Chapter No. 07:
Findings, Conclusions and Suggestions.

- Introduction.
- Findings of the Study.
- Testing of Hypotheses.
- Conclusions.
- General Conclusions.
- Recommendations / Suggestions.
- Future Areas Of Comprehensive Research
Introduction:

Higher education has become very expensive in India. Varied fee structures are followed by different educational institutions. Moreover, the expenditure on non-fee components of education has been increasing at a much faster rate. Poor accessibility of higher education to a sizable section of the Indian society has become a serious issue. In view of this trend, a proper student aid policy needs to be formulated. A large section of students may get an opportunity for education in private and government colleges if a liberal loan facility is available to the persons being included in the under-privileged students’ category. In this context, it is important to enhance the use of educational loan within an appropriate framework of inclusiveness, as a non-government source of finance. With a gradual reduction in government subsidies higher education is getting more and more costly and hence the need for institutional funding in this area.

The present study will be beneficial to the students and SBI 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, SBI can grant 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 loan scheme without hurting the interest of the students/parents. The present study covers all the important aspects related to education loan. The researcher sure that students and teachers of Commerce, Management as well as education would find the study an essential source of reference on the subject.

Findings of the Study:

The findings from the study are listed below.

- Out of selected 250 respondents; 192 (76.80%) respondents were from male category while 58 (23.20%) respondents were selected from female category.

- 149 (59.60%) respondent’s age were below 20 years, followed by 86 (34.40%) respondents were selected from the age group of 21 to 25 years, and only very less number of respondents i.e. 15 (6%) were selected from higher age group i.e. more than 26 years of age.

- Out of selected 250 respondents; 78 (31.20%) respondents students were selected from open category, 59 (23.60%) respondents were belongs to the SC category, 22 (8.80%) respondents were from ST category; 63 (25.20%) respondents were selected from the OBC category and remaining 28 (11.20%) respondents represents N.T., DNT and other categories.
• 23 (9.20%) respondents were completed SSC, 167 (66.80%) respondents were H.S.C., 42 (16.80%) respondents were graduates from various faculties; 5 (2%) respondents were post graduate degree holders and 13 (5.20%) respondents were diploma holders.

• It is revealed from the study that; 69 (27.60%) respondent’s family occupation is small business; 76 (30.40%) respondent’s family occupation was Government services; 57 (22.80%) respondent’s family occupation were private services, 37 (14.80%) respondent’s family occupation is agricultural and 11 (8.75%) respondent’s family occupation was comprise others – Company labours, Insurance Agent, Profession, etc.

• The study collects the information about the number of Children in respondent’s family. Only 1 child was in 29 (11.60%) respondent’s family, followed by 113 (45.20%) respondent’s families were having 2 children; 3 children were in 67 (26.80%) respondent’s family; and 4 Children were in 41 (16.40%) respondent’s family.

• The study shows that out of 250 respondents; 15 (6%) respondent’s annual family income was up to Rs. 2 lakh, followed by 59 (23.60%) respondents told that their annual family income was Rs. 2 to 3 Lakh, 51
(20.40%) respondent’s annual family income was during Rs. 3 to 4 Lakh, 61 (24.40%) respondent’s family were having annual income of Rs. 4 to 5 Lakh and highest number of respondents i.e. 64 (25.60%) respondent selected from the higher income group of more than Rs. 5 lakh.

- 27 (10.80%) respondent’s parents were Non-Matric, 46 (18.40%) respondent’s parents were SSC / H.S.C. qualified, 85 (34%) respondent’s parents were graduates; 73 (29.20%) respondent’s parents were having post graduate degree and 19 (7.6%) respondent’s parents were having different types of educational diplomas or other degrees.

- Out of 250 respondents; 85 (34%) respondents takes the admission in MBA course; followed by 42 (16.80%) students goes in Medical Education, 81 (32.40%) students were in Engineering education, 25 (10%) students were in General Degree education and 17 (6.80%) students were takes the admission in Agriculture courses, Advanced diploma, etc. courses for which they were availed education loan from bank.

- 13 (5.2%) respondent’s course duration was only one year; followed by 91 (36.40%) students course duration was two years, 46 (18.40%) students course duration
was three years, 75 (30%) students course duration was four years and 25 (10%) students course duration was five years for which they were availed education loan from bank.

