education has given rise to several alternative mechanisms such as education loans, scholarships, and other funding options. Banks and other financial organizations are stepping up to create bankable products for financing higher education. Through further policy announcements, the Reserve Bank of India and Commercial banks are collaborating in India to guarantee access to education for all people in general and underprivileged populations in particular. As a result, the banking sector has significantly influenced our country's financing of higher education.

Significances and rationale of the study

In order to solve the difficulties of deficit financing and cost recovery, alternative types of higher education funding are being researched and implemented. One is the increasing acceptance of student loans as a substantial funding source. Keep in mind that student loans have developed into a way for the Government to transfer financial obligations to people who are pursuing higher education. Commercial banks in India are carrying out the 2000-01 educational loan programme (Indian Banks Association, 2011).

The fact that financial institutions are being used to fund education is therefore intriguing, and a new banking portfolio has resulted as a result. Consequently, it presents a chance for the banking industry to participate actively in human capital growth. A student loan programme aims to give education to deserving but underprivileged students. It implies that no deserving poor student should be denied enrollment in his chosen courses because of financial hardship. However, there are several disadvantages to student loans. For instance, lenders and borrowers might favour programmes that could lead to employment. Those who are unable to meet the conditions set forth by lending institutions may not be eligible for educational loans in nations with developing markets for academic credit, such as India. All of these might also have an impact on equity. Almost two decades have passed since our country introduced education loans. The critical question is whether the new education loan scheme successfully provides access to higher education to poor but meritorious students. Are the interest rates and other expenses to avail the facility affordable to economically backward communities? Do the bankers find the loan product marketable without any hassles like N.P.A.? Are the borrowers finding this facility to fulfil their dreams of getting a valuable education and finding jobs? This research project tries to attempt answers to a few such questions.

The government and institutions' current financial struggles serve to emphasise the significance of the research issue. The demand for higher education is enormous on the one hand. In contrast, the Government is unable to satiate this desire. The demographic dividends seen in countries like India show that a sizeable percentage of the budget should be set aside for higher education in particular. Thus, student loans from financial organizations are becoming more popular among the many alternative sources that augment government efforts to support higher education. In the areas of commercial banks and student loans, there are a lot of studies.

Nevertheless, this study focuses on whether the education loan is a true alternative to ensuring equity and higher education access. The study's outcome may have great relevance in a state like Kerala, where we have a well-developed banking system and increasing demand for higher education. So, one must understand the efficiency of education loan to supplement the governmental efforts in providing higher education to all desirous of pursuing higher education.

Emergence of The Problem

There is now more demand for professional courses than for humanities, arts, and other liberal arts courses because the purpose of higher education has shifted from "knowledge development" to "skill creation." The improvement of employability through on-the-job training, developing soft skills, and fostering linkages between academia and business have assumed a central role. Because earning a professional degree nowadays is more expensive than pursuing a general degree, education loans are considered as a tool to enhance access to and equity in higher education. To help the poor and economically disadvantaged students, government-supported loan programmes have been developed and put into place in several nations to increase access to higher education. Nevertheless, they are no longer profitable due to rising administrative costs, high default rates, and low recovery rates. In order to promote equitable access to high-quality higher education, the Reserve Bank of India (R.B.I.) has directed all commercial banks in India to offer qualified but financially challenged students significant financial support through education loan programs.

On August 15, 2015, the Finance Ministry unveiled the "Vidya Lakshmi Portal Education Loan Scheme." In cooperation with the Department of Financial Services, the Department of Higher Education, the Indian Banks Association, and the Ministry of Human Resource Development, NSDL e-Governance Infrastructure Limited developed and maintains this portal. All students have access to funding through this site and information on government educational loans and scholarships. Students can submit a single form to apply for loans or scholarships on this one-window platform, which is provided. The website lists 36 banks' 111 different student loan programmes. A student can locate and apply for the right scholarships through the built-in link to the National Scholarship Portal. There haven't been many studies done to assess whether India's present student loan programmes are an effective

replacement for the nation's traditional methods of funding higher education. This made it necessary to critically examine the commercial banks' financing of student loans. In a nation like India where the demand for education is increasing, the influence of education loans, its equity implications, and similar issues are significant. The main issue is whether student loan financing has really developed into a viable option. This question is very relevant in the wake of the financial shortage faced by the country's Central and State Governments. The question is not only about the volume of education loans, but also its distributional aspects viz., equity, access and adequacy.

