Research Paper

EPRA International Journal of Economic and Business Review-Peer Reviewed Journal
Volume - 13, Issue - 6, June 2025 | e-ISSN: 2347 - 9671| p- ISSN: 2349 – 0187

SJIF Impact Factor (2025): 8.862 || ISI Value: 1.433 || Journal DOI URL: https://doi.org/10.36713/epra2012

PROBLEMS FACED BY EDUCATION LOAN BENEFICIARIES: A STUDY OF PUNJAB

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ABSTRACT DOI No: 10.36713/epra22309 Article DOI: https://doi.org/10.36713/epra22309

Higher education has a very significant role in the development of the societies-in terms of economic development, human development, gender-based development, improvement in health, life expectancy and poverty. However, most of the deserving students are denied an opportunity to pursue higher education for want of financial support. The financial assistance should be provided to the poor and needy to undertake higher education. In this context that the study is undertaken so as to understand the issues related to education loans in India with special reference to the state of Punjab. Therefore, this study is an attempt to advancing our knowledge for examining various problems encountered by the students while availing loan.

KEYWORDS: ***Higher Education, Student Loan, Banks, Problems, Beneficiaries.***

INTRODUCTION

Higher education has a very significant role in the development of the societies-in terms of economic development, human development, gender-based development, improvement in health, life expectancy and poverty. However, limited access to higher education may also be the result of credit market imperfections, i.e. students facing difficulties in receiving loans to finance the cost of their education. The state of Punjab too has witnessed many drastic changes in this direction. According to Ghuman, Singh and Brar (2008) private educational institutions charge hefty tuition fee and funds, paid an extremely low salary to teaching and supporting staff, working without any norm to ensure quality, and no social obligations towards the poor students. The tuition fees in all private professional institutes are high, making higher education increasingly expensive. As a result, more and more students and their families felt the need to borrow – a trend unknown just a few years ago.

However, most of the deserving students are denied an opportunity to pursue higher education for want of financial support. It is often criticized that commercial banks are half-hearted in providing educational loans, especially to the socially and economically backward sections in the society. The financial assistance should be provided to the poor and needy to undertake higher education and the meritorious students to pursue professional/technical education. It is in this context that the study is undertaken so as to understand the issues related to education loans in India with special reference to the state of Punjab.

REVIEW OF LITERATURE

The present study focuses on the relevant review of literature, both qualitative and quantitative on various issues studied by previous researchers related to the education loan. The available literature suggests that the education loan for higher studies is growing area for research, so there is awful need to study the issues related to education loan. **Gandhar (2010)** made an attempt to check the growth and performance of education loan from the period 2004 to 2010. A case study was conducted of scheduled commercial banks in Chandigarh. It was found that many problems were faced by the public at large. These included insufficient amounts of educational loan, stringent and inflexible terms and conditions, no consideration for needy and meritorious students, misuse of scheme for going abroad etc. **Raman (2011)** investigated the information about selection of borrower, time taken for education loan and problems faced by various bankers during sanction, disbursement and recovery of loan. To conclude, the bankers and the borrowers both encountered various types of problems. **Srinivasan and Das (2011)** made an attempt to study the methods followed by banks in selecting the education loan beneficiaries in the National Capital Region (NCR) of Delhi and also explain the problems faced by students while getting a loan. Some of the problems faced by the students were lack of customization of loan product

