

Education Loan: Problems faced by students

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Introduction :

Quality education is very important for youth as the level of it fees should also be affordable as now most of premium institute charge more fees for admission which discourage youth to pursue higher education. In spite of having amount invested in mutual funds, Fixed Deposit, unit linked product at the time of admission fees create a problem as most of the time return incurred is less as per inflation and hence there is entry of Education loan in picture. What does an education loan cover? It cover tuition fees, exam fees, accommodations fees of student for pursue education in India or aboard where parents, spouse or sibling can be co-applicant of the loan documents. The amount of loan offered to the candidate differ from bank to bank based on student merit & brand of university he or she is willing to pursue his qualification oversea or from india which also varies its rate & documentation procedure even some bank sanctioned before one has secure its seat. As per the guidelines of , there are no restrictions on the upper age limit but some banks has got age limit of 35. The banks require additional documents such as admission letter of the institution, fee structure, Class X, XII and graduation (if applicable) mark sheets. Also required are the income documents such as salary slips or income-tax returns (ITR) of the co-applicant. Precautions While carrying loan , one should take all the information of processing fees, late fees & late payment charges of emi. Most money lender charges 3-4% of interest per month from the total amount. Advantages of Income-tax Act Section 80E of the I-T Act permit for deduction on repayment on the interest paid. It is for individuals paying interest on the loan for him.

Objective :

- 1) To study Education Loan.
- 2) To study problems faced by students for getting Education loan.

Theoretical Information :

While higher education is very much necessary to have a quality life. For this when students want to pursue higher education which may be graduation in MANAGEMENT, FINANCE, HR or TECHNOLOGY etc. or MASTERS in any of the above stream often students face problems. While many students who took admission in some great branded colleges are not facing any problems like IIT, IIMs.

Some of the factors which are mainly faced by students are below :

Raising Margin Money as financial institute like bank sources money through loan against securities. This could be bank deposits, post office deposits and various other form of securities. The list of securities for should be atleast upto the margin of loan if that's not than loan sanctioning is a tough job as institute like IIT & IIM is easy to get loan sanctioned as it has high reputation and the student studying in such university is highly employable . there is also issue of fake university & institute which may absorb the bank and candidate financially, also there is no credit worthiness of student for educational loan as there is question mark on issue of payment as education loan default is high in bank seen as student change their address frequently which is difficult for bank to trace their address. strong nation is to make higher education accessible to everybody by planning and preparing for next few decades to meet the skill set demand by bringing in the much needed radical changes in its education sector.

Research Methodology :

Its based on systematic method & analysis of data collected for validity. Data is collected through primary as well as secondary sources. The study is based on individual data collected from students of VIVA College of ARTS, COMMERCE & SCIENCE, Virar(West). Sampling technique followed is probability sampling. Simple random sampling techniques are used to select respondent. Accordingly 15 students were selected from the available sample. Various statistical tools were used for analyzing data. These tools are used for analyzing & representing data.

Data Representation

Table, Percentage, Pie Charts, Data analyzed with CHI SQUARE TEST TECHNIQUE.

RESULTS & DISCUSSION

Hypothesis I-Students face problems while having education loan.

NULL HYPOTHESIS-Students face problems while having education loan.

Alternate Hypothesis-Students don't face problems while having education loan.

No. of students who got loan

students who get loan sanctioned	No. of respondents
Yes	6
no	9
	15

Number of students who whose education loan was rejected due to various reasons

Students whose loan was not sanctioned	Students whose loan was rejected due to security/guarantee	Students whose loan was rejected due to recognized college	total
Yes	6	3	9
No	3	3	06
Total	09	06	15

Observed frequencies	Expected frequencies	
6	1.2	19.2

3	3.6	0.1
3	3.6	0.1
3	2.4	0.15
Total		19.55

Since some of the frequencies are less than 5 so yate's correction has been applied.
 $Corrected = \frac{N(ad-bc)-0.5N}{(a+b)(c+d)(a+c)(b+d)} = \frac{15(18-9-0.5*15)}{9*6*9*6} = \frac{22.5}{2916} = 0.007716$

Degree of freedom=1 & 5% level of significance critical value is 3.841 which is higher than 0.007716 i.e. calculated value. Therefore we cannot reject NULL hypothesis at 5% level of significance. **So we conclude that students do face problems while having education loan.**

Following are some of the problems faced by students while having education loan.

Problems faced by students	No. of respondents
CIBIL SCORE	2
Raising margin money	4
Proving it is a recognized college	2
Students going abroad	1
Total	09

Out of total 15 students 9 students have not got loan due to some or other reasons.

Findings :

- 1) Out of 15 respondents who have applied for loan only 6 students have got education loan.
- 2) Loan was rejected due to CIBIL score, security money, or proving that students where they are taking admission is recognized college.
- 3) Sometimes students going abroad who seek loan are rejected due to fake university abroad.
- 4) So students face problems faces problem while taking loan is tested through hypothesis. By using CHI Square test it was found that that there are problems while getting education loan by students.
- 5) It was also found that Banks are under burden of huge NPA which amounted from education

loan. Growing number of graduates with not equal opportunity of employment to all graduates left number of students not able to repay their loan.

6) This prompts banks to take proper credit assessment. Here lack of appropriate security, CIBIL score etc. creates hindrance in education loan.

Conclusion :

The present study has been conducted in backdrop of number of students who due to financial problems take late admissions or after lots of procedural halts. Due to financial problems when these students go for education loan they are rejected straightway or paid less money than applied for. Going deep into the problem it was found that some of the factors like CIBIL Score, raising margin money, proving that it is recognized college etc. are some of the factors were there & of course Banker's own problems were there. These has been tested by applying CHI SQUARE test. Of course our VIVA COLLEGE TRUST always helps. Last but not the least here banks also facing problems due to huge amount of NPA's due to non payment of education loan. Government has to take appropriate policies & strategies to help out.

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