



STUDENTS PERCEPTION ON EDUCATIONAL LOAN WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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ABSTRACT

This project is about the students perception on educational loan with special reference to Coimbatore district. The data has been collected from 115 students in Coimbatore district by applying convenient sampling technique. Statistical tools such as percentage analysis, chi-square analysis, weighted score analysis and ranking analysis have been used to analyse the data. The study has attempted to cast light on the students perception towards educational loan with reference to Coimbatore district.

KEYWORDS: Loan, Students, Education.

INTRODUCTION

Education is the process, which enables an individual to adjust himself to the environment. A present day economist is inclined to think "EDUCATION" as a process which makes man economically creative member of the society. The subject matter of education is more important. The word "Education" is derived from the Latin educate, meaning "To nourish" or "To rise". University provides not only trained manpower but also improve, functional efficacy of more engaged in different kinds of productive work, that i.e., it makes values contribution to the acceleration of development. Education is vital to human resource and their empowerment in any country.

STATEMENT OF THE PROBLEM

Cost of the students find so different to just enter into the Field of education from which they can gain more Knowledge. Some more students discontinue their Education because of lack of money to meet the cost of Education. The problem of the money, which prevails among the students in solved to the

nationalized and Private sector banks come forward to grant the educational Loan to the need subject to some condition.

OBJECTIVES

- To know the source of awareness towards educational loan among the students.
- To study the various factors that influences the students to avail the educational loan.

SCOPE OF STUDY

The study will be beneficial to the students and banks for the timely disbursement of adequate finance to the needy students so that they can attain their higher education dream in this globally competitive environment. By understanding the needs of the students and benefits of quality education, granting loans for higher education, which should be seen as an investment for economic development and prosperity. The results of the study would act a feedback to the regulators so that they can correct their pitfalls and thereby they can motivate the Indian banks in



implementing the educational loans scheme, without hurting the interest of the students. The present study incorporates all the important aspects related to educational loan in student perspectives.

RESEARCH METHODOLOGY

In this study have been comprised both descriptive & analytical methods. The Primary data have been collected from the respondents are beneficiaries of the study. The secondary data have collected from the journals, magazines, newspaper, website and so on.

- **Sampling Design**
The researcher has been collected the data from 115 respondents in students perception on educational loan in Coimbatore city.
- **Geographical Coverage**
This study covered in Coimbatore city only.

LIMITATION OF THE STUDY

- Geographical area is restricted to Coimbatore District
- The sample size has been restricted to only 115 respondents for educational loan availed from both public and private sector banks due to time
- The study does not include the aspects of

- *M. Jayadev “An Analysis of Educational Loans”* Economic and Political Weekly, Vol. 52, Issue No.51, December 2017
- P. Geetha Rani “Financing Higher Education and Education Loans in India Trends and Troubles”, Journal of Social Sciences, December 2016

ANALYSIS AND INTERPRETATION

AWARENESS ABOUT EDUCATIONAL LOAN

FACTORS	NO OF RESPONDENTS	PERCENTAGE
Friends and relatives	29	25.2
Advertisement	40	34.8
Educational institutions	41	35.7
Bankers	5	4.3
Total	115	100

Source: Questionnaire

INTERPRETATION

The above table shows that how the respondents come to know about educational loan.25.2% of them know by friends and relatives,34.8% of them know by

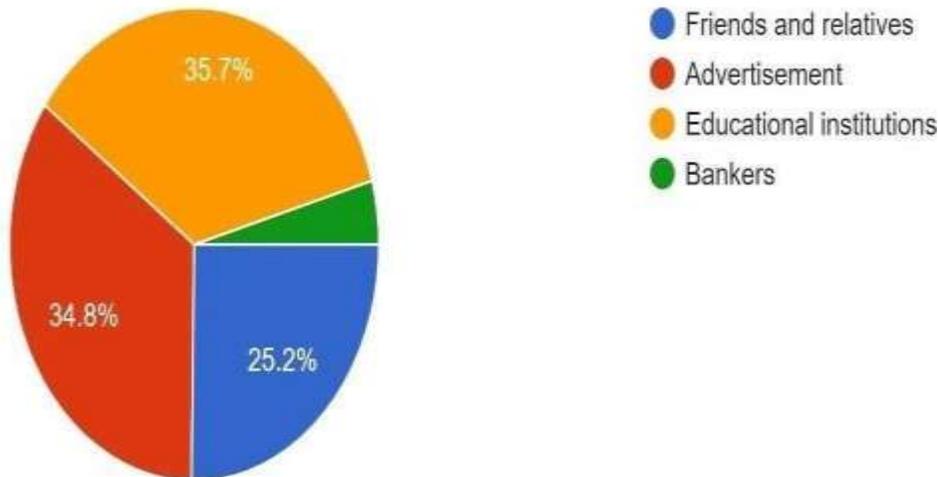
repayment of loan and the students availed educational loan in India to study abroad.