- 84 (33.60%) respondents takes the admissions in Government colleges or institutions; followed by 61 (24.40%) students selected private Government funded colleges or institutions, 87 (34.80%) students takes the admissions in private self funded institutions and remaining 18 (7.20%) students selected foreign institutions for their higher education for which they were availed loan facility from SBI.

- Out of 250 respondents; 7 (2.80%) respondents told that their cost of education will be up to Rs. 2 lakh; followed by 19 (7.60%) students expressed that the course will be required at least Rs. 3 lakh, 28 (11.20%) students opined that the cost will be required for their education will be Rs. 3 to 4 lakh; 75 (30%) respondents told that Rs. 4 to 5 lakh will be the cost of full education and remaining 121 (48.40%) respondents told that above Rs. 5 lakh will be the cost of their courses in which they undertook the admissions.

- The study concludes that out of 250 respondents; 19 (7.6%) respondents were sanctioned education loan up
to Rs. 2,00,000, followed by 63 (25.20%) respondents were sanctioned loan Rs. 2 to 3 Lakh, 65 (26%) respondent’s were sanctioned education loan Rs. 4 to 6 lakh; 76 (30.40%) respondent’s availing loan facility for their education Rs. 6 to 7.5 Lakh and 27 (10.80%) respondents were sanctioned more than Rs. 7.5 lakh.

- 9 (3.6%) respondents were sanctioned education loan at the rate of 11.50% p.a., followed by 36 (14.40%) respondents were sanctioned loan at the rate of interest 11.75% p.a., 69 (27.60) respondent’s were sanctioned education loan by 12.50% rate of interest; 79 (31.60%) respondent’s sanctioned loan @ 13.50% and 57 (22.80%) respondents were sanctioned education loan @ 13.75% p. a.

- It is concluded from the present study that 20 (8%) respondents were selected the option of 24 months of repayment of loan; followed by 28 (11.20%) respondents will repay their education loan within the 36 months; 75 (30%) respondents was fixed the repayment schedule of 48 months after completing the education, 81 (32.40%) respondents were go with 60 months repayment schedule and 46 (18.40%) respondents were agree to pay their loan within the 84 months after they will join their duties.
• 17 (6.80%) respondents were sanctioned and disbursed education loan within 15 days; 35 (14%) respondents told that they were disbursed within one month; 69 (27.60%) respondents were sanctioned within two months, highest number of respondents i.e. 90 (36%) were disbursed within three months and 39 (15.60%) respondents told that after 3 months the bank was sanctioned and disbursed them.

• Maximum number of respondents i.e. 237 (94.80%) were sanctioned education loan for tuition fees; 193 (77.20%) respondents told that they were also sanctioned for hostel fees; 178 (71.20%) respondents were also sanctioned for laptop, software, equipment, etc., the loan also sanctioned for Library fees or books to 119 (47.60%) respondents and 17 (6.80%) respondents also sanction the travel expenses those who were secured admission in foreign institutions.

• 18 (7.20%) respondents were getting the loan amount in one installment; followed by 39 (15.60%) respondents were disbursed in two installments; 64 (25.60%) respondents were received 3 installments of loan, 85 (34%) respondents told that the bank disbursed them in 4 installments and 44 (17.60%) respondents told that; the bank classified their loan amount in more than 4
installments and remaining installment they were waiting for.

- Highest number of respondents i.e. 168 (67.20%) respondent’s parents given the collateral security to the bank while 82 (32.80%) respondents were sanctioned the loan without collateral security.

- 63 (25.20%) respondents were getting the information about the education loan from their parents; followed by 73 (29.20%) respondents told that their teachers / professors told them about the education loan scheme; 37 (14.80%) respondents were came to the knowledge from bank advertisements, 36 (14.40%) respondents told that their relatives were the source of information about the education loan and 41 (16.40%) respondents told that; their colleague / friends suggested them for education loan from SBI.

