

Satisfaction Level Of Students On Education Loan In Kerala

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Abstract

University level education is called Higher Education. India has momentous advantages in building a hefty, elevated superiority in the higher education system. Education loan is a popular method of funding loans to young aspirants who wish to pursue higher education in India and as well as abroad. This scheme provides financial support to a meritorious student or a deserving student to proceed with their higher education with affordable terms and conditions. It is necessary to note that education loan has become a way of transferring the financial burden from the government to consumers of higher education (Dr. S. Puttaswamaiah, 2010). Kerala Government is not able to provide required funds for universities and colleges. So Education loan is a very important funding method to the young aspirants who wish to pursue higher education. In Kerala, students are facing so many challenges related to education loans. The present study is very useful to know the satisfaction level of students on education loans in Kerala.

Keywords: Higher Education, Education Loans, NPA

Introduction

University level education is called Higher Education. Higher Education Sector, indeed, considered one of the main pillars of the socio-economic improvement of any country. It is an essential form of investment in human capital, obliging in the speedy industrialization of the economy by providing manpower with professional, technical, and managerial skills. Higher education enhances the creation and distribution of knowledge, the supply of manpower, such as knowledge workers, attitudinal changes for modernization, and social transformation. Higher education also promotes the formation of a strong nation-state, and higher quality individual and social life (Source: GoI 2005). Hence, the development of higher education becomes significant (Source: Dr. S. Puttaswamaiah, 2010).

India has momentous advantages in building a hefty, elevated superiority in the higher education system. It has a large Higher Education Sector- the third largest in the world in student numbers after China and the United States (Source: Wikipedia). India reached to 2nd rank in terms of student number as on July 2015 (Source: Education and Training Sector Report, 2017) English is the most important language of higher education and research. It has several vast quality institutions that can form the basis of a world-class higher education system. Correspondingly, the world-class institutions in India that are identified globally-mainly the IITs and the IIMs-are small, enrolling well under 1 percent of the student population (Source: World Bank, 2002).

Education loan is a popular method of funding loans to young aspirants who wishes to pursue higher education in India and as well as abroad. Higher education and professional degrees have now become quite expensive in India. As a result, most students need to take out an education loan. The concept was first started in India by SBI. This scheme provides financial support to a meritorious student or a deserving student to proceed with their higher education with affordable terms and conditions.

In Kerala the demand for quality in Higher Education Sector is high. Lack of funds and growing expenses in higher education, the Kerala Government is not able to provide required funds for universities and colleges. So Education loan is a very important funding method to the young aspirants who wish to pursue higher education in India and as well as abroad.