Objectives of the Study

- To Analyze the Southern region's growth and trend through commercial banks' Education Loans.
- To examine beneficiaries' perception about the requirements insisted for availing education loans
- To examine beneficiaries' perception about educational loans

Methodology of the Study

On both primary and secondary data, this study is built. Beneficiaries of education loans from Kerala's Commercial Banks provided the primary data needed to analyze the study's goals. We used a two-stage sample methodology to pick the recipients of the student loan payments. The state's higher education institutions are designated in the first phase. Government colleges, Aided colleges, Universities offering professional courses, and Self-financing/unaided colleges are the different categories of institutions. Very few students use Government and aided universities for educational loans, so this study does not apply to them. As a result, the informants are the students who received educational loans from unaided/self-financing colleges. Engineering, nursing, and management were found to be the most popular courses among those for whom student loans are disbursed. As a result, the current study samples are sample borrowers from these three programmes. A random sample of 120 students who were continuing their education loans in the three aforementioned programmes at self-financing colleges was chosen for the study. The sample borrowers were students of institutions working in Ernakulum and Kozhikode districts, two districts of Kerala known for their concentration of unaided higher education institutions. All the sample borrowers were the beneficiaries of the S.B.I. Education Loan Scheme. We have used a structured interview schedule for collecting primary data.

The R.B.I., I.B.A., and other connected websites' reports provided the secondary data needed for the study. A few Bank managers were consulted in order to assess the plan from their viewpoints.

Limitations of the Study

This study is also beset with several limitations. First of all,

- The study is confined to the state of Kerala.
- The sample borrowers were limited to educational institutions of two districts, and that too very few in number. Secondly, the courses selected for the study are also too limited.
- We have included only borrowers from self-financing colleges. Despite these limitations imposed on us, we have made all our efforts to analyze the issue under consideration most scientifically.

Review of Research-related Literature

The Study by David, Onen et.al (2015) investigated the administration of the student loan programmes in three African nations. It was designed to identify the strengths and weaknesses of such programmes in order to draw lessons for more recent loan programmes, such as Uganda's loan programme, which has been in place for just 1.5 years. The study was inspired by the ongoing challenges that younger lending schemes face, even though there are lessons to be learned from older loan schemes. Through a desk study and a literature search, information was gathered. The study came to the conclusion that common issues with student loan programmes include poor targeting, insufficient administrative controls, and poor collection efforts. The lending schemes, however, can be more efficient and effective if a clear legal framework, rules, and administrative structure are in place. They also benefit from a certain amount of autonomy to minimise excessive political involvement and legal power in the administration of the loan schemes. It should be mentioned that the student loan programme will probably continue to spread throughout Africa as long as there is a need for higher education. However, if Uganda's new student loan programme takes inspiration from other African countries' best practices, it might be more successful.

Johnstone (2002) assessed the student loan policies of a number of nations, including those in Central America, Europe, and Africa, as well as the United States, Sweden, Germany, the Netherlands, the United Kingdom, South Africa, and Kenya. Shen and Li (2003) for China, Kim and Lee (2003) for Republic of Korea, Zideman (2003) for Thailand, Chung (2003) for Hong Kong, and Kitaev et al (2003) for Philippines explore the experiences of student loan programmes in Asian nations.

In a research on student loans in Ghana, Atuahene (2008) noted that for the student loan programme to be successful, policymakers needed to strike a balance between providing aid to deserving students and making the programmes financially viable. To ensure the viability of the programme, a balance should be struck between lowering lenders' risk and student aversion.