- Out of 250 respondents 103 (41.20%) respondents told that they were sanctioned Government of India Scholarship; followed by 37 (14.80%) students were sanctioned merit scholarship; 19 (7.60%) students were sanctioned private trust’s educational scholarship and remaining 91 (36.40%) respondents told that they were not sanctioned any scholarship for their higher education.
• It is concluded from the study that; the respondent’s father is the co-obligator of 132 (52.80%) respondents; 39 (15.60%) respondents told that their mother is the co-obligator of their education loan, 54 (21.60%) respondents expressed that their father and mother; both are the co-obligator and 25 (10%) respondents told that their grand-parents or other relatives are the co-obligator or responsible for their education loan.

• Highest number of respondents i.e. 175 (70%) respondents told that they were go with bank education loan due to their family’s financial problems, their family cant bears the financial burden of their higher education, followed by 35 (14%) respondents told that for getting the quality higher education in India or abroad they applying for loan; 29 (11.60%) respondents told that other factors forced them to apply for loan; while 11 (4.40%) respondents parents told that; for availing the tax benefits or it is one of the facility provided by the bank that’s why they apply for education loan.

• Maximum number of respondents i.e. 193 (77.20%) respondents were not engaged in any part time job while remaining 57 (22.80%) respondents told that they were doing part time job during the free hours.
• 35 (14%) respondents told that just 6 months was completed after the admission; followed by 89 (35.60%) respondents were completed one year; 77 (30.80%) students were completed 2 years course duration and 49 (19.60%) respondents told that they were in the fourth year of their courses.

• It is interesting to note than; out of 250 respondents 107 (42.80%) respondents told that they were applied or in requirement of top up education loan while remaining 193 (77.20%) respondents were not in need of any top-up education loan for further education.

• Out of 250 respondents; 58 (23.20%) girls respondents told that they allowed 0.5 per cent interest relaxation on their education loan; followed by 35 (14%) respondents told that they were sanctioned 1 per cent interest subsidy on their education loan; 64 (25.60%) respondents told that the bank was dropped their interest on loan under interest waiver scheme of government and remaining 93 (37.20%) respondents were not benefited under any interest concession schemes.

• 121 (48.40%) respondents told that they were at preliminary stage on education that’s why they were not in a position to offered job opportunity; followed by 41
(16.40%) respondents told that their campus placement was done and they were selected for job after completing their further education; 36 (14.40%) respondents told that they were start entrepreneurship activity after completing their education and remaining 52 (20.80%) respondents were not offered any job opportunity; still their education is going on.

- 51 (20.40%) respondents told that they were fully satisfied from bank procedure of education loan; followed by 86 (35.60%) respondents told that were just satisfied; 18 (7.20%) respondents not answered in this matter; 50 (20%) respondents were not satisfied about the banking procedure and remaining 42 (16.80%) respondents fully not satisfied about the bank education loan procedures.

- A very important statement placed before to all the selected 250 respondents that ‘Due to education loan; economically poor students were completed their higher education in India and abroad’. It is concluded that out of 250 respondents; 193 (77.20%) respondents were strongly agree with the statement; followed by 31 (12.40%) respondents were agree; 7 (2.80%) students were neutral and nobody go with this statements.
• One question statement placed before to all the respondents and asked them to rank your overall satisfaction level about the SBI education loan. The study reveals that 55 (22%) respondents ranked ‘fully satisfied’, followed by 126 (50.40%) respondents told that they were satisfied; 9 (3.60%) respondents were not opined; while 49 (19.60%) respondents were not satisfied and 11 (4.40%) respondents told that they were fully not satisfied about the SBI education loan.

• 207 (82.80%) respondents told that they were overcome the family’s financial problems by availing education loan; 188 (75.20%) respondents expressed that their dreams will come true in reality due to education loan; 175 (70%) respondents told that their ambitious of completing the higher education will be fulfilled due to education loan, 157 (62.80%) respondents told that in future they will achieve prestigious post in different sectors and it is possible only due to education loan and 143 (57.20%) respondents told that the education loan not only support to the students but also it support to India’s economic development and prosperity.

• The study reveals that; 195 (78%) respondents were faced problems of complicated process of documentation of education loan; followed by 76 (30.40%) respondents told that collateral security is the major hurdles in
education loan; 69 (27.60%) respondents told that the rate of interest charged on education loan is very high; 63 (25.20%) respondents told that the attitude of SBI officials is not favorable with them and 61 (24.40%) respondents told that the bank takes too much time for sanction of education loan.