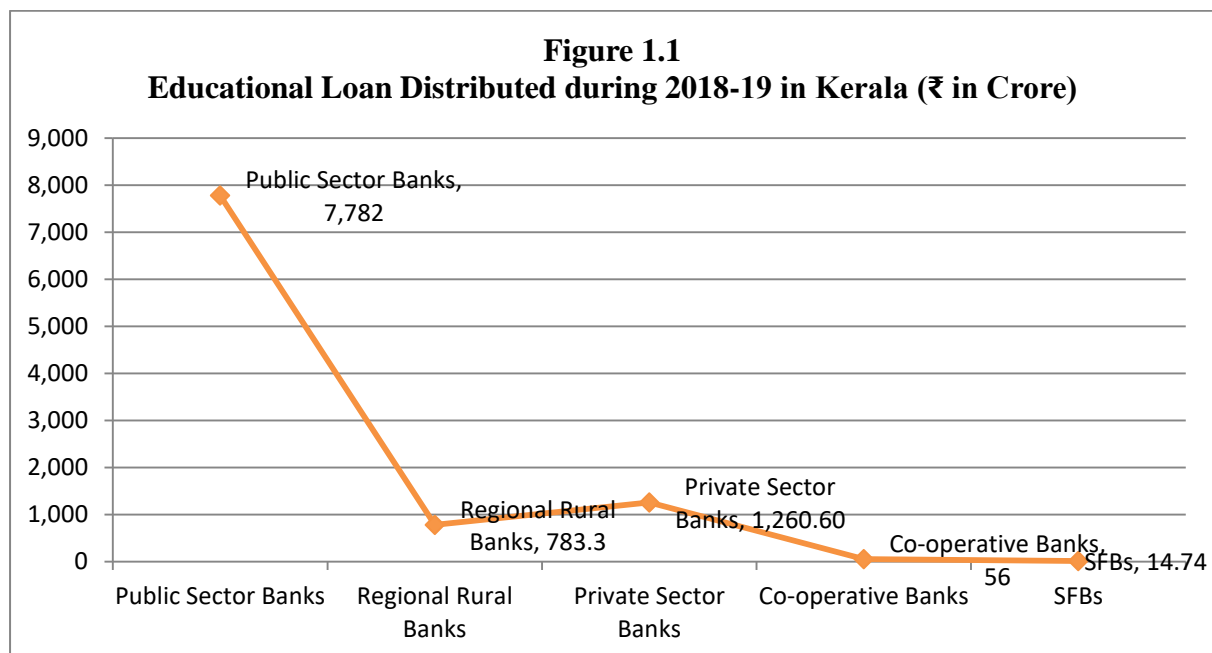
As of March 2018, ₹9,694 crores was sanctioned to 3,40,301 students as educational loans against ₹8,995 crores to 3,69,041 students in 2017. Even though the number of students benefited decreased from the previous year, the total educational loan disbursed increased by 7.8 percent. As per the SLBC data, public sector commercial banks distributed ₹7,637.57 crore to 2,59,037 students, which accounts for 79 percent of the total educational loan provided. RRBs disbursed ₹910 crores to 32,458 students, private sector commercial banks disbursed ₹1,064 crores to 44,823 students and co-operative banks disbursed ₹83 crores to 3,983 students in March 2018. The percent share of educational loan NPA in total outstanding education loans shows a considerable increase from 13 percent in 2017 to 38 percent in 2018 (**Source: Economic Review 2018**).

It is observed that as of March 2019, ₹9,896.6 crores was sanctioned to 3,32,432 students as educational loans. Public sector commercial banks paid ₹7,782 crore to 2,43,432 students, which accounts for 79 percent of the total educational loan provided. RRBs disbursed ₹783.3 crores to 27,176 students, private sector commercial banks distributed ₹1,260.6 crore to 43,360 students, SFBs disbursed ₹14.74 crores to 16,083 students and co-operative banks disbursed ₹56 crores to 2,381 students in March 2019. Out of the total educational loan provided, 14 percent is NPA (**Source: SLBC 2019, Economic Review 2019**).

Table 1.1
Educational Loan Distributed during 2018-19 in Kerala (₹ in Crore)

Bank	Number of Students	Sanctioned loan	Percentage of total loan
Public Sector Banks	2,43,432	7,782	78.63
Regional Rural Banks	27,176	783.3	7.91
Private Sector Banks	43,360	1,260.60	12.74
Co-operative Banks	2,381	56	0.57
SFBs	16,083	14.74	0.15
Total	3,32,432	9,896.64	100

Source: Economic Review 2019



Source: Economic Review 2019

A worthwhile study can only be undertaken through a detailed analysis of their plights and their views are of utmost importance to know the satisfaction level of students on education loans in Kerala.

Review of Literature

Rogers Daniel (1972) studied student loan interest and subsidy differences in Latin America, Mexico, and Peru. The study revealed that the interest rates of student loans in Mexico and Peru, vary from 2 to 8 percent. The study found that the assessed subsidy was between 14 percent and 61 percent during 1970.

Dominguez (1973) analyzed student loan institutions during the 1960s and 1970s. The study highlighted the idea of national credit institutions exclusively for educational requirements in almost all developing countries.

Council of Minister of Education (1980) examined the challenges faced by students to attain an education loan. The study suggested that the student is made known clearly about interest charges and repayment policies of the banks and the government payment and non-payment policies.

Maureen (1983) highlighted the features of student loan schemes. He found that student loans are feasible in developing countries. The study observed that Student loans should be flexible, and this will be used to provide incentives for particular groups of students especially for the weaker session of the merited students.

Jadhyala B.G Tilak (1992) conducted a study on the student loan scheme prescribed in India. The study recommended the modifications necessary for the improvements in educational loans.

