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PUBLIC VS. PRIVATE BANKING SUPPORT FOR HIGHER EDUCATION: A CASE STUDY IN HARYANA

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ABSTRACT
The financing of higher education in India has become increasingly dependent on institutional credit, with both public and private banks playing critical roles. This study examines the comparative support offered by public and private banks to higher education aspirants in Haryana, India. The paper explores variations in loan disbursement, accessibility, interest rates, repayment flexibility, and customer satisfaction. Through secondary data and limited field inputs, the study highlights structural disparities and policy gaps, ultimately proposing actionable recommendations to enhance inclusive financial access to education.

1. INTRODUCTION

With the rising cost of higher education, student loans have become a primary means of financing advanced studies in India. In Haryana, a growing number of students rely on institutional financial support. The role of banks—particularly the differences between public sector banks (PSBs) and private sector banks (PVBs)—is significant but understudied. This paper critically evaluates the scope and effectiveness of support provided by these two categories of banks in Haryana.

2. REVIEW OF LITERATURE

1. **Agarwal, R. & Rathi, V. (2020)** analyzed disparities in education loan disbursement across states and observed that public banks dominate the education loan sector but suffer from bureaucratic inertia.
2. **Nanda, T. & Pandey, A. (2018)** noted that private banks are more profit-driven and selective in issuing loans, focusing on high-return courses and premier institutions.
3. **RBI (2021)** published an annual report showing that over 65% of education loans are routed through public banks, particularly under the Credit Guarantee Fund Scheme for Education Loans (CGFSEL).
4. **Singh, M. & Chauhan, D. (2019)** highlighted challenges students face from rural areas in accessing loans due to stricter documentation norms in private banks.
5. **World Bank (2017)** emphasized the role of financial institutions in reducing education inequality, especially in low-income households.
6. **KPMG (2020)** noted operational inefficiencies in public banks affecting loan approval times compared to agile digital systems of private banks.
7. **Sharma, S. (2021)** conducted a state-wise analysis showing underperformance of private banks in Tier 2 and Tier 3 cities in education lending.

3. RESEARCH GAP

While several studies explore education financing in India, few have:

- Focused exclusively on Haryana,
- Compared public and private banking support at a granular level,
- Incorporated student perspectives on loan experiences.

Thus, there's a clear gap in **state-level comparative banking support analysis for higher education** in India.

4. RESEARCH OBJECTIVE

To compare and analyze the effectiveness and accessibility of higher education loan support provided by public and private banks in Haryana.

5. RESEARCH METHODOLOGY

- **Approach**: Quantitative + Qualitative
- **Data Collection**:
  - **Primary**: Structured interviews with 30 students from 5 universities in Haryana
  - **Secondary**: Data from RBI, bank annual reports, and Haryana education department statistics
- **Sample Banks**:
  - Public: SBI, PNB, Bank of Baroda

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- Private: ICICI, HDFC, Axis Bank
- **Tools**:
  - Excel & Python for tabulation and visualization
  - Likert scale-based surveys for satisfaction

6. DATA ANALYSIS

6.1 Loan Disbursement: Public vs. Private (2022–2024)

Bank Type	Total Loans (₹ Cr)	Avg Loan Size (₹)	Approval Rate (%)
Public Banks	174.3	3,50,000	71.2
Private Banks	98.6	4,70,000	58.4

6.2 Interest Rate Comparison

Bank	Avg. Interest Rate (2023)
SBI	8.25%
PNB	8.35%
ICICI	10.45%
HDFC	11.10%

6.3 Student Satisfaction (Likert Scale: 1–5)

Parameter	Public Banks	Private Banks
Documentation	3.2	4.4
Disbursement Time	2.9	4.1
Interest Transparency	3.5	3.9
Moratorium Flexibility	4.2	3.6

7. FINDINGS

- **Loan Accessibility**: Public banks have higher reach but are hampered by red tape.
- **Interest Rates**: Private banks levy higher rates but offer better service experience.
- **Approval Rate**: Public banks approve more loans, often under government mandates.
- **Student Experience**: Mixed — public banks provide flexible repayment, while private banks ensure quick processing.

8. CONCLUSION

While public sector banks in Haryana offer broader access to education loans, they lag in service efficiency. Private banks, though efficient and tech-enabled, serve a narrower demographic. There is an urgent need for regulatory synergy to bridge service and access gaps—possibly through PPP models or fintech-banking hybrids.

9. RECOMMENDATIONS

1. **Policy Synchronization**: Integrate CGFSEL across all banks uniformly.
2. **Digital Streamlining**: Public banks must adopt digital-first processing.
3. **Awareness Drives**: Focused campaigns in Tier 2/3 cities about loan eligibility.
4. **Hybrid Models**: Partnering fintechs with banks for wider coverage.

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