- Out of 250 respondents; 91 (36.40%) respondents told that they were receiving high quality education from their educational institutions, followed by 57 (22.805) respondents expressed that general quality education is provided by the educational institutions in which they get the admissions, 74 (29.605) respondents complained that their institute provided them a very poor quality education and 28 (11.20%) respondents have no own judgments in this matter.
Testing of Hypotheses:

The following hypotheses were formulated for the present study.

Hypotheses No. 01:

“Our due to education loan; economically poor students were completed their higher education in India and abroad”

A very important hypothetical statement placed before to all the selected 250 respondents that ‘Due to education loan; economically poor students were completed their higher education in India and abroad’. It is concluded from the table that out of 250 respondents; 193+31= 224 (89.60%) respondents were agree with the hypothesis statement; On the basis of above table the hypothesis formulated for the study is highly accepted.

Hypotheses No. 02:

“The students and their parents were satisfied with the SBI Education loan”

Again one question statement placed before to all the respondents and asked them to rank your overall satisfaction level about the SBI education loan. The table reveals that 55+126= 181 (72.40%) respondents were satisfied; so on the basis of above table the hypothesis formulated for the study is accepted.
Hypotheses No. 03:

“State Bank of India’s banking procedure of education loan is complicated; so students and their parents are faces various problems”

All the respondents were asked that what types of problems they were faced in Education loan. The table reveals that; 195 (78%) respondents were faced problems of complicated process of documentation of education loan; it means the highest number of respondents i.e. 78 per cent faced the problems related documentation procedure; hence the hypothesis formulated for the study is accepted.

Hypotheses No. 04:

“A family financial problem is one of the major reasons for education loan”

What is the reason behind for taking the education loan from bank? To know the answer of this hypothetical question the data was collected from the selected 250 respondents. It is concluded from the table that highest number of respondents i.e. 175 (70%) respondents told that they were go with bank education loan due their family’s financial problems, their family can’t bears the financial burden of their higher education, on the basis of above discussion the hypothesis formulated for the study is also accepted.
Conclusions:

The following Conclusions are drawn from the present study.

General Conclusions:

- The higher education system in India has grown remarkably, particularly in the Post Independence period, to become one of the largest systems of its kind in the world.

- Education loans form a part of the priority sector advances of the Public Sector Banks and most of the educational loans are taken for pursuing higher education courses.

- The government of India gives educational loan through 27 nationalized banks.

- Indian Bank provides convenient educational loans to deserving students to acquire knowledge and skill in the field of their interest.

- Commercial banking sector is an emerging source of student loan in India.

- Education loan can be popularized as an alternate source of funding of higher education.
• The mushroom growth of private institutions in areas of management, engineering, medical, computers, etc, have raised the issues of access, equity, quality and regulation.

• The problem of finance is a major constraint for a significant section of students to pursue higher education.

• Loans for education should be seen as an investment for economic development and prosperity.

• The educational loans paved the way for pursuing professional and job oriented courses offered at the self financing colleges and Universities to deserving students.

• The study concludes that Management students are among the top choices for most banks.

• Technology students from the country’s premier institutions, medical and engineering college students can get student loans from banks on priority basis.

• The loans which are given to students to pursue studies in higher is called education loan. Any student who has the required academic qualification but cannot pursue
further studies due to financial constraints can take this loan.

- Education loans are easily available from various banks in India and this change is encouraging more and more students to take up higher education despite their financial shortcomings.

- The amount of expenditure spent on education sector by the Government has been reducing over the years, which has created a huge investment gap.

- The reduction in public expenditure has forced institutions to increase the cost per students in the form of hike in tuition fees and there is a rise in self-financing institutions which charge tuition fees on full cost-recovery basis.

- Credit markets in the education sector are fairly narrow in the sense that credit is given to only those belonging to the middle or high income families, thereby neglecting the base of pyramid class and creating inequality.

- The most controversial issue in the financing of higher education is the issue of mobilization of resources for higher education.
• The State has been the dominant source of finance for higher education; non-governmental finance provided by religious endowments, charitable trusts and others has been an important source of funding.

• The major important benefits of educational loan are that the interest rate is less than that of the other types of loan.

