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Students Awareness towards Factors Consider By Bank for Sanctioning Education Loan

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Abstract: In India, getting education has been a big problem since long. The main reason for inadequate access to education in India is the high cost of education and lack of access to funding higher education after the introduction of private competitor in education sector. This has probably led to a significant increase in the cost of pursuing higher education; resulting in, things getting out of reach of the masses. This has further led to the students looking for funding their higher education from external sources, like government and private sector banks, to meet their high education expenses. This is not at all happened to all the students to get the benefit of educational loans from banks. Therefore, the objective of this study is to analyze the student's awareness towards factors considered by the bank for sanctioning educational loan.

Keywords: Educational loan, Bank and Higher education.

I. INTRODUCTION

Education is the transformation of manifesting human potential, aimed to shape overall development of individuals, providing with necessary tools to participate in day-to-day activities. It dispels ignorance and boosts moral values in the individuals. It forms the basis for lifelong learning and inspires confidence to face challenges, besides providing fundamental skills to become more independent and increases awareness. Education not only impacts the human development and economic growth, but is the fundamental requirement of democracy. Through education, people become more responsible and self reliance and can voice their concerns and issues in political system of their society. It is an essential element for democracy and eradicating poverty. It also helps people in improving productivity, thus playing greater roles in economic life and earning a better livelihood for themselves and the society. Therefore, education is the key, which allows people to move up in the world, seek better jobs and ultimately succeed in their life.

II. SIGNIFICANCE OF THE STUDY

Higher education and professional degrees have now become quite expensive in India. As a result, most of the students necessitate taking out. Nowadays, the government of India lends educational loan through public and private sector banks. The bank offer educational loan for the student who are unable to go for the higher study due to lack of money. But funding educational loan for the students are based on some eligible criteria that might not be fulfilled by them. So, this might depress our young student's dreams and make them to compromise in their life. Hence, the present study covers the important factors considered by bank for sanctioning loan.

III. LITERATURE REVIEW

Shyam Sunder (2010) in his study "Higher Education Reforms in India", outline the number of institutions and enrollment in higher education continue their rapid growth, but the quality of this education remains uncertain. A small number of state-

subsidized institutions attract a thin top layer of talent from each year's cohort. High selectivity of admission to these elite institutions provides a screen valued by potential employers. Domestic and foreign demand for the services of these few thousand students has created an inflated reputation of the overall quality of India's higher education. The number of such graduates remains small relative to the population and the demands of India's economy for educated manpower.

Manoj P.K. (2013) - In 2001 the Indian Banks Association have come up with a model frame work for educational loans in the country. With the approval of the Central Government the public sector banks in India started to gives. The budget allocation for the primary and higher secondary education is on the increase in India. There has been a steady growth of educational loans disbursed, private colleges and deemed universities started and enrolments of students in higher education during the years 2001 to 2011. This paper is analyze the growth of the educational loans vis-à-vis other forms of personal loans at the national level, showcase the disbursements of educational loans in Kerala State.

Rajesh Tiwari And Bimal Anjum (2013) The study explores the role of educational loans for development of human capital in India. For a country with the largest population of young people, combined with a poor gross enrollment ratio, availability of educational loan is a necessity to ensure supply of skilled manpower for the economic progress of the country and to improve wealth distribution. The study concludes with recommendations on enhancing the utility of the educational loans to improve access and employability of the students.

Geetha Rani. P (2016), in the article titled " Financing Higher Education and Education Loans in India Trends and Troubles ", the paper attempts to investigate the trends in financing higher education which convey that student loans is the dominating source of financing higher education in India. It is concluded that fees, scholarships and student loans need to be examined in the context of increasing cost and role of markets in higher education along with affordability within the domain of family characteristics.

Jayadev. M(2017), in the article titled " An Analysis of Educational Loans" , educational loans are a relatively new phenomenon when it comes to funding higher education in India. There has been a significant rise in the volume of outstanding educational loans with an annual growth rate of 12% since March 2008. Banks are concerned about increasing non-performing assets with respect to educational loans. This paper argued for a statutory framework that addresses all aspects of funding higher education through loans and scholarships.