Zainal and Ismail (2012) opines that an increase in the cost of higher education and insufficient family income lead the parents to take education loan. The study concludes that in the Malaysian higher education environment, students from private colleges and universities borrowed more than public colleges and universities.

Tilak, J.B.G and N. V. Varghese (1991) thought that Long-term funding higher education primarily using public tax money may not be a desirable course of action. Consequently, some of the alternative policy options are examined, including student loans, graduate taxes, student fees, public funding of higher education, and the role of the private sector. It is claimed that compared to the other possibilities, a discriminating pricing mechanism would be more efficient and fair. Due to socioeconomic and political realities, the Government must continue to carry a sizable percentage of the cost of funding higher education; nevertheless, attempts should be made to create a funding model that integrates a number of funding choices rather than relying only on one. Additionally, it is asserted that laws governing fees and subsidies must distinguish between different levels and types of higher education.

Ismail (2011) conducted research on students' attitudes regarding repaying their student loans in Malaysia's public universities. He used the Theory of Planned Behavior to create a model of students' attitudes toward loan repayment. According to the study, students' attitudes about loan repayment are directly correlated with parental influence and perceived quality.

In a study done in Tanzania, Nyahende (2013) claimed that the Higher Education Students Loans Board's (HESLB) recovery strategies, which include raising public awareness of loan repayment, publishing the names of untraced loan recipients, following up on job postings in print media, and enforcing loan repayment in the minds of student beneficiaries and their employers, lead to successful student loans for funding higher education because it was found.

In his investigation on student loans in Hong Kong, Chung (2003) discovered that the programme was founded on the principles of equality, efficiency, and sufficiency. Students from lower-income families are given more financial aid. The system's aim is to guarantee that no competent student is denied access to higher education due to a lack of funding that satisfies social goals. It's interesting to note that the government's financial support for higher education has not decreased as a result of the student loan programme.

Research gap

The financing of higher education has always been debated across countries. The literature mentioned earlier reveals that various sources have been used to finance higher education within and outside the country. Public funding for higher education is on the decline. New funding sources such as education loans, graduate taxes, contingent income schemes, and the like are adopted in various countries. In India, however, public funding is the most sought-after method. But, with the increasing demand for funds and the limited availability of resources, governments have directed the universities to raise se fees and generate internal resources.

Analysis and Interpretations

Education Loan in Priority Sector

Examine the circle. Education loans up to the ceilings of Rs. 7.50 lakh for studies in India and Rs. 15 lakh for studies abroad, respectively, as indicated in the Model Scheme, will be counted under priority sector advances in order to encourage banks to lend more to the poor and needy students, according to the R.B.I.'s communication RPCD.PLNFS.No.BC.44 /06.12.05/2003-04 dt.04-11-2003. According to a previous R.B.I. circular, loans to persons for educational purposes, including vocational courses, up to Rs. 10 lakh, regardless of the sanctioned amount, will be considered eligible for the priority sector commencing in 2015. In this light, we want to look into the distribution of education under the public sector banks' priority sector advancements. The allocation of loans to priority sectors and education for 2018-19 is shown in Table 1.

Table 1: State-wise Distribution of Priority Sector Advances and Education Loans by Scheduled Commercial Banks -2018-19

(No. of Accounts in absolute terms; Amount in ₹ ' Crore)

State/Region	Total Priority Sector		Education Loan	
	No. of Accounts	Balance Outstanding	No. of Accounts	Balance Outstanding
Southern Region	57278170	1075234.29	1391900	33972.70
Andhra Pradesh	9452325	194780.44	92299	3387.28
Karnataka	9614160	209922.33	195411	4744.91
Kerala	8578482	163388.67	294479	7957.76
Lakshadweep	2838	39.21	24	0.77
Puducherry	467614	6354.14	12166	273.34
Tamil Nadu	24747427	381227.30	742740	15017.51
Telangana	4415324	119522.20	54781	2591.14

Among the various regions, the Southern Region has seen the highest in terms of the number of education loan accounts and amount of education loans. Tamil Nadu, Kerala and Karnataka have absorbed higher education loans for the last several years.