• There is a good advantage for availing the bank loan, besides there is some disadvantage too. Some time the borrower may not able to repay the payment in the period. Or they may not get sufficient salary as they expected. This may lead to brake in the repayment.

• The student loans will ensure that worthy students are empowered to take their destiny in to their own hands.

• The number of educational loan accounts has zoomed from just 2,49,000 accounts in 2003 to 24,81,000 accounts in 2012.

• Repayment of loan starts one year after the completion of a course, or six months after getting a job, whichever comes first.

• The repayment of the top-up loan will commence after the completion of the second course.
• If the student is not able to complete the course within the scheduled time, extension of time for completion of course may be permitted for a maximum period of 2 years.

• In case the student discontinues the course midway, an appropriate repayment schedule will be worked out by the bank in consultation with the student/parent.

• Nationalized banks do not charge any processing fees or charges on loans for studies in India.

• Education loans extended by public sector banks are a hit with the student community and have been witnessing steady increase ever since the scheme was introduced in 2001.

• The loan is mostly taken for higher studies. The performance of Public Sector Banks under Education Loan Scheme shows continuous growth in educational loans, in terms of amount, as well as, number of accounts.

• Educational loans still remain largely in the domain of public sector banks, as they offer better terms than the private banks.
• The total education loan disbursed by PSB’s has reached around Rs. 34,192 crores with 27.60 lakh benefactors till March, 31st, 2012.

• Study loans in India experienced a strong growth in the fiscal years 2005-06 and 2006-07.

• The average size of about 70 percent of the loans was up to Rs. 4 lakh.

• Study loans in India are seeing a strong growth during the study period; the demand is robust with private colleges offering courses such as engineering and management.

• The number of Indian students travelling abroad for higher studies has almost doubled during the study period.

• The revamp of the educational loan product has resulted in a nearly 30 to 40 per cent growth during the financial year 2007-08.

• Education loans are now popular across all segments of Indian society, yet less than 3 per cent students in India avail of education loans against 85 per cent in UK, 77 per cent US and 70 per cent in Germany and France.
and most of these education loanees in India belong to middle income families.

- There are many schemes for providing financial aid to poor students, the amount given is awfully low and procedures are very cumbersome.

- Bankers when contacted put forth the view that though they do not seek any security for loans up to Rs 4 lakhs yet repayment necessarily becomes the primary issue before sanctioning a loan.

- Access to loans is guided more by the ability to repay (measured in terms of mortgages, security and collateral arrangements for repayment) than either by educational merit or by economic need of the students.

- Education loans are more or less beyond the reach of those who are actually in need of funds to meet the high expenses of quality education.

- Many higher education aspirants could not get loans sanctioned due to his failure to bring a provisional receipt of fee from the institution while the institutions maintain that there is no such thing as a provisional receipt.
• Expenditure per pupil has increased by several times in the post-independence period.

• Lack of quality education in India is forcing its meritorious students to go and study abroad for their higher studies.

• Government of India should take numerous steps to improve its education quality and make sure that all those qualities of abroad universities should be developed here only so that the meritorious students of our country study in India only.

• The huge amount of money which one spends abroad due to lack of quality education in India does not give the guarantee of fair return of their investment as economic downturn is taking place time after time. Feeble rupee value is now another cause. Try to improve the dilapidated condition of government institutions infrastructures first.

• It can be concluded that a student pursuing higher, postgraduate professional courses is more likely to get education loan than a student pursuing undergraduate courses. Similarly, students seeking admission in unapproved institution has less chance of getting education loan. Banks do not seem to be discriminating
too much between a student with prior work experience and a fresher.

- The study reveals that default rate on education loan is a perennial problem; especially, when the students leave the country for pursuing higher studies abroad, the risk of default increases further. Here, the student’s annual family income plays an important role in determining whether he is extended education loan or not. In such cases, either of the parents is made the co-borrower, thus drastically reducing the chances of default.

- Private Banks do not prefer giving education loan. Interest rate on these loans is very low, even lower than the prime lending rates. Low lending rates coupled with higher risks of default does not make it a sound business model; hence the reluctance. However, the government is bound by political agenda to increase expenditure on education sector and promote higher education. Hence, the public sector banks being under the control of government do not have an option, but to extend loans to students.