IV. STATEMENT OF THE PROBLEM

Through a review of literature, the various schemes of educational loans and their problems in different countries and the basic issues in the schemes of educational loans in India are presented. However, no study is offered on the factors considered by the bank for sanctioning educational loan. So, it is in this context that the study is planned to be undertaken so as to know students awareness level towards factors considered by bank for sanctioning educational loan.

V. OBJECTIVE OF THE STUDY

To study about students awareness level towards factors considered by bank for sanctioning educational loan.

VI. RESEARCH DESIGN

SOURCES OF DATA

Primary data collection was done through a questionnaire. Secondary data was collected with the help of manual of instructions on loans and advances, articles, research papers and internet.

QUESTIONNAIRE DESIGN

A structured questionnaire was designed for conducting the survey from the students who have availed the educational loan.

SAMPLE SIZE

The sample size of this study is 530.

SAMPLING TECHNIQUE AND TOOLS

Convenient sampling technique has been adopted for the collecting data. Friedman rank test is used for analyzing the data.

LIMITATIONS OF THE STUDY

1. Geographical area is restricted to Coimbatore city only.
2. The sample size very less comparatively to the total population.

FINDINGS OF THE STUDY

To ascertain vital factors consider by banker before extending education loan Friedman rank test is employed.

Student's awareness on factors considered by bank for sanctioning educational loan

S.No	Particulars	HA	A	N	UA	HUA	Total	Mean Score	Rank
1.	Documentation procedure	128 (24.20)	196 (37.00)	156 (29.40)	46 (8.70)	4 (0.80)	530 (100.00)	8.87	2
2.	Borrowing limit	72 (13.60)	190 (35.80)	180 (34.00)	86 (16.20)	2 (0.40)	530 (100.00)	7.55	9
3.	Repayment schedule	60 (11.30)	206 (38.90)	136 (25.70)	116 (21.90)	12 (2.30)	530 (100.00)	7.16	10
4.	Rate of interest	64 (12.10)	268 (50.60)	136 (25.70)	54 (10.20)	8 (1.50)	530 (100.00)	8.37	3
5.	Time taken for loan sanctioned	64 (12.10)	186 (35.10)	214 (40.40)	50 (9.40)	16 (3.00)	530 (100.00)	7.62	7
6.	To produce third party guarantee	52 (9.80)	146 (27.50)	116 (21.90)	200 (37.70)	16 (3.00)	530 (100.00)	5.79	14
7.	Security demand	62 (11.70)	142 (26.80)	144 (27.20)	164 (30.90)	18 (3.40)	530 (100.00)	6.17	12
8.	Time taken for disbursement	68 (12.80)	184 (34.70)	208 (39.20)	56 (10.60)	14 (2.60)	530 (100.00)	7.59	8
9.	Submission of bank account statement	104 (19.60)	238 (44.90)	152 (28.70)	30 (5.70)	6 (1.10)	530 (100.00)	8.98	1
10.	Should be an Indian National/ Indian citizenship	130 (24.50)	150 (28.30)	198 (37.40)	40 (7.50)	12 (2.30)	530 (100.00)	8.34	4
11.	Parental maximum income limit	88 (16.60)	236 (44.50)	102 (19.20)	96 (18.10)	8 (1.50)	530 (100.00)	7.90	6
12.	Percentage of marks required	130 (24.50)	152 (28.70)	172 (32.50)	60 (11.30)	16 (3.00)	530 (100.00)	8.14	5
13.	Expenses covered	68 (12.80)	142 (26.80)	144 (27.20)	150 (28.30)	26 (4.90)	530 (100.00)	6.44	11
14.	Rules and regulations of the RBI bank	42 (7.90)	145 (27.40)	173 (32.60)	86 (16.20)	84 (15.80)	530 (100.00)	6.08	13

From the Friedman Rank Test, it is inferred that majority of the students are aware about submission of their bank accounts for availing followed by documentation procedure for availing , rate of interest charged for and the like.

SUGGESTIONS

Based on this study suggested that the banker should create more awareness through various source of media about factors considered for sanctioning education loan because students are not aware about various aspects like repayment schedule, third party guarantee, expenses covered, RBI rules and regulations and collateral securities and so on.

VII. CONCLUSION

It is conclude that the students should be more familiar about the various factors considered by bank before going to avail education loan, in order to make the process to be very simple and convenient.

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