according to the requirements of the students, margin money, collateral security, proof of the appropriateness of the university or college, timely approval of the loan and post disbursal issues etc. **Viswanathan (2012)** raised the concern regarding serious problems faced by students while getting educational loans in the House of Lok Sabha. It was discussed that bankers were not giving education loan properly to the students and the students were facing many obstacles while getting loan under Student Education Loan Scheme. **Lavanya (2014)** analyzed the problems faced by the bankers when they recover the loan amount from the students and also discussed the problems faced by students in order to get the loan. It was found that the bankers face 6 major problems, i.e. lack of employment opportunity, marks obtained, low income, government policies, emotional burdens and natural barriers and literacy rate among parents. Moreover, problems faced by the students in order to get the loan were vague formalities, no loan for poorer/villagers, many rules and regulation, long time to process, no proper response in many banks and government servant-for surety purpose. **Panjali and Kasilingam (2014b**) studied the sources for creating awareness of education loan from beneficiaries' perspective in Union Territory of Pondicherry. The results of the study revealed that the top most ranked source for creating awareness was the RBI should conduct awareness programmes to increase popularity of education loan. **Shinde (2014)** analyzed the problems faced by education loan borrowers while getting a loan from State Bank of India from the selected districts of Maharashtra. The results of the study revealed that majority of the students, 78% were faced problems of "complicated process of documentation of education loan. **Rani (2016)** studied the financing of higher education through education loans and also the trends and troubles related to education loan in India. It was found that there is problem while sanctioning loans such as discrimination based on credit worthiness. It was reported that no priority was given to students' merit, no progressive interest rate was charged across loan size. The author stressed on the various problems related to education loan namely, who gets access to student loans and interest subsidy, what are the risks associated with default and how the employability is linked with better repayments. **Velmurugan and Uma (2022)** find the problems faced by students in availing education loans and determine the reasons that contribute to students' satisfaction with regard to education loans. **Amar and Agrawal (2024)** examines the evolution of education loans in India, focusing on current state, accessibility, challenges, and potential solutions related to education loans in India with ideas drawn from international comparisons.

It is clear from the review of literature that an impressive amount of research has been carried out with respect to various problems related to education loan in India but not in Punjab. Therefore, this study is an attempt to advancing our knowledge for examining various problems encountered by the students while availing loan.

OBJECTIVES OF THE STUDY

1) To identify the problems faced by education loan beneficiaries with regard to education loan.
2) To examine the association between the various problems faced by the students and their demographics.

RESEARCH METHODOLOGY

In the present study, the *population* comprises of all education loan borrowers (students) studying in the State (hereinafter Public) and Private universities and their affiliated colleges in the state of Punjab. To collect the data snowball sampling method was used. A well-structured questionnaire was framed to collect data from education loan borrowers. Therefore, the respondents were approached with the help of snowball sampling method with reference of other borrowers. A deliberate attempt was made to collect data of 500 students. The students were contacted over the phone and if agreed to participate in the survey, were provided with the research instrument personally or over e-mail, whichever feasible. After follow up and making reminders, a total of 417 completed questionnaires were returned by the students. The valid response rate was 83.4 percent (N=417). The demographic characteristics of the borrowers are shown in Table 1.

Descriptive statistics were used to indicate the percentage and frequency of various problems faced by the respondents. Chi square technique was applied to examine the demographic differences

Table 1: Demographic Characteristics of Borrowers (N = 417)

S. No.	Demographic variables	Frequency	Percentage
1	*Gender*		
	Male	223	53.5
	Female	194	46.5
2	*Age (Years)*		
	18 – 20	184	44.2
	21 – 23	154	36.9
	Above 23	79	18.9
3	*Fathers' occupation*		
	Businessman	173	41.5
	Service (public & private)	141	33.8
	Agriculturist	58	13.9
	Any other	45	10.8
4	*Mothers' occupation*		

S. No.	Demographic variables	Frequency	Percentage
	Businesswomen	35	8.4
	Service (public & private)	99	23.7
	Housewife	261	62.6
	Any other	22	5.3
5	*Family annual income*		
	Less than 2,00,000	159	38.1
	2,00,000 – 4,00,000	142	34.1
	4,00,001 - 6,00,000	59	14.1
	Above 6,00,000	57	13.7
6	*Type of university*		
	Public university	180	43.2
	Private university	237	56.8
7	*Field of study*		
	Engineering	178	42.7
	Medical	123	29.5
	Computer	32	7.7
	Commerce & Management	42	10.1
	Law	15	3.6
	Others	27	6.5
8	*Loan repayment period*		
	Less than 5 years	166	39.8
	5 – 10 years	197	47.2
	10 – 15 years	54	12.9
9	*Loan amount*		
	Less than 4,00,000	195	46.8
	4,00,001-7,50,000	162	38.8
	Above 7,50,000	60	14.4
10	*Loan perception*		
	Manageable	166	39.8
	Moderate	153	36.7
	Excessive	98	23.5

Source: Primary Data

Table 1 reveals the demographic characteristics of education loan borrowers.