Commercial Banks and Education Loans

Public sector banks have handled a sizable portion of the nation's loans to the education sector. According to a recent R.B.I. study, public sector banks (PSBs) account for 91.42 percent of all lending to the education sector. In an increasingly privatizing economy like India, private sector banks' extremely low participation in human capital development through

education loans is a matter of serious concern. In terms of the quantity of accounts and the dollar amount, the State Bank of India (S.B.I.) is the public sector bank that lends the most money for student loans.

It is interesting to have a look at the trend and pattern of education loans extended by the S.B.I. for the last few years. Tables 2 and 3 examine the contribution of S.B.I. in financing higher education through education loans both in India and abroad. A review of table 5.11 makes it clear that in Kerala and India, the disbursement of education loan by S.B.I. for Study in India has been falling consistently. The total distribution of education loans in Kerala was ₹.207.73 crores in 2016-17, while it steadily fell to ₹ 133.82 crores in 2018-19. During the same period, the education loan disbursement fell from ₹ 2008.42 crores to ₹ 1609 crores in India. This sharp fall in the distribution of education loan, despite the increasing demand for education loan in a country with a high demographic dividend, need a revisit. The S.B.I., the leader in the disbursement of Education Loan, seems to follow a policy of precaution while granting and disbursing E.L.

Table 2: Sanction and Disbursement of Education Loan by S.B.I. for Study in India

Year	Kerala					India		
	Sanctioned		Disbursed		Sanctioned	Disbursed		
	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)
2016-17	6989	281.42	6767	207.73	49127	2542.28	47616	2008.42
2017-18	4999	219.79	4913	143.64	49360	2756.04	48280	1895.64
2018-19	6608	309.70	6373	133.82	54109	3544.54	52689	1609.08

Source: www.sbi.co.in

Disbursement of education loans for study abroad from S.B.I. showed a positive trend in Kerala. The amount disbursed increased from ₹ 109.66 crores in 2016-17 to ₹ 150.79 crores in 2018-19. While in India, the disbursement showed a declining trend. It was ₹ 1697.71 crore in 2016-17 but fell to ₹.1465.36 crore in 2018-19.

Table 3: Sanction and Disbursement of Education Loan by S.B.I. for Study Abroad

Year	Kerala					India		
	Sanctioned		Disbursed		Sanctioned	Disbursed		
	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)	No. A/cs	Amount (₹ Crore)
2016-17	861	151.10	820	109.66	11941	2546.11	11169	1697.71
2017-18	842	183.39	801	112.37	10154	2456.29	9719	1536.13
2018-19	1465	362.39	1383	150.79	13025	3430.85	12439	1465.36

Source: www.sbi.co.in

Borrowers' perception about the requirements insisted for availing E.L.

Any borrowings from financial institutions need some formalities. For education loans also, the banks insist on specific documentation. When an enquiry was carried out among the sample loan beneficiaries and the details are provided in Table 4. The table shows that about 69.2 percent of the borrowers feel the requirements insisted by the banks are reasonable. Only 9.2 percent of them find the conditions difficult to meet by them.

Table 4: Opinion of borrowers about the formalities of getting an education loan

Opinion	Frequency	Percent	Cumulative Percent
Less than expected	9	7.5	7.5
Reasonable	74	61.7	69.2
Excessive	26	21.7	90.8
Difficult to meet	11	9.2	100.0
Total	120	100.0	

Source: Sample Survey

Beneficiaries' Perceptions about Education Loans and its characteristics

The major motto of the Education Loan Scheme is to provide financial support to meritorious but economically poor households to carry out their preferred education programme. Since its floating, the education loan scheme has been found to be one of the commercial banks' most sought-after loan portfolios. The scheme was introduced keeping in mind many avowed objectives. It is interesting to examine the stakeholders' perceptions about these features of this loan product. Here we use perception analysis for this purpose. Perception is the way in which something is regarded, understood or interpreted by the beneficiary group. It is the way one thinks about or understands someone or something. This analysis is of high usefulness, and hence it is attempted.