LITERATURE REVIEW

- **Jayadev.M(2017)34**, in the article titled “ An Analysis of Educational Loans”, found that educational loans are a relatively new phenomenon when it comes to funding higher education in India. There has been a significant rise in the volume of outstanding educational loans with an annual growth rate of 12% since March 2008. Banks are concerned about increasing non-performing assets with respect to educational loans. This paper argued for a statutory framework that addresses all aspects of funding higher education through loans and scholarships.
- **Geetha Rani. P (2016.)33**, in the article titled “Financing Higher Education and Education Loans in India Trends and Troubles “, attempts to investigate the trends in financing higher education which convey that student loans is the dominating source of financing higher education in India. It is concluded that fees, scholarships and student loans need to be examined in the context of increasing cost and role of markets in higher education along with affordability within the domain of family characteristics.

advertisement,35.7 of them know by educational institutions, 4.3% of them know by bankers.

Majority of 35.7% of them know by educational institutions



CATEGORY OF BANK FROM WHICH EDUCATIONAL LOAN AVAILED

CATEGORY OF BANK	NO OF RESPONDENTS	PERCENTAGE
Public sector	55	47.8
Private sector	60	52.2
Total	115	100

Source: Questionnaire

INTERPRETATION

The above table shows category of bank from which the education loan is availed by respondents. 47.8% are public sector banks, 52.2% are private sector banks.

Majority of 52.2 % of respondents availed education loan from private sector banks

NO. OF VISIT TO BANK

NO OF VISIT	NO OF RESPONDENTS	PERCENTAGE
Less than 3 times	38	33
3 to 4 times	45	39.1
4 to 5 times	26	22.6
Above 5 times	6	5.2
Total	115	100

Source: Questionnaire

INTERPRETATION

The above table shows the no of visit to the bank by respondents for getting loan.33% of them visited less than 3 times,39.1% of them visited 3 to 4 times.22.6 of

them visited 4 to 5 times. 5.2 % visited above 5 times.
Majority of 39.1 % of the respondents visited to the banks 3 to 4times for sanctioning the loan



CHI SQUARE ANALYSIS

RELATIONSHIP BETWEEN PARENTAL OCCUPATION AND SOURCE OF INCOME TO BEGIN THE COURSE TILL THE SANCTIONING OF LOAN

S.NO	OCCUPATION	SOURCE OF INCOME TO BEGIN COURSE TILL SANCTIONING OF LOAN				TOTAL
		Family savings	Borrowing from money lenders	Friends and relatives	Financial institution	
1	Daily wages	6	7	4	0	17
2	Government employees	9	15	8	2	34
3	Private employees	5	21	10	6	42
4	Business	11	8	3	0	22
	TOTAL	31	51	25	8	115

To find out the association between the parental occupation and source of income to begin course till the sanctioning of loan to the respondents, chi square test is used and result is given below.

HYPOTHESIS

There is no significant between parental income and source of income to begin the course till the sanctioning of loan to the respondent.

CHI-SQUARE TEST

Factor	Calculation value	Df	Table value	Remarks
Parental occupation	15.798 ^a	9	16.92	Accepted

INTERPRETATION

It is clear from the above table show that, the calculated value of chi-square at 0.05% level is more than the table value. Hence the hypothesis is accepted. So there

is no significant relationship between occupation and source of income to begin course till the sanctioning of loan to the respondents.

WEIGHTED AVERAGE ANALYSIS

LEVEL OF AWARENESS REGARDING TO THE FOLLOWING ASPECTS OF EDUCATIONAL LOAN

FACTOR	1(5)	2(4)	3(3)	4(2)	5(1)	TOTAL	MEAN SCORE
DOCUMENTATION PROCEDURE	55	42	11	2	5	115	4.217
	275	168	33	4	5	485	
REPAYMENT SCHEDULE	15	60	32	6	2	115	3.695
	75	240	96	12	2	425	
RATE OF INTEREST	36	23	46	3	7	115	3,678
	180	92	138	6	7	423	
TIME TAKEN FOR LOAN SANCTIONED	24	46	31	11	3	115	3.669
	120	184	93	22	3	422	
BORROWING LIMIT	39	21	39	6	10	115	3.634
	195	84	117	12	10	418	



INTERPRETATION

The above table shows the level of awareness regarding the following aspects of educational loan.

