

A STUDY OF EDUCATION LOAN WITH RESPECT TO BANKING SECTOR

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Abstract: Banking sector is one of the largest financial service industry in the world. This study focuses on knowledge and information which drive a key force for economic of the country the rapid rate of economic growth of any country depends on technically and professionally trained human man power in huge numbers. Therefore, loans for education are such as investment for economic development and prosperity of a country. India has got large number of students who are aiming and passionate towards pursuing their higher education and are seeking financial assistance in the form of education loans from bank. In this research it is analyzed that is education loans are available for qualified students at specified loan of interest for completing their higher studies in various courses. Education loan has been increasing with the higher growth in interest rate on loan which can affect in affordability to deserving students who cannot pursue their higher education.

Keywords: Banking sector, technical, professional, economic, education, affordability.

INTRODUCTION

India has large number of young citizens in the priority of perceiving their higher education. The scope of education is more widened when compared to last few years. Education is part of progressive country. The elements of education helps in development of socio-economic factor of any country.

As Nelson Mandela said “Education is the most powerful weapon which you can use to change the world”. As mentioned above it makes every country to give highest priority to the education in the country.

Education loan came into existence in the year 1995. The first loan scheme was introduced by State Bank of India, the loan was provided by the financial institution to take up higher education. Education loan was prompted by Government of India with banks and financial institutions to deserving students to pursue higher education.

The Government of India provided permission to private college and deemed university to operate in the country, tuition fee and other fee were not affordable, hence some students availed education loans from banks and financial institutions to pursue higher education.

LITERATURE REVIEW

- Manoj PK (2012) study investigates on personal loan and it's satisfaction conditions on individual banks, he also investigated on education loan for public sector banks.
- Sandeep Khanwalker (2019) study investigate states that Government of India made education as one of the primary area and made it as a priority sector to segment for banks to finance.
- Dr. Tania Gupta (2018) study investigates that higher education policy recommends various national and international bodies, commissions and committees have reiterated time and again that education loan program should be strengthened on large scale to provide access and equity in higher education.
- Minu John (2016) indicates that the education loan have been a great assistance to the students who have not been able to pursue professional education due to financial constraints.
- Dr. B Thulasi Priya and Mrs. C Esakkiammal In India, though finance of education is provided by the Government through scholarship, subsidies, fees, and various other means education loan has been subsidised through bank could prove to be the best alternative channel for funding higher education.

OBJECTIVE AND METHODOLOGY

In this research we found that students with the intention of pursuing higher education are facing serious problem in affordability of loan. There is no guarantee that students in the end would get a job after finishing higher education. In mean time interest rate will be grown and loan debt will increase.

OBJECTIVES

- This study aims to understand the concepts of education loan respect to banking sector and also determine the priority of the students pursuing higher education.
- To study and understand in the perspective of students regarding education loan.

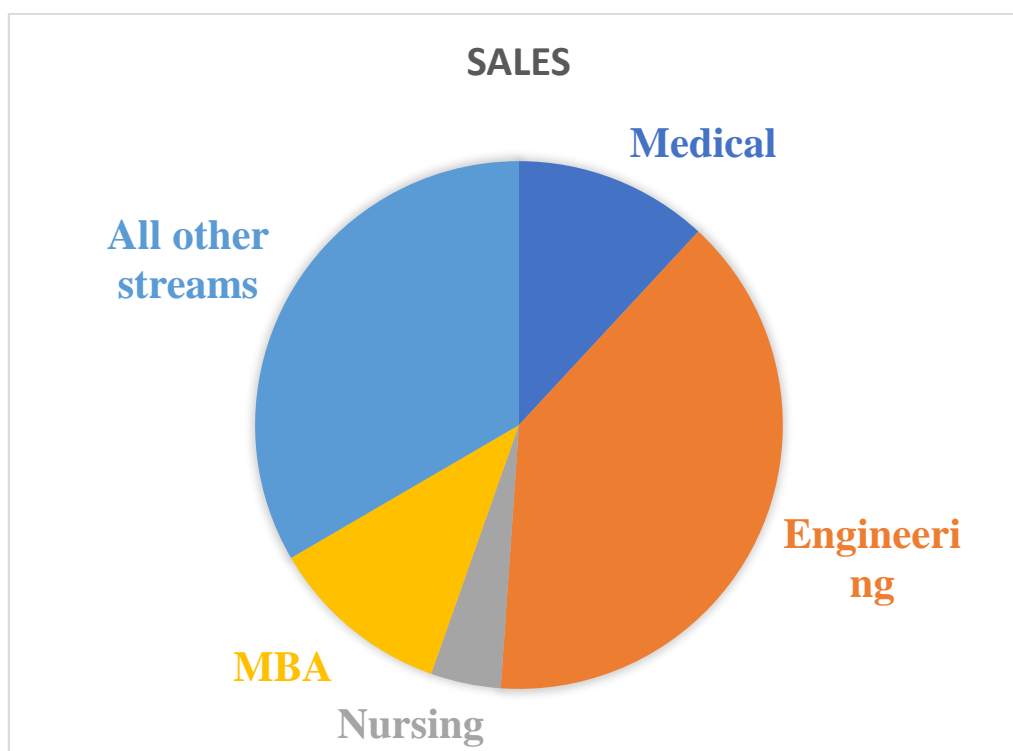
LIMITATIONS

- The study is limited to education loan system.
- The study is limited to only banking sector.

DATA ANALYSIS AND INTERPRETATION

Education Loan Debt on Students

Student Stream	Educational Debt Remaining In Various Stream	Percentage %
Medical	Rs.10,147 crore	11.9
Engineering	Rs.33,316 crore	39.2
Nursing	Rs.3675 crore	4.3
MBA	Rs.9541 crore	11.2
All other streams	Rs.28,286 crore	33.4



FINDINGS

- Students who are willing to take education loan are finding difficult, due to affordability of loan.
- Middle class students are finding it difficult to afford the loan due to high interest rates.
- Interest rates which is fixed for education loan differs in all the banks.

SUGGESTIONS

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CONCLUSION

In India, a banking sector runs education loan system which is emerged as a pressing requirement. The rising number of educational loans implies that the education loan system is gaining attraction among students to pursue higher education across the country in the different public institutions, RBI should bring up special loan schemes by investigation and survey for loan with less interest rates to students to pursue higher education.

Simultaneously it's helping students to pursue higher education and also effecting in the form of affordability of loan with the high interest rates. This led to affect in students education life and their career, hence the government should take initiative of middle class and merit students by introducing subsidy and different schemes to pursue higher education.

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