In order to analyze the perceptions of the education loan borrowers about the characteristics of education loans, a Likert-type scale has been used. Twelve statements were provided, and the sample beneficiaries were asked to use a five-point scale to mark their agreement or disagreement to each of these statements. The five-point scale ranges from Strongly Agree (5 points) to Strongly Disagree (1 point), and borrowers were asked to rate their opinion towards these statements. Table 5 provides a snapshot of the perceptions of the borrowers about the given statements.

Table 5: Perceptions of Education Loan Borrowers (figures are in percentages)

Sl. No.	Statements	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	E.L. is to be seen as an investment in human capital formation	64(53.33)	35(29.17)	15(12.5)	5(4.16)	1(0.83)
2	E.L. is introduced to reduce subsidy earmarked for education	46(38.33)	37(30.83)	13(10.83)	14(11.67)	10(8.33)
3	E.L. borrowers generally anticipates loan waiver	30(25.00)	35(29.17)	11(9.17)	26(21.66)	18(15.00)
4	Weaker sections won't get increased access to education without E.L.	28(23.33)	38(31.67)	23(19.17)	19(15.83)	12(10.00)
5	E.L. helps the meritorious but economically weaker students to realize their dream of higher education	16(13.33)	38(31.67)	21(17.50)	35(29.17)	10(8.33)
6	Interest rate of education loan is affordable	30(25.00)	38(31.67)	20(16.67)	27(22.50)	5(4.17)
7	Fearing N.P.A., the Bankers discourage E.L. borrowers	24(20.00)	44(36.67)	10(8.33)	25(20.83)	17(14.17)
8	Political and other influences are necessary to get E.L.	4(3.33)	13(10.83)	15(12.50)	59(49.17)	29(24.17)
9	I will repay E.L. only when I get a permanent government job	20(16.67)	41(34.17)	13(10.83)	31(25.83)	15(12.50)
10	Do you subscribe to the view that "E.L. is a preferable alternative to traditional financing of higher education in our country"?	11(9.17)	24(20.00)	13(10.83)	55(45.83)	17(14.17)
11	E.L. interest should be charged according to the economic status of borrowers	7(5.83)	21(17.5)	16(13.33)	65(54.17)	11(9.17)
12	Those who promptly pay E.L. should be given some incentives like interest subsidy	20(16.67)	64(53.33)	16(13.33)	14(11.67)	6(5.00)