- It can be concluded that a student is more likely to get education loan if he/she approaches a public sector bank. Additionally, if the student has a higher family income and plans to pursue postgraduate professional
study from a government owned / approved institution the chances of getting educational loan is phenomenally higher.

- It can be concluded that a student pursuing postgraduate professional courses is more likely to get education loan than a student pursuing undergraduate course.

- Given the world experience on student schemes, the new scheme in India is insensitive to the needs of the poor and does not concern equity aspects as there are no special provisions of any kind for the weaker sections.

- Private unaided institution institutions have become an important source of finance for higher education and dominate the segments of technical and professional education.

- Availability of educational loan is a necessity to ensure supply of skilled manpower for the economic progress of the country and to improve wealth distribution.

- The privatization of higher education and poor budgetary support further increases the importance of educational loans for the country.
The boom in the banking sector has led to release of large amount of funds for education loans.

Under the priority sector advances, Education loans include loans and advances granted to only individuals for educational purposes up to Rs. 10 lakh for studies in India and Rs. 20 lakh for studies abroad, and do not include those granted to institutions.

Securing education loan in India may sound easy, but is full of obstacles, and formalities.

Public support for higher education remains essential to ensure a balanced achievement of educational and social missions, apart from surviving in the knowledge-based society.

Educational loans are really a blessing to those students who do not have the fund to continue their higher studies. But it does come with certain disadvantages as well. Students, just end up taking a loan as they are eager to learn but finally when they are about to finish their course, the actual headache starts. They have to immediately find a job in-order to return the amount back to the bank. If they fail to return the installment amount in time, the bank will start to put utter pressure on them. This will make the situation worse.
Another point to be noted is that, the student has to pay interest on the loan amount even during his studies. Therefore he has to find the funds for that as well. Sometimes due to lack of money he will borrow money to pay the interest to the bank. Later he will have to pay those borrowings along with the money for the bank. This will be a burden to someone who has just started their career life.

The present cost of higher education is burdensome to the households; the positive returns of quality education still encourage them to pay more additionally.

The Educational Loan Scheme is run purely on commercial basis.

There is no provision for softer loans for the needy groups.

The terms and conditions concerning collateral security are very stringent.

Many people have misused Educational Loan Scheme as a vehicle to go abroad.

The clause of provisional receipt of ‘admission to higher education institution’ without depositing the requisite course fee.
• There is no link between the institute of study and the bank which advances educational loan as far as annual academic performance of student is concerned.

• To conclude, it may be said that the bank loans as one of the alternative sources of finance to higher education should be designed in such a way that the public spending/subsidy on higher education need not be crowded out by the loan financing of higher education. It needs to work as supplement rather than as a substitute to government financing to higher education in the context of a less developed region characterised by wide regional/social disparities.

• Challenge in the financing of higher education arises in terms of finding diversified sources of financing and allocating the resources efficiently to meet the objectives of access, equity and quality higher education.
SBI Specific Conclusions:

- Education loans were first started by SBI. Since then, many other banks are also offering such loans.

- Almost all the SBI branches have been authorized to disburse education loans.

- State Bank of India offer educational loan for the student who are unable to go for the study due to lack of money for the higher education.

- The State Bank of India are provide a good service for the society by providing educational loan for the student who unable to continue their higher education due to lack of cash.

- SBI are providing very good features for the educational loan to attract the people to their educational facility.

- The Student Education Loan scheme of SBI is run purely on commercial basis and does not offer any soft options for the meritorious and the needy.

- The student needs to apply for full time course. The SBI do not provide loans for part time or distance education courses or correspondence courses. For these, the student will need to consult the local SBI branches.
• The student takes education loan from SBI up to Rs. 4 lakhs, only the student and the parent have to sign the document and no collateral are necessary. The loan amount is between Rs. 4 lakhs and Rs. 7.5 lakhs, he/she will have to provide third party guarantee to the bank. If the loan is above Rs. 7.5 lakhs, the student will have to furnish the bank with collateral documents.

• SBI Education Loans has grown at 7.19 per cent during the year 2013-14. SBI has a total exposure of Rs. 14,740 crores as on March 2014. SBI is the market leader in Education Loans with a market share of around 24.9 per cent.

• The State Bank of India and its seven associate banks leaders in education loans have recently upgraded their products portfolio to expand their market share.