Data Analysis: Following is the list of some challenges measured through frequencies and percentages faced by students while availing education loan from the banks.

Table 2: Frequencies and Percentage of Various Problems Faced by the Students

S.No.	Problems	Yes		No	
		Frequency	Percentage	Frequency	Percentage
1	Repeated visits to the bank due to lack of guidance	302	72.4	115	27.6
2	Delay in sanctioning of loan	249	59.7	168	40.3
3	Complicated formalities	303	72.7	114	27.3
4	Unfriendly attitude of the bank staff	102	24.5	315	75.5
5	Missed my classes for taking education loan	142	34.1	275	65.9
6	Lack of coordination between Bank and University	239	57.3	178	42.7

Table 2 clearly shows that all the respondents have faced these problems, as the percentage of 'Yes' responses is higher than the 'No' responses. The results reveal that the problem "Repeated visits to the bank due to lack of guidance" is faced by 72 % of total sample students. "Delay in sanctioning of loan" is faced by 59.7 % students from the total 417 sample students. Next, 72 % students said 'Yes' there is "Complicated formalities" which have to be fulfilled by them while getting education loan from the banks. "Unfriendly attitude of the bank staff" problem faced by less number of students i.e. 24.5%. 34.1% students also faced "Missed my classes for taking education loan" problem while availing loan from the bank. "Lack of coordination between Bank and University" problem rated 'Yes' by 57.3 % students.

Following is the chi square test analysis to examine the association between the various problems faced by the students and their demographics. The following null hypotheses were framed to test the association between problems and demographics.

H_0a: There is no association between the various problems faced by the students and gender.

H_0b: There is no association between the various problems faced by the students and age of the students.

H_0c: There is no association between the various problems faced by the students and occupation of the father of the students.

H_0d: There is no association between the various problems faced by the students and occupation of the mother.

H_0e: There is no association between the various problems faced by the students and family income.

H_0f : There is no association between the various problems faced by the students and type of university.

H_0g: There is no association between the various problems faced by the students and the field of study.

H_0h: There is no association between the various problems faced by the students and loan repayment period.

H_0i: There is no association between the various problems faced by the students and amount of education loan.

H_0j: There is no association between the various problems faced by the students and perception about education loan.

Table 3: Chi-square test for association between the various problems faced by the students and gender

S.No.	Problems	Chi-square value	df	Sig.	Phi-Value
1	Repeated visits to the bank due to lack of guidance	0.012	1	.912	-.005
2	Delay in sanctioning of loan	0.400	1	.527	-.031
3	Complicated formalities	0.045	1	.832	.010
4	Unfriendly attitude of the bank staff	0.016	1	.901	-.006
5	Missed my classes for taking education loan	0.048	1	.826	.011
6	Lack of coordination between Bank and University	0.401	1	.527	.031

Source: *calculated through SPSS*

p<. 05 ** p <.01*p<.001*

Table 3 reveals that chi square test shows that there is no significant association between male and female students with regard to all problems. It means problems faced by male students are similar to the problems faced by female students. Therefore, null hypothesis (H_0a) that there is no association between the various problems faced by the students and gender is accepted.