Note: Figures in brackets are percentages to row total

Source: Sample Survey

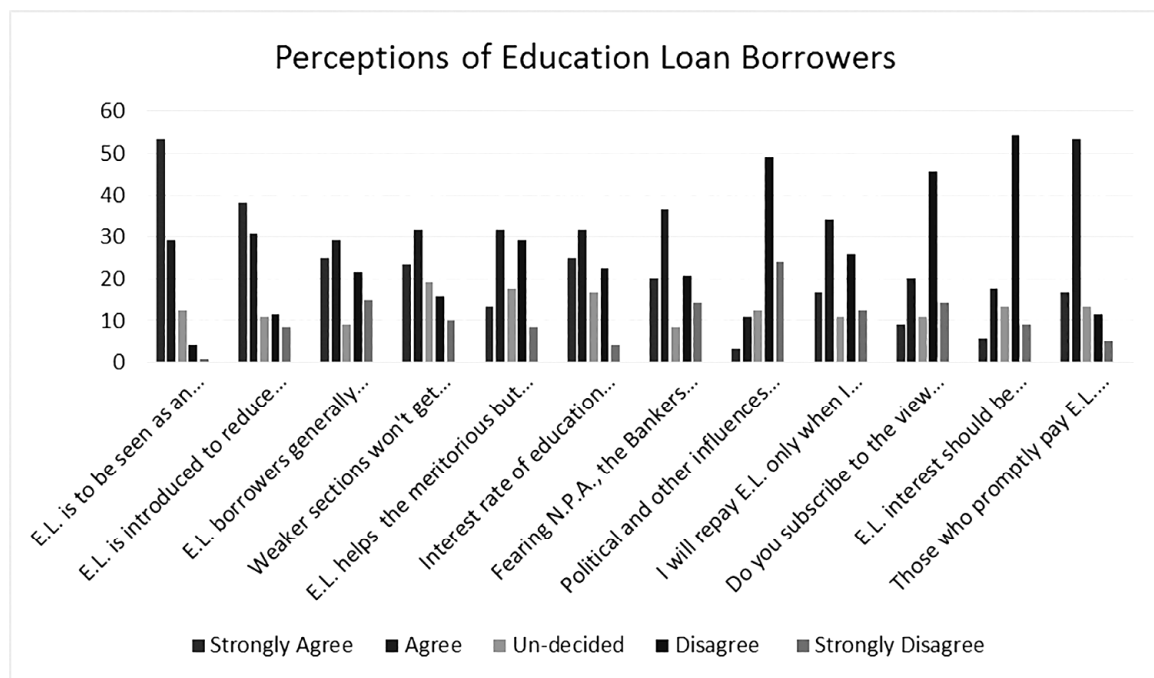


Fig 1: Perceptions of Education Loans Borrower

Let us now discuss the perception of the sample borrowers about various statements given.

(a) E.L. is to be seen as an investment in human capital formation

Education is key to human capital formation is an accepted norm everywhere. So, the provision of education in general and higher education, in particular is paramount in all countries, especially developing countries like India. But, the financial considerations and increasing demand for funds from other sectors have constrained many governments' ability to earmark a sizeable portion of their total educational allocation. This has led to experimenting with many different ways of financing higher education, and education loan have become one of those innovative mechanisms. The sample beneficiaries were sought to express their agreement or disagreement in this regard through a statement that "education loan is to be seen as an investment in human capital formation". The information in this regard shows that 53.33 percent strongly agree with the statement, and another 25.17 percent agree. That means 78.50 percent of the total sample beneficiaries view education loans as an investment from their part to develop human capital.

(b) E.L. is introduced to reduce subsidies earmarked for education

Another argument for the introduction of education loans is that the Government wants to reduce the subsidy for all sectors including education. When the contributions are reduced,

it will affect the allocation of funds to such sectors. As a solution to offset the shortfall in allocation to the education sector, education loan is suggested to a certain extent. To understand the beneficiaries' perception in this context, we asked them to mark their level of agreement or disagreement to the statement, "education loan is introduced to reduce subsidy earmarked for education", 38.33 percent strongly agreed to the statement. Similarly, 30.38 percent agreed to this statement.

(c) E.L. borrowers generally anticipate loan waiver

To the statement that "education loan borrowers generally anticipate loan waiver", one-fourth of the respondents strongly agreed, while 29.17 percent agreed. The increasing N.P.A. of education loans and the reluctance of the bankers to promote education loans are to be seen in this background. The culture of loan waiver and writing off has been a custom in our country for the last several decades. Anticipating such a waiver for education loans is rampant among the borrowers is a matter of serious concern.

(d) Weaker sections won't get increased access to education without E.L.

The motto of the Government in an era of inclusive development is that the weaker section should not be denied of education opportunities. In a situation of mushrooming growth of private unaided professional colleges, only those who have the capacity to pay the high fee could get admission. This will exclude the poor and weaker sections from accessing higher education. Whether education loan is a panacea to this cause is to be understood. So, we have placed a statement that "Weaker sections won't get increased access to education without education loan" and asked the sample respondents to mark their level of agreement or disagreement. The information showed that 23.33 percent strongly agreed and 31.67 percent agreed to this statement. It means that around 55 percent feel that weaker sections could not get access to education without the provision of education loans.

