ABSTRACT

This research is attempted to augment the perception of bankers and borrowers about educational loans. More specifically, this study examined priority sector advances made by commercial banks in UT of Puducherry, especially with regard to educational loan sector. Towards this end, extant literature was reviewed to identify possible research gaps and secondary data on the performance of commercial banks in Puducherry UT. Further, banker’s perception about educational loan, problems faced and their overall perception about the educational segment has been investigated. With regard to borrowers’ perception about educational loan, several key issues such as reasons for failure of educational loan repayment, reasons for rejecting educational loans, sources for creating awareness of educational loan and the borrower’s level of satisfaction of educational loan are examined.

The present study used both primary and secondary data. The secondary data, national level data were collected from the publishers of Government of India, RBI and Indian bankers association such as economic survey, report on trends and progress in banking statistical table relating to bank in India etc. The state level data have been collected from the periodical report of State Level Bankers Committee (SLBC) in Puducherry District level data for analyzing the performance of educational loan scheme by Commercial Banks in UT of Puducherry.

Primary data from people who have availed educational loan from various banks were collected through well-structured questionnaire and primary data is also collected from the officials of both public sector and private sector banks using separate questionnaire. 55 bank branches were taken as sample with 72 percent from public sector and the remaining 28 percent from private sector banks. 300 sample beneficiary of educational loan is drawn from UT of Pondicherry.

Software packages such as Microsoft Excel, SPSS, STATA, Amos, and Smart PLS were used to analyze the data collected. Several statistical techniques such as simple mean, independent sample t-test, ANOVA, ANCOVA, chi-square test, correspondence analysis, canonical correlation and structural equation modeling (SEM) were used to bring about answers for the research questions identified.

Major findings of the study concur that both bankers and borrowers agree that academic course pursued, previous academic performance and surety as the significant
determinants of success or failure in securing educations. The achievement of loan repayment is a definitive challenge compounded by inadequate income, lack of employment and continuation of studies. There is also a general perception among the borrowers that the educational loans will be waived-off by the politicians. This is a cause of concern. Therefore, this study suggests that several measures need to be undertaken to improve the situation of educational loan sector. Government and bankers should raise awareness among the general public about educational loan schemes and the importance of repayment to aid the successful delivery of such services. Regular stakeholder meetings and conventions are needed to identify problems in the delivery and ensure that the intent of giving or receiving educational loans is held firmly and the necessary societal outcome is achieved at any cost.