Table 4: Chi-square test for association between the various problems faced by the students and age

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V	Sig.
1	Repeated visits to the bank due to lack of guidance	1.074	2	.584		
2	Delay in sanctioning of loan	2.635	2	.268		
3	Complicated formalities	10.307	2	**.006****	.157	**.006****
4	Unfriendly attitude of the bank staff	0.052	2	.975		
5	Missed my classes for taking education loan	5.887	2	.053		
6	Lack of coordination between Bank and University	2.160	2	.340		

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

Table 4 indicates that association between problems and age of the respondent does not show any significant association except in case of "Complicated formalities" where Chi-square value 10.307 (p<.05). The Cramer's V statistic shows positive and 15.7% strength of association between the problem and age. It means young students feel availing education loan from banks involve complicated formalities as compared to older students. The reason for this finding may be less awareness level of the young students.

Table 5: Chi-square test for association between the various problems faced by the students and occupation of father

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V	Sig.
1	Repeated visits to the bank due to lack of guidance	49.101	3	**.000*****	.343	**.000*****
2	Delay in sanctioning of loan	8.706	3	**.033***	.144	**.033***
3	Complicated formalities	31.053	3	**.000*****	.273	**.000*****
4	Unfriendly attitude of the bank staff	.781	3	.854		
5	Missed my classes for taking education loan	15.086	3	**.002****	.190	**.002****
6	Lack of coordination between bank and university	1.529	3	.676		

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

In table 5 Chi square test reveals that there is association between repeated visits, delay in sanctioning, complicated formalities, lack of coordination problems and occupational status of father. Further, data shows positive association which indicates that students whose fathers' occupational status is agriculturist reported that they faced more problems as compared to service or business occupational status.

Table 6: Chi-square test for association between the various problems faced by the students and occupation of mother

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V	Sig.
1	Repeated visits to the bank due to lack of guidance	39.101	3	**.000*** **	.133	**.000*** **
2	Delay in sanctioning of loan	6.706	3	**.043***	.144	**.043***
3	Complicated formalities	11.053	3	.456		
4	Unfriendly attitude of the bank staff	.751	3	.854		
5	Missed my classes for taking education loan	13.186	3	.087		
6	Lack of coordination between Bank and University	.729	3	.776		

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

Table 6 indicates that there is association between repeated visits, complicated formalities problems and occupational status of mother. Further, data shows positive association which indicates that students with housewife mother reported more problems as compared to mothers' occupational status of service or businesswoman.

Table 7: Chi-square test for association between the various problems faced by the students and family annual income

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V	Sig.
1	Repeated visits to the bank due to lack of guidance	34.101	3	**.000*** **	.243	**.000*** **
2	Delay in sanctioning of loan	6.706	3	**.004****	.244	**.004***
3	Complicated formalities	28.053	3	**.02***	.173	**.02***
4	Unfriendly attitude of the bank staff	.781	3	**.002****	.190	**.002****
5	Missed my classes for taking education loan	1.056	3	.823		
6	Lack of coordination between Bank and University	1.529	3	.676		

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

Table 7 depicts that there is association between repeated visits, delay in sanctioning, complicated formalities, unfriendly attitude of bank staff problems and family annual income of the respondents. Further, data shows positive association which indicates that students from low family income faced more problems as compared to high family income students. The reason for these findings may be the bank prefer those customers whose family income is high so they face less problems.

Table 8: Chi-square test for association between the various problems faced by the students and type of university

S.No.	Problems	Chi- square value	df	Sig.	Phi-Value
1	Repeated visits to the bank due to lack of guidance	.046	1	.829	-.011
2	Delay in sanctioning of loan	.196	1	.658	.022
3	Complicated formalities	.301	1	.583	-.027
4	Unfriendly attitude of the bank staff	.094	1	.759	-.015
5	Missed my classes for taking education loan	.193	1	.660	.022
6	Lack of coordination between Bank and University	.005	1	.945	.003

In table 8 Chi square test indicates that there is no association between the problems faced by the respondents and type of university. It means similar type of problems faced by students either they are studying from public or private universities. Hence, the null hypothesis (H_0f) that there is no association between the various problems faced by the students and type of university is accepted

Table 9: Chi-square test for association between the various problems faced by the students and field of study