(e) E.L. helps the meritorious but economically weaker students to realize their dream of higher education

The fundamental objective behind evolving a model Education loan scheme in India is the provision of financial assistance to the poor and needy to carry out higher education/ professional education on reasonable terms. The policy's main tenet is that no eligible student would be denied the chance to pursue higher education due to a lack of financial aid. Keeping this aim in mind, the sample borrowers were given a statement that, "E.L. helps the meritorious but economically weaker students to realize their dream of higher education" and asked to mark their level of agreement or disagreement. The result shows that only 13.33 percent strongly agreed to this statement, while about 31.67 percent agree to the statement. The proportion of disagreed group doubts this statement was 37.5 percent.

(f) Interest rate of education loan is affordable

Providing education loans at reasonable interest rates is another important aspect of the education loan scheme. This is the main reason it is included in the priority advances category. Information was elicited from the sample borrowers through a statement that the "Interest rate of education loan is affordable". To this statement, 56.67 agreed, meaning the interest rate charged for education loan is affordable to most sample borrowers.

(g) Fearing N.P.A., the Bankers discourage E.L. borrowers

The cooperation of bankers is a prerequisite for the success of any government scheme. In the context of the increasing amount and percentage of N.P.A. of education loans, we have stated, "Fearing N.P.A., the Bankers discourage E.L. borrowers" to the sample borrowers for their agreement or disagreement. It was revealed that about 20% strongly agreed, and 36.67 agreed with this statement. The literature survey has also brought out such a revelation that banks are discouraging education loan borrowers.

(h) Political and other influences are necessary to get EL

Getting a loan from the bank requires many qualifications, including recommendations from politicians or other influencing factors. In this background, knowing from the experience of the sample borrowers, a statement such as "Political and other influences are necessary to get E.L." was given to mark their agreement or disagreement. It is clear from their opinion that about 24.17 percent strongly disagreed and 49.17 percent disagreed with this statement. It means that the borrowers need not approach the influential members of society to get an education loan from the bank.

(i) I will repay E.L. only when I get a permanent government /private salaried job

Repayment of education loans is a ticklish issue, as seen from the increasing proportion of N.P.A.s. In repaying a loan, the borrowers' mindset is essential. The Model Education Loan Scheme envisage that loan repayment should start after completing one year of the course or getting a job, whichever is earlier. In this context, to understand the borrowers' view on repayment of their loan, a statement was given, such as "I will repay E.L. only when I get a permanent government job", for their level of agreement or disagreement. It was seen that about 16.67 percent strongly agreed to this statement, while 34.17 percent agreed to. It means the borrowers are mentally prepared to repay education loans only after getting a permanent government or private sector job.

(j) Do you subscribe to the view that "E.L. is a preferable alternative to traditional financing of higher education in our country"?

An alternative to the conventional method of paying for higher education is regarded to be an education loan. The policymakers suggested education loans as a viable alternative to meet the increasing demand for higher education in the context of decreasing government allocation to this sector. When the sample borrowers were asked to comment on their views

on this statement, only 9.17 percent strongly agreed, and 20 percent agreed. It means that most of the sample beneficiaries did not feel that an education loan was a genuine alternative to the conventional way of financing higher education.

(k) E.L. interest should be charged according to the economic status of the borrowers

Currently, education loan is sanctioned to all borrowers at the same interest rate. The economic backgrounds of the borrowers are not considered for this purpose. In this context, the sample borrowers were asked to express their level of agreement or disagreement to the statement that “E.L. interest should be charged according to the economic status of borrowers”, only 5.83 percent strongly agreed, and 17.5 percent agreed. It means that most borrowers do not subscribe to charging a different interest rate for the same loan for other borrowers.

(l) Those who promptly pay E.L. should be given some incentives like interest subsidy

In order to promote the repayment of education loans, several measures are adopted by bankers. In this connection, we placed a statement such as “Those who promptly pay E.L. should be given some incentives like interest subsidy” for the opinion of the borrowers. Among the borrowers, 16.67 percent strongly agreed, and another 53.3 percent agreed to such a proposition.

What would have happened if you would not have received E.L.?

One of the exciting questions posed before the respondents were, “what would have happened if they would not have received an education loan?”. To this question, 63.3 percent of the sample respondents opined that ‘they would change their course of study. This answer reiterates the importance of education loans in ensuring the most desired course of study among higher education aspirants. About one-fourth of the respondents replied that they would not have joined for any course is also secondary support to the education loan system. This information is provided in Table 6.

