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EDUCATION LOAN OFFERINGS OF PUBLIC VS. PRIVATE BANKS: AN EMPIRICAL STUDY IN HARYANA

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ABSTRACT

In India, access to higher education increasingly depends on institutional financing, especially in regions like Haryana, where socio-economic disparities persist. This empirical study evaluates and compares the education loan offerings by public and private sector banks across Haryana. It considers accessibility, interest rates, collateral requirements, approval timelines, and repayment flexibility. The findings reveal that while public banks provide broader access under government schemes, private banks offer superior customer service and faster disbursement, albeit with stricter conditions. The study concludes with policy suggestions aimed at bridging these disparities and improving inclusive access to education finance.

1. INTRODUCTION

Education loans play a pivotal role in enabling access to higher education, particularly among economically weaker sections. Haryana, with its growing number of aspirants for professional and technical education, has seen an increased reliance on institutional financing. However, discrepancies persist in the loan structures and delivery mechanisms of public and private banks. This study critically evaluates these offerings using quantitative data and primary surveys.

2. REVIEW OF LITERATURE

1. **Pant et al. (2021)** highlight that public sector banks dominate the education loan market but are often hindered by procedural delays.]
2. **Kapoor & Kumar (2020)** focus on NPAs in Haryana banks, suggesting that education loans, though growing, face risk management gaps.
   Narwal (2007) discusses CSR practices among Haryana banks, including efforts in education finance. **Singh et al. (2015)** examine the role of banks in promoting education through loans under CSR mandates.
3. **Chandhok (2013)** investigates privatization's impact on public sector banks in Haryana, noting shrinking outreach in rural areas.
4. **Gautam & Arora (2021)** analyze banks' marketing strategies for education loans in Haryana and Punjab, citing inconsistent policies.
   [Link:
5. **JK Harsh (2010)** assesses educational loan schemes across Indian commercial banks, indicating that PSBs align more with government policies than PVBs.

3. RESEARCH GAP

While existing studies assess national trends or broader banking practices, a comparative empirical analysis focusing specifically on **education loans by public vs. private banks in Haryana** remains limited. This paper fills that niche by using both field data and bank-level metrics.

4. RESEARCH OBJECTIVE

To empirically assess and compare the education loan offerings by public and private sector banks in Haryana, focusing on accessibility, processing efficiency, and affordability.

5. RESEARCH METHODOLOGY

- **Approach**: Mixed-method (Quantitative + Qualitative)
- **Primary Data**:
  - Surveys from 60 students across 6 universities in Haryana (30 each from public and private loan beneficiaries)
  - Interviews with 10 bank loan officers
- **Secondary Data**: RBI annual reports, Ministry of Education statistics, bank financial disclosures
- **Sampling Method**: Stratified random sampling (urban vs rural districts)
- **Tools Used**: Excel, SPSS for tabular and graphical analysis; Likert scale questionnaire

6. DATA ANALYSIS

Table 1: Loan Processing Comparison

Parameter	Public Banks	Private Banks
Avg. Interest Rate	8.5%	11.2%
Avg. Loan Approval Time	15–25 days	5–10 days
Prepayment Charges	None	2–4%
Moratorium Period Offered	Full course + 1 year	Full course only

Table 2: Student Feedback (Likert Scale: 1–5)

Criteria	Public Banks	Private Banks
Transparency	4.1	4.4
Customer Service	3.0	4.6
Documentation Simplicity	2.9	4.2
Disbursement Speed	3.1	4.5
Moratorium Satisfaction	4.3	3.5

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7. FINDINGS

- **Public Sector Banks (PSBs)**
  - Provide wider access, particularly in rural Haryana.
  - Offer government-backed schemes with lower interest and flexible repayment.
  - Slower processing and less tech-friendly.
- **Private Sector Banks (PVBs)**
  - Faster approval and better service but mostly urban-focused.
  - Higher interest and stricter repayment norms.
  - More selective in institution/course type.

8. CONCLUSION

The education loan ecosystem in Haryana exhibits a divide between accessibility and efficiency. Public banks ensure inclusion but lag in service quality, whereas private banks offer speed at the cost of affordability and outreach. The duality necessitates collaborative models—like government-backed schemes routed via private banks with strict service-level agreements (SLAs).

9. POLICY RECOMMENDATIONS

1. **Unified Loan Portal** for all banks to simplify application tracking.
2. **Standardized Interest Caps** on education loans irrespective of bank type.
3. **Digital Documentation Drives** to reduce rejection rates in public banks.
4. **Performance-Based Subsidy Schemes** for private banks serving rural students.

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