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V	Sig.
1	Repeated visits to the bank due to lack of guidance	16.101	5	**.000*** **	.123	**.000*** **
2	Delay in sanctioning of loan	4.706	5	.234		
3	Complicated formalities	3.053	5	.654		
4	Unfriendly attitude of the bank staff	.781	5	.854		
5	Missed my classes for taking education loan	1.083	5	.567		
6	Lack of coordination between Bank and University	1.532	5	.676		

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

Table 9 describes that there is association between repeated visits and field of study of the respondents. Further, data shows positive association which indicates that students from engineering and medical field students faced less problems as compared to other field students. The reason may be the more employment chances for engineering and medical field students.

Table 10: Chi-square test for association between the various problems faced by the students and loan repayment period

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V
1	Repeated visits to the bank due to lack of guidance	.288	2	.866	.026
2	Delay in sanctioning of loan	1.462	2	.481	.059
3	Complicated formalities	1.026	2	.599	.050
4	Unfriendly attitude of the bank staff	.566	2	.755	.037
5	Missed my classes for taking education loan	1.978	2	.372	.069
6	Lack of coordination between Bank and University	.602	2	.740	.038

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

In table 10 chi square test describes that there is no association between the problems faced by the respondents and loan repayment period. Therefore, the null hypothesis (H_0h) that there is no association between the various problems faced by the students and loan repayment period is accepted.

Table 11: Chi-square test for association between the various problems faced by the students and loan amount

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V
1	Repeated visits to the bank due to lack of guidance	1.837	2	.399	.066
2	Delay in sanctioning of loan	1.344	2	.511	.057
3	Complicated formalities	.574	2	.751	.037
4	Unfriendly attitude of the bank staff	.185	2	.912	.021
5	Missed my classes for taking education loan	.320	2	.852	.028
6	Lack of coordination between Bank and University	.254	2	.881	.025

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

In table 11 chi square test indicates that there is no association between the problems faced by the respondents and loan amount. Thus, the null hypothesis (H_0i) that there is no association between the various problems faced by the students and loan amount is accepted.

Table 12: Chi-square test for association between the various problems faced by the students and loan perception

S.No.	Problems	Chi-square value	df	Sig.	Cramer's V
1	Repeated visits to the bank due to lack of guidance	.251	2	.882	.025
2	Delay in sanctioning of loan	2.471	2	.291	.077
3	Complicated formalities	.988	2	.610	.049
4	Unfriendly attitude of the bank staff	1.188	2	.552	.053
5	Missed my classes for taking education loan	1.899	2	.387	.067
6	Lack of coordination between Bank and University	2.255	2	.324	.074

Source: *calculated through SPSS*

p <. 05 ** p <.01*p<.001*

In table 12 chi square test describes that there is no association between the problems faced by the respondents and loan perception. Hence, the null hypothesis (H_0j) that there is no association between the various problems faced by the students and loan perception is accepted.

CONCLUSION

In the present study, the students faced the above mentioned problems while availing education loan, which may hampers their concentration on the studies. Further, the chi square test reveals that there is association between the problems and age, occupational status of father, mother, annual family income and field of study, but there is no association found between problems and gender, type of university, education loan repayment period, amount of loan and perception about loan.

Implications and Recommendations of the Study

The data show 57.3% students face problem of absence of university and bank tie-ups. Universities should cooperate with banks and should provide all required documents on time, which are demanded by banks. In this way students will not face problems while availing education loans and disbursement of further installments.

Limitations and Future Research Directions

One of the major limitations that could have influenced the outcomes of this study is generalizability of the sample. The sample was taken from only one state i.e. Punjab. The future research should include a larger and more diverse sample. The present study is a cross-sectional study, future researchers can attempt longitudinal studies. The findings of the current study are based on the data collected from students who were currently studying, but did not belong to repayment category. Therefore any problem related to repayment of the loan is not analyzed. It would be interesting to know what happens to these students when they leave university.

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