Table 6: Role of Education Loan in deciding whether to study or not

Opinion	Frequency	Percent	Cumulative Percent
Would not study	31	25.8	25.8
Change my programme of Study	76	63.3	89.2
Would not finish my programme	7	5.8	95.0
No effect	6	5.0	100.0
Total	120	100.0	

Source: Sample Survey

Recommendations & Conclusions

The R.B.I., I.B.A., and other connected websites' reports provided the secondary data needed for the study. A few Bank managers were consulted in order to assess the plan from their viewpoints.

- Given that India's banking industry is well developed, commercial banks from both the public and private sectors should step up and offer loans to help pay for higher education.
- There should be a rigorous investigation into the unequal distribution of student loans among the states and regions. States in south India account for the majority of loan accounts and loan amounts. In comparison, the percentage of larger states like Uttar Pradesh, Bihar, and Madhya Pradesh is not in line with their population.
- Under priority sector lending standards, there should be an obligatory portion for education loans in order to secure a steady flow of cash from the banking sector to finance higher education.
- Despite the prospects in the education sector, the expansion of the portfolio of student loans has been modest. Higher delinquencies faced by banks and the lack of specialist lending institutions in this market could be a significant contributing factors. The decision-makers should seriously consider these restrictions.
- Many bankers believed that different tracking methods should be employed in other nations because it becomes challenging for banks to find and pursue students after the course and the moratorium period.
- The recipients were found to have relatively little knowledge of the various loan features. Therefore, before approving the loan, bankers should provide the applicants with sufficient awareness-raising training.

It is clear that most borrowers still believe that taking out an education loan is not an excellent way to pay for college. The plan needs to be adjusted to meet the clients' needs better.

Those who cannot afford tuition and other costs can borrow money to pay for their higher education through a loan programme supported by public funds or the banking system and repay the loan when they can later take advantage of better job prospects and higher earnings due to their qualifications. According to economists and others who support loans as a cost-sharing strategy, financing higher education through loans will allow people unable to pay for tuition and other costs to continue their studies. Such a policy approach is also visible in the Indian setting. Because the sum of private and public benefits are almost always equal, education is no longer a public good or merit good; according to the Ministry of Finance's Discussion Paper, there is a strong case for shifting the student burden. The Prime Minister's Task Force on Education argued for 100% cost recovery in higher education in a paper published in April 2000, among other things. According to the study, only academic fields that are not market-oriented should receive funding from the federal and state

governments, and parents and students should be responsible for covering the costs of higher education.

Many nations around the world, including India, have adopted student loans as an alternate source or supplementary mechanism of higher education financing because higher education is an effective private investment and it was reasonable to expect students and graduates to contribute to the cost of their education by repaying loans after they had graduated from university. When analyzing the Model Education Loan Scheme that the Indian Banks Association created in 2001, the basic framework must be taken into account. Since this concept was proposed in our nation, almost two decades have passed. Therefore, one must consider the program's success in achieving the educational goals of deserving but impoverished students. They have no choice but to receive loan aid in our rapidly privatised higher education system.

Scope for further research

Education Loans and their suitability in developing countries is a goldmine of research. This small project has touched upon some micro-level aspects of the loan. So, there is enough Scope for future research in this area; a list of potential locations for further investigations is given here.

- Role of Education Loans in improving Higher Education Enrolment in India
- A Study of Drop-outs and Wastage among the Education Loan Beneficiaries
- Can Education Loans address the Demographic Dividend of India?
- Role of NBFCs in Education Loans in India
- Role and Scope of the Co-operative sector in the Education Loan segment in India
- Impact of Education Loans on Marginalized Communities
- Repayment Behaviour of Education Loan Borrowers
- Sustainability of Education Loan in India-A Study
- A Study to address the Increasing Level of N.P.A. of Education Loans
- Inter-state Disparity in Education Loan and its impact on Enrolment

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