• Under the SBI Education loan Scheme, amount given is sometimes awfully low and procedures to get this aid are very cumbersome.

• The terms and conditions of the collateral security followed by SBI are very stringent and not people friendly.
• State Bank of India prefers giving loans to students seeking admission in government owned/approved institution.

• Some of the challenges faced by students as well as SBI, includes customization of loan product to suit the requirements of the students and that of courses; margin money requirements; collateral security sufficient enough to cover the loan amount; proof of appropriateness of the University, College and Course applied for; timely approval of loan to meet the admission related deadlines; post disbursal issues etc.

**Recommendations / Suggestions:**

The following recommendations are suggested on the basis of the findings and conclusions of the present study:

• The present loan scheme neither takes into consideration the various details, such as eligibility, interest rates, repayment terms and conditions as recommended by various committees. Hence, an alternative scheme specifically for the weaker sections needs to be evolved as the present scheme is not flexible to the needs of the weaker sections.

• Increasing reliance on student fees, student loans and privatization without considering the low-income groups
may produce regressive effects in the society. Hence, an alternative student loan scheme specifically for the weaker sections should be evolved.

- Such a programme must be flexible enough to suit their requirements, which may involve government guaranteed loans, subsidized interest rates, liberal terms of repayment, waivers for those students with less future incomes, etc, in addition to a strong student support system.

- Higher education has become very expensive in India. Varied fee structures are followed by different educational institutions. Moreover, the expenditure on non-fee components of education has been increasing at a much faster rate. Poor accessibility of higher education to a sizable section of the Indian society has become a serious issue. In view of this trend, a proper student aid policy needs to be formulated.

- A large section of students may get an opportunity for education in private and government colleges if a liberal loan facility is available to the persons being included in the under-privileged students' category. In this context, it is important to enhance the use of educational loan within an appropriate framework of inclusiveness, as a non-government source of finance.
• The Centre and the State Governments have the responsibility to make budgetary allocations for the growth of education loan.

• The educational loans paved the way for pursuing professional and job oriented courses offered at the self financing colleges and Universities to deserving students.

• It is important to enhance the use of educational loan within an appropriate framework of inclusiveness, as a non-government source of finance.

• Andhra Bank and State Bank of Hyderabad offer educational loan products with insurance cover to make them more attractive and safer to the customers; it is suggested to SBI that students loan should cover by insurance. The bank may be tie-up with Life Insurance Corporation for the purpose.

• The educational loans re-payment schedule should be stretch up to nine years.

• To provide educational loans to the needy students with annual family income below 2.5 lakh at a subsidized rate of interest of 4 per cent (current rate being around 12%).
• The Government would act as the guarantor for the education loan and so there will be no need for any collateral or co-applicant.

• In order to fulfill the social objectives of equity in education, loan schemes need to be aimed at designing the scheme for the poor and needy students at lower interest rate with some amount of subsidy form the amount of the loan. Thus a discriminatory interest rate needs to be devised by the bank.

• Loans schemes may aim specifically at providing support for students who are willing to study in fields of national manpower priority or to work in areas of social importance (doctors or teachers servicing remote rural areas). Loans schemes may either be developed specially for these groups or advantageous repayment conditions may be offered within the context of a general, non-subsidized loan programme.

• In principle, loans for students enrolled in private universities, ultimately aimed at facilitating the growth of the private universities. This not only reduces the importance of state universities but also act as a de-motivating force to withdraw the best students from these universities. Hence the non subsidized loans with other incentives for private universities may be sufficient to attract students to these universities.
• It may be suggested that there is a need to be some process of evaluation for the loans schemes as there can be no standard approach to evaluating the efficacy of individual loans schemes. A given student loan scheme need to be evaluated in the context of the central objectives that it is designed to achieve.

• The procedure of getting loan should be easy to students. The rate of interest should be low. To encourage higher studies disbursement should be flexible.

• Diversified sources of financing and funding mechanism should be evolved so that a student entering into higher education is not denied admissions merely for want of finance.

• The banking regulators and other stakeholders need to come up with a framework to provide access of educational loans through the public private partnerships and involvement of self help groups, to unbanked people.

• National level test could be conducted only for the remote and backward areas to identify talented students who would then be given educational loans.
• Provide educational loans on first priority to first generation of higher education students.

