



A STUDY ON STUDENTS PERCEPTION ON EDUCATIONAL LOAN (WITH SPECIAL REFERENCE TO COIMBATORE CITY)

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ABSTRACT

Coimbatore has made a rapid strike in the field of higher education with an aim to provide quality of education whereas most of the students want to continue their higher education. Education loan is the major source for solving the financial difficulties among the students. The paper describes the students' perception towards the educational loan. For the purpose of research the sample of 120 respondents, who were studying in Coimbatore were considered. The primary data is used for the study based on the structured questionnaires. Convenient sampling technique is used and the tools used for analysis are simple percentage and likert scale. The suggestion has been given, which would help the students for availing educational loan.

KEYWORDS: Education Loan, Students, Perception level.

INTRODUCTION

Education is the transformation of manifesting human potential, aimed to shape overall development of individuals, providing 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.

Higher education strengthens the pillars of national integration in a country like India, which has multi religions, multi-classes and multi sectors. There is a strong need for such education planning which certifies the heterogeneous components. Education has a significant role in the economy. Higher education is an increasing paradigm. Higher education involves creation of intellects of world standards and also training of skilled human power at mass level without compromising on quality.

The significance of education in facilitating social and economic progress is well recognized. It opens up opportunities leading to both individual and group entitlements. Education is the most crucial input for empowering people, especially youth with skills and knowledge and giving them access to productive

employment in future. Improvements in education have not only been expected to enhance efficiency but also augment the overall quality of life.

Education is significant, because it enables us to take the right decisions and prevents losses. Decision-making is an integral part of our life. Decisions have to be made throughout our lives and sometimes, decision-making can be a very tough and challenging process. It can leave us perplexed and often wondering, as to what is the right choice. An educated person is a confident person. Education fosters a positive outlook and allows us to believe in ourselves. Self-belief is the most wanted trait in a human being and education leads us towards relying on ourselves, making us believe that we are ready to take up the world.

Higher education can be broadly summarized as education beyond the school level and it starts after the higher secondary or twelfth standard. Higher education imparts in-depth knowledge and understanding so as to advance the students to new frontiers of knowledge in different walks of life. It broadens the intellectual power of the individual within narrow specialization, but also gives a wider perspective of the world around.



According to Barnett (1992), there are four predominant concepts of higher education. Firstly, higher education as the production of qualified human resources, secondly, higher education as training for research career, thirdly, higher education as the efficient management of teaching provision, lastly, higher education as a matter of extending life chances. All these concepts are integrated and give an overall picture of what higher is in higher education.

Higher education in India has expanded rapidly over the past two decades. This growth has been mainly driven by private sector initiatives. There are genuine concerns about many of them being substandard and exploitative. The regulatory system has failed to maintain standards or check exploitation. Instead, it resulted in erecting formidable entry barriers that generate undesirable rents. Voluntary accreditation seems to have no takers from amongst private providers and apparently serves little purpose for any of its stakeholders.

Higher education has historically included economic development as part of its core mission. The colleges and universities serving the region have allocated fiscal, physical and human resources and created entrepreneurship systems within the institutions to advance economic development. Some important roles of higher education are:

- To create a quality workforce by growing, training and altering the finest talent,
- To support current business and industry,
- To improve leading and teaching from preschool through higher education,
- To take strong and visible roles in regional institutions,
- To disseminate research and promote technology transfer,
- To enhance the technology infrastructure,
- To promote liveable communities and
- To employ a diverse workforce.

Educational loans are the scheme followed by aims at providing financial support from the banking system to deserving and merit students for pursuing higher education in India and abroad. The main emphasis is that every meritorious student, though poor, is providing an opportunity to pursue education with the financial support from the banking system with affordable terms and conditions. By this way, the deserving student can claim the opportunity to pursue higher education with sufficient financial support from commercial banks. The difference in the educational loan from other modes of loans is used for the purpose of education. Educational loans have the same interest

rate as other modes of loan and also get a period of time for repaying only after the completion of course. That is the students need not make repayment at the time of study. He should repay the amount after the completion of the course. The other advantages of the educational loan are that it will facilitate the student without money to study his course and to fulfill his dream. The educational loan provides an honest support for the student by serving them to pay the university fees, tuition fees, hostel fees, etc.

Most of the students wish to do prestigious courses like Management, Engineering, Medical, Information Technology, etc. But they get turned off by the course fees that range from 5-10 Lakhs. Professional education is costly in India. However these issues may be resolved through educational loans provided by varied banks. At present several banks are providing educational loans because the Government encourages educational loans.

STATEMENT OF THE PROBLEM

With the presence of a large number of higher educational institutions and increasing student penetration in higher education, the demand for education loans is growing in Coimbatore city. With increase in awareness about the educational loan being available for all courses, an increasing number of students in arts and science courses are also applying for education loans. Students need to avail educational loans because education and professional degrees have become more expensive at present in India. Students focus is mainly on good quality education and comfortable life. Though fee structures are quite high, the students show more interest to avail educational loans. To support this situation, commercial banks provide great financial help needed to cover almost all the expenses incurred for a successful completion of the desired course. There are issues relating to borrowers like quantum of loan, time taken to sanction and disbursement of loan, lack of transparency and disclosure, changing interest rates, location and place. Therefore the study aims to identify the borrower's perception and their level of satisfaction with regard to educational loans.