Documentation procedure has the highest mean score of **4.217**.

RANKING ANALYSIS

FACTORS INFLUENCING AVAILING EDUCATIONAL LOAN

FACTOR	1(5)	2(4)	3(3)	4(2)	5(1)	TOTAL	RANK
FAMILY CONDITION	54	38	23	7	3	115	I
	270	152	69	14	3	508	
LATER REPAYMENT	12	60	32	10	7	115	III
	60	240	96	20	7	423	
LOW RATE OF INTEREST	36	23	53	9	8	115	II
	180	92	159	18	8	457	
ADVERTISEMENT	20	49	34	12	10	115	IV
	100	196	102	24	10	432	
BORROWING LIMIT	31	29	45	7	10	115	V
	155	116	135	14	10	430	
EXPENSES COVERED	24	35	37	17	8	115	VI
	120	140	111	34	8	413	
LOAN AVAILABLE FOR STUDY IN ABROAD	20	37	40	13	10	115	VII
	100	148	120	26	10	404	

INTERPRETATION

The above table shows the factors influencing to avail educational loan.

Family condition ranks first, Later repayment ranks II, Low rate of interest ranks III, Advertisement ranks IV, Borrowing limit ranks V, Expenses covered ranks VI, Loan available for study in abroad ranks VII.

FINDINGS

- Majority 53% of respondents are male
- Majority 38.2% of respondents are between 16-20 years and between 20-25 years
- Majority 71% of the respondents are unmarried
- Majority 51% of them are from urban area
- Majority 41.7% of them have 3 no of earnings in their family
- Majority 36% are private employees
- Majority of respondents 40% of their annual income is 1,00,000-2,00,000
- Majority of 72% of the respondents are first graduate in their family
- Majority of 35.7% of them know by educational institutions
- Majority of 31.3% of them motivated by advertisement
- Majority of 42.6% of them visited the bank less than 3 times
- Majority of 52.2% of the respondents availed educational loan from private sector banks
- Majority of 34.8% of the respondents availed the loan amount of 2,00,000-3,00,000
- Majority of 40% of the banks took 1 to 2 months



for processing loan

- Majority of 32.2% of the respondents availed loan for less than 5%
- Majority of 39.1% of the respondents visited to the banks 3 to 4 times for sanctioning loan
- Majority of 44.3% of the respondents borrowed from money lenders for source of income till sanctioning loan
- Majority of 42.6% of the respondents sanctioned 50 to 60% of loan amount
- Majority 48.7% of the respondents recommend educational loan to others sometimes

CHI SQUARE ANALYSIS

- The hypothesis is accepted. So there is no significant relationship between occupation and source of income to begin course till the sanctioning of loan to the respondents.
- The hypothesis is rejected. So there is a significant relationship between annual income and amount of loan availed by the respondents.

RANK ANALYSIS

Ranking analysis shows the factors influencing to avail educational loan. In that majority of the respondents availed educational loan because of their family condition.

WEIGHTED AVERAGE ANALYSIS

1. Documentation procedure has a high mean score of **4.217** in level of awareness about educational loan
2. Rules and regulation of RBI has the highest mean score of **4.365** in level of opinion with banking policy
3. CIBIL score plays a vital role in educational loan has the highest mean score of **3.834** in problems faced in availing and repayment of educational loan

Websites

- www.google.com.
- www.wikipedia.com.

SUGGESTIONS

- Government and Aided college students have got the highest benefit of loan when compared to the self-finance colleges. Hence it is suggested that certain Necessary steps can be introduced to create awareness and to provide services on educational loan among self finance college

students.

- It is suggested that the banker should create more awareness through various sources of media about the factors considered for sanctioning education loan that the students are unaware of various aspects like period for loan processing, eligibility Criteria, Adequacy of loan sanctioned, repayment schedule, third party guarantee, expenses covered, RBI rules and regulations and collateral securities.
- The Government should initiate more schemes for education loan to promote higher education.

CONCLUSION

Education is the backbone of a cultured society, but it has become more commercial or money-making and 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 level from their students. At the same time all the students are not supportive of this fee structure. So, there is a need of educational loan for their studies. The current study attempts to focus on student education loan through banking services which includes the role of various banks in providing education loan services and its effect on the education system of India.