• The government should reduce the budgetary allocation from the premier institutes and support private institutions in scholarships and loan guarantee for the talented students from the weaker sections.

• Income tax exemption may be granted to those contributing towards higher education of weaker sections.

• The moratorium period may be made more relaxed to incorporate the economic uncertainties.

• Credit Rating of the institutions on the basis of employability, infrastructure, quality of faculty, industry academia interaction must be made mandatory. The ratings will provide useful basis of comparison between institutions for students and banks to assess the repayment potential of the loan.

• Innovative delivery modes like education to reduce the operational cost and reduced fee structure, which may be easily financed through educational loans disbursed through self help groups or financial institutions will go a long way to propel India to the status of an economic
superpower by capitalizing on the demographic dividend.

- A paradigm shift in the pattern of funding of higher education is urgently needed.

- Appropriate arrangements need to be made for checking the deliberate evasion from repayment of loan.

- There is an urgent need for enhanced use of education loan to augment resources for higher education within an appropriate framework of inclusiveness.

- The Educational Loan Scheme is run purely on commercial basis. A part of the profit earned through this scheme can be made mandatory to be spent on poor sections.

- The terms and conditions concerning collateral security need to be made flexible so as to accommodate the meritorious amongst the economically weaker sections.

- Diversified sources of financing and funding mechanism should be evolved so that a student entering into higher education is not denied admissions merely for want of finance.

- Instituting some fund for collecting contributions from different agencies with a purpose to provide softer loans
for the needy groups should be incorporated into the scheme, for example the recommendation of Punnayya (1993) Committee for setting up a fund like State Education Fund (SEF); that of Swaminandhan (1994) Committee to set up Educational Development Bank of India (EDBI); and that of CABE (2005) Committee for setting up a body like Higher Education Finance (HEFC). Industrial contributions, international assistance, donations from NRIs, contributions from financial institutions & commercial banks, education cess etc. should be deposited in this fund.

- As education loans under the Educational Loan Scheme form a part of the priority sector advances, the scheduled commercial banks should be directed to extend advances to poor and meritorious higher education aspirants under Differential Rate of Interest Scheme to the weakest of the weaker sections at a rate of interest of 4.0 per cent.

- The banks are provide a good service for the society by providing educational loan for the student who unable to continue their higher education due to lack of cash. There is a good advantage for availing the bank loan, besides there is some disadvantage too. Some time the borrower may not able to repay the payment in the period. Or they may not get sufficient salary as they expected. This may lead to brake in the repayment and
thus may lead to the suicide of the borrower. So always take an extra care before take any educational loan from any bank. And also should search for the better offer and analyze before availing the loan.

- At last all the selected respondents were asked to give any suggestions for the improvement in education loan system. All the respondents were give number of suggestions; out of them five major suggestions are listed. Out of 250 respondents; 196 (78.40%) respondents suggested that the Government / Bank should be reduced interest rate on education loan; 170 (68%) respondents expressed that the repayment period offered by the bank is very short; it will be increase by two years more; 165 (66%) respondents told that the bank sanctions education loan under a very limited criteria; day to day expenses on education is not covered by existing education loan; that’s why the students is harassed by financial burden; so the bank will cover average day to day expenses under education loan; 143 (57.20%) respondents told that the conditions of collateral security is one of the hurdles in education loan system; it should be removed and 131 (52.40%) respondents told that the bank has taken more time for sanction and disbursement of education loan to student; the bank should try to reduce the time in the sanction and disbursement procedure.
A large number of students continue to knock at the doors of our institutions for higher education. As a nation we can’t escape the moral obligation of providing high quality higher education to each and every son and daughter of this country. New policies and strategies that will give rise to larger number of high quality institutions are the need of the hour. It is imperative that we find the solutions to these problems, as we are now engaged in the using higher education as a powerful tool for creation of a knowledge-based information society that will take India into a bright new future.

**Future Areas of Comprehensive Research:**

It makes a significant contribution to a wider discussion on several issues on financing education and contributes to sound and effective policy making in education; the further areas of research will be conducted in this subjects.

1. Distribution of educational loans across income groups in India.
2. Comparative study of Educational loans in other developing and developed countries.
4. Education loan by other commercial banks.