OBJECTIVE OF THE STUDY

- To know the source of awareness towards educational loan among the students.
- To study the various factors that influence the students to avail the educational loan.
- To trace out the problems faced by students in availing the educational loan.
- To examine the students perception level



towards educational loan.

REVIEW OF LITERATURE

- **Joy Job Kulavelil (2000)**2, analyzed the objectives and nature of higher education and resource mobility through funding diversification in Kerala, private colleges and made a comparison with some of the public colleges in Kerala. He criticized the idea of financing higher education which is financed out to find direct taxes paid by the disadvantaged group.
- **Jandhyala B G Tilak (2004)** analyzed the departure of the government from increased

expenditure in the higher education sector consequent on the commitment of universal primary and secondary education.

- **B. Angamuthu 2015**, concluded in his study that the students aspiring for an admission in Arts and Sciences, Engineering courses, Professional and Polytechnic courses in the coimbatore district. In his study, more than 500 bank branches are functioning throughout the Coimbatore District and these branches are expected to disburse Rs. 221 crore as education loan for the financial year 2015-2016. Finally, he gives some recommendations to the Banks.

RESEARCH METHODOLOGY

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| Sampling Technique | Convenient sampling method |
| Sample size | 120 Respondents |
| Methods of Data Collection | Primary data |

TOOLS USED

The following tools were used to analyze the data collected from various respondents, they are:

- Simple Percentage Analysis
- Likert Scale Analysis

LIMITATIONS OF THE STUDY

- Geographical area is restricted to Coimbatore City,
- The sample size has been restricted to only 120 respondents for educational loan availed from both public and private sector banks due to time and cost constraints and
- The study does not include the aspects of repayment of loan and the student's availed educational loan in India to study abroad.

FINDINGS

SIMPLE PERCENTAGE ANALYSIS

- ❖ Majority 55.8% (67) of the respondents are male.
- ❖ Majority 56.7% (68) of the respondents belong to the age group between 16-20 years.
- ❖ Majority 87.5% (105) of the respondents are unmarried.
- ❖ Majority 47.5% (57) of the respondents reside in rural areas.
- ❖ Majority 35% (42) of the respondents ranged from 71-80% of marks obtained in the last course completed.

- ❖ Majority 54.2% (65) of the respondents have two earning members in their family.
- ❖ Majority 24.2% (19) respondents' parents were agriculturists.
- ❖ Majority 58.3% (70) respondents annual family income ranges from Rs. 1,00,001 - Rs. 2,00,000.
- ❖ Majority 65% (78) of the respondents belong to the first generation graduates.
- ❖ Majority 50% (60) of the respondents were pursuing a three years course.
- ❖ Majority 29.2% (35) of the respondents were pursuing their higher studies at self finance colleges.
- ❖ Majority 56.7% (68) of the respondents agreed that they visit 3-5 banks were availing educational loan.
- ❖ Majority 54.2% (65) respondents availed educational loan from private sector banks.
- ❖ Majority 64.2% (77) of the respondents were availed education between 2-5 lakhs.
- ❖ Majority 41.7% (50) of the respondents are of the opinion that bankers took up to 1-3 months for loan processing.
- ❖ Majority 47.5% (57) of the respondents agreed that the rate of interest charged by the banker ranges from 5-8%.
- ❖ Majority 39.2% (47) of the respondents offered assets for availing educational loans.
- ❖ Majority 60% (72) of the respondents agreed that the bank disburse the loan by semester wise.



- ❖ Majority 47.5% (57) of the respondents agreed that the banker sanction education loan through banker cheque.
- ❖ Majority 78.3% (94) of the respondents agreed that they recommend others to avail educational loan.
- ❖ Majority 32.7% (33) of the respondents agreed that they recommend others for availing educational loan for the reason customer friendly.

LIKERT SCALE ANALYSIS

- ❖ Likert scale value is 4.10 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the documentation and procedures.
- ❖ Likert scale value is 3.40 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the Third Party Guarantee.
- ❖ Likert scale value is 3.22 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the time taken for loan sanctioning.
- ❖ Likert scale value is 3.51 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the time taken for loan disbursement.
- ❖ Likert scale value is 3.34 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the rate of interest.
- ❖ Likert scale value is 3.25 which is greater than the mid value (3). Hence the majority of the respondents agree that they were satisfied with the attitude of Bank staff.

SUGGESTIONS

- ✓ The students are very much interested in education nowadays. So the interest rate should be minimized according to the course they availed
- ✓ Bankers should change basic criteria for sanctioning education loans in order to support the students from poor family backgrounds.
- ✓ It is better to avoid the interest during the course period and loan to be provided without collateral security.
- ✓ The processing charge can be exempted especially for educational loan to motivate the student to a avail higher studies

- ✓ The bank should arrange special camps for Scheduled Tribes candidates to cater awareness on educational loans.

CONCLUSIONS

Education is the backbone of a cultured society, but it has become more commercial or money-making in order to ensure the best possible education, it is an expensive affair, because the aided, the government and the self financing colleges follow different fee levels from their students. At the same time all the students are not supportive of this fee structure. So, there is a need for educational loans for their studies. The current study attempts to focus on student education loans through banking services which includes the role of various banks in providing education loan services.

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