Statement of the problem

A World Bank study (**Jallade, 1974**) that examined loans as a means of financing higher education established that more than fifty nations relied on student loans as a major form of student financial assistance. It is necessary to note that education loan has become a way of transferring the financial burden from the government to consumers of higher education (**Dr. S. Puttaswamaiah, 2010**). The students need to face many problems to get education loans. Many students desirous of pursuing higher education complain about the difficulty in obtaining approval of educational loans by banks.

Objective of the study

The present study is conducted to compare the satisfaction level of Education Loan to the students in Kerala.

Hypothesis of the study

There is no significant difference between the satisfaction level of Education Loan to the students in Kerala.

Methodology

For the present study, primary data will be collected from student beneficiaries and from Bank Managers of various banking institutions in Kerala through separate well-structured questionnaires. Besides primary data, secondary data will be used for the present study. To make the analysis more meaningful secondary data were used. In the present study, the population constitutes the entire Higher Education students in the Higher Education Sector of Kerala who has availed educational loans from the recognized financial institutions of Kerala.

Results and Discussion

The researcher has designed a Likert scale on a five-point level. As such, any mean value less than 3.286 is treated as the low efficiency, the mean value in between 3.286 to 3.534 is at a moderate level, and mean score more than 3.534 is treated as high efficiency.

Student Beneficiaries and aspects of Education Loan

Students who have borrowed the education Loan before applying for Education Loan considering different aspects such as Terms and conditions of the loan, Attitude of bank officials, Attitude of education institution, Government support and policy intervention, Sanction, and disbursement procedure, Repayment schedule, and Recovery methods. Respondent groups are based on Categories of Gender is Male and Female. Here the researcher will collect data from student beneficiaries of Education Loan in Kerala concerning the Thiruvananthapuram, Ernakulam, and Kozhikode as these Districts representing three regions of the state. The respondents are students who are availed of education loans for Medical course, Engineering course, Arts and Science Course and from Management Course.

Objective: To compare the satisfaction level of Education Loan to the students in Kerala.

H0: There is no significant difference between the satisfaction level of Education Loan to the students in Kerala.

Table 1.2
Report- Level of Satisfaction about the Aspects of Education Loan

Course details		Terms and conditions of loan	Attitude of bank officials	Attitude of education institution	Government support and policy intervention	Sanction and disbursement procedure	Repayment schedule	Recovery methods
Medical	Mean	3.19	4.19	3.82	3.70	4.19	4.29	4.03
	N	96	96	96	96	96	96	96
	Std. Deviation	1.348	.701	.615	.742	.862	.917	.589
Engineering	Mean	3.20	4.26	3.82	3.70	4.02	4.29	4.15
	N	96	96	96	96	96	96	96
	Std. Deviation	1.477	.700	.580	.682	.894	.962	.632
Arts and Science	Mean	3.13	4.22	3.86	3.73	3.95	4.24	4.13
	N	96	96	96	96	96	96	96
	Std. Deviation	1.503	.684	.555	.688	.910	1.034	.620
Management	Mean	3.10	4.11	3.82	3.67	3.99	4.15	4.13
	N	96	96	96	96	96	96	96
	Std. Deviation	1.380	.694	.562	.660	.852	.995	.620
Total	Mean	3.15	4.20	3.83	3.70	4.04	4.24	4.11
	N	384	384	384	384	384	384	384
	Std. Deviation	1.423	.694	.577	.691	.881	.976	.614

Source: Compiled from Primary Data

The mean score assigned by the Medical students for the variable Terms and Conditions of Education Loans is 3.19 ± 1.348 (Low Effect). The score awarded by the Engineering, Arts and Science, and Management are 3.20 ± 1.477 (Low Effect), 3.13 ± 1.503 (Low Effect) and 3.10 ± 1.380 (Low Effect) respectively.

For the variable Attitude of Bank officials the Medical students awarded a mean score of $4.19 \pm .701$ (High Effect), The Engineering students awarded a mean score of $4.26 \pm .700$ (High Effect), Arts and Science students awarded a mean score of $4.22 \pm .684$ (High Effect) and the Management students awarded a mean score of $4.11 \pm .694$ (High Effect).

For the variable Attitude of Education Institution the Medical students assigned a mean score of $3.82 \pm .615$ (High Effect), Engineering students assigned a mean score of $3.82 \pm .580$ (High Effect), Arts and Science students assigned a mean score of $3.86 \pm .555$ (High Effect) and the Management students assigned a mean score of $3.82 \pm .562$ (High Effect).

For the variable Government support and policy intervention the Medical students assigned a mean score of $3.70 \pm .742$ (High Effect), the Engineering students assigned a mean score of $3.70 \pm .682$ (High Effect), the Arts and Science students assigned a mean score of $3.73 \pm .668$ (High Effect) and the Management students assigned a mean score of $3.67 \pm .660$ (High Effect).

For the variable Sanction and disbursement procedure the Medical students assigned a mean score of $4.19 \pm .862$ (High Effect), Engineering students assigned a mean score of $4.02 \pm .894$ (High Effect), Arts and Science students assigned a mean score of $3.95 \pm .910$ (High Effect), Management student respondents assigned a Mean score of $3.99 \pm .852$ (High Effect).

For the variable Repayment schedule, the Medical students assigned a mean score of $4.29 \pm .917$ (High Effect), Engineering students assigned a mean score of $4.29 \pm .962$ (High Effect), Arts and Science students assigned a mean score of 4.24 ± 1.034 (High Effect) and Management students assigned a mean score of $4.15 \pm .995$ (High Effect).

For the variable Recovery Method, the Medical students assigned a mean score of $4.03 \pm .589$ (High Effect), Engineering students assigned a mean score of $4.15 \pm .632$ (High Effect), Arts and Science students assigned a mean score of $4.13 \pm .620$ (High Effect) and the Management students assigned a mean score of $4.13 \pm .620$ (High Effect).

Table 1.3
ANOVA - Level of Satisfaction about the Aspects of Education Loan

			Sum of Squares	df	Mean Square	F	Sig.
Terms and conditions of loan * Course details	Between Groups	(Combined)	.612	3	.204	.100	.960
	Within Groups		775.323	380	2.040		
	Total		775.935	383			
Attitude of bank officials * Course details	Between Groups	(Combined)	1.091	3	.364	.754	.520
	Within Groups		183.260	380	.482		
	Total		184.352	383			
Attitude of education institution * Course details	Between Groups	(Combined)	.125	3	.042	.124	.946
	Within Groups		127.208	380	.335		
	Total		127.333	383			
Government support and policy intervention * Course details	Between Groups	(Combined)	.188	3	.063	.130	.942
	Within Groups		182.771	380	.481		

	Total		182.958	383			
Sanction and disbursement procedure * Course details	Between Groups	(Combined)	3.177	3	1.059	1.367	.252
	Within Groups		294.313	380	.775		
	Total		297.490	383			
Repayment schedule * Course details	Between Groups	(Combined)	1.362	3	.454	.475	.700
	Within Groups		363.115	380	.956		
	Total		364.477	383			
Recovery methods * Course details	Between Groups	(Combined)	.758	3	.253	.667	.573
	Within Groups		143.865	380	.379		
	Total		144.622	383			

Source: Compiled from Primary Data

No significant difference was found among the categories of students based on the satisfaction of Educational Loan.

Findings

Student respondents from courses such as Medical, Engineering, Arts and Science and Management students assigned average mean scores of 3.15 ± 1.423 , $4.20 \pm .694$, $3.83 \pm .577$, $3.70 \pm .691$, $4.04 \pm .881$, $4.24 \pm .976$ and $4.11 \pm .614$ respectively for the variables Terms and conditions, Attitude of Bank officials, Attitude of education institution, Government support and policy intervention, sanction and disbursement procedure, Repayment schedule and Recovery methods.

Conclusion

The researcher concluded that there is no significant difference was found among the categories of students based on the satisfaction of Educational Loan. Educational financing schemes with insurance coverage are also helpful for the development of integrated higher Education Development. This will reduce stress over banks and also over the borrowers. To reduce default in the payment of the Education Loan Government should support the banks through the guarantee programmes in educational loans.

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