



A Study on the Higher Education Loan in India

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Educational Loan, Bankers, Students, Higher education system

R. Lavanya

Research Scholar, Bharath University, Chennai

Dr. S. Ramachandran

Director, Management Department, Bharath University, Chennai

ABSTRACT *The word Educational loan gives lots of energy to the students and parents. In the past 10 years many students started opting for higher education. It makes people to fear first because whenever we are approaching to any public sector banks there won't be any proper communication. But in the case of educational loan the bankers were very customer friendly to the parents and to the student's community also. In this article we are going to discuss about the issues faced by the bankers when they are retrieval of loan from the students and what are the problems faced by them when they approach the students in getting back the principle amount?*

1. Introduction

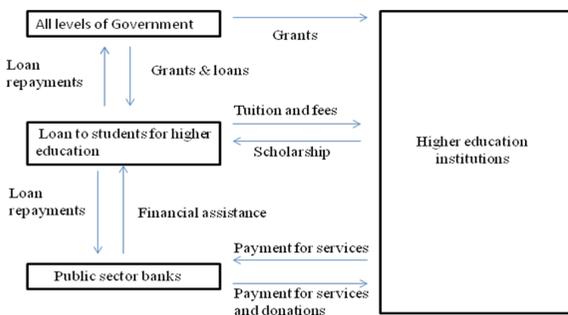
Tamil Nadu, is one of the developing state in India has a major borrowings in Educational Loan for the past 10 years. In India firstly State Bank was one of the leading banks which provide Educational Loan for the limited courses and for the limited students which was first started their operations in the year 1963. In Tamil Nadu first they started their operation in the year 1971. It finally got boom among the students in the year 2004-2005. But now as the country has also grown globally many other public sector banks started providing Loans to all section of the students.

By the above factors we can analysis that if these 6 factors are fulfilled by the students then there will be decrease in NPA (Non performing Assets) so that bankers will allow more number of students to avail the educational loan for the higher studies.

2. Resources Flows: For the Higher Education

A resources flow for the higher education institution has been discussed from a various sources. As we can see in the below figure 1 they receive funds from three main sources, governments (as grants), students (as tuitions and fees) and other private entities (as payment for services and donations). As per the figure higher education institutions also provide funds to students (as scholarships) and loans to students and receive repayments from them. Private sector banks provide financial assistance to students and receive payments from them.

Figure 1: Resource flows to and from a tertiary education institution



Financing higher education is described mostly in the terms of three concept of funding. The first concept is grants from the government. The second concept is the tuition and fees from students, and the third concept includes all other receipts including donations and consultancy income. The

first concept is the public funding which can be had from the government through various grants and loans directly to students for higher education. Second and third concept mainly focuses on the higher education and funds from the public sector banks. Moreover the cost structures of the government aided universities and deemed universities are moreover similar the main difference is the students community who are paying. Deemed universities/ private universities have high reliance on private funds or gifts and tuition paying fees. In the government aided universities, there is a presumption of state subsidy, even through state funding levels have declined over the years.

3. Ranking of National Higher Education System

The measures are grouped under four main heading by which various countries has been ranked accordingly to the various components. The improvement in the scope of the connectivity module led has increase to weight to the component from 10 to 15 percent and lower the weight on the environment component by 5% points. The weight is used in this ranking in 2013 are Resources (25%), Environment (20%), Connectivity (15%), and output (40%).

Chart:1

| RANK | COUNTRY | SCORE |
|------|--------------|-------|
| 40 | Argentina | 45.8 |
| 41 | Brazil | 45.6 |
| 42 | China | 44.5 |
| 43 | Mexico | 42.8 |
| 44 | Croatia | 39.2 |
| 45 | Turkey | 38.9 |
| 46 | South Africa | 38.1 |
| 47 | Thailand | 37.9 |
| 48 | Iran | 37.2 |
| 49 | India | 36.3 |
| 50 | Indonesia | 35.3 |

Source: (www.universitas21.com)

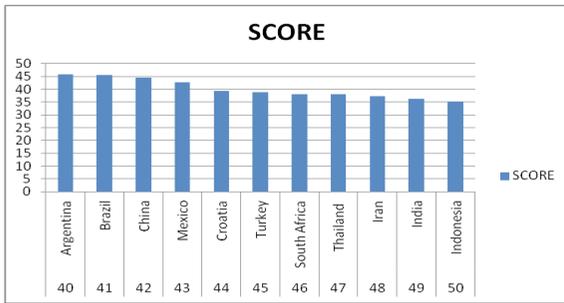


Chart 1 explains about the the increase and decrease in the in the ranking systems of the countries depends on resource level of the students and their payback levels of the loan system were much smaller than the changes in the rankings of expenditure shares of GDP implies that the expenses on the higher education does not closely follow the short term expenses of GDP.

By the above chart it is clearly stated that India has to concentrate more on the higher education and the repaying level of each students so that the NPA level will be decreased latest by 5 years.

4. Steps to improve the Non performing Assets

According to the survey as we have seen in the above chart the economic development is how the national higher education educates all the students, in the area of research, professional courses, postgraduate and undergraduate and links faster with the rest of the world. A nation’s economic development depends crucially on the education and the skilled forces of each students and on the technological improvements that can rise the productivity. The higher education sector contributes both the needs which are likely the they educate and also trains the students for that it undertakes pure and applied research for that quality of higher education should be at a high level and the participation is also very much needed. So that their living standards and the broad distribution will be improved and the country’s education system also will be improved.

Suitable level of resources for teaching and resources are necessary condition to acheive a better performing for the higher education sector, but resources feed through to output depends mainly on the regulatory body properly man-

aged institutions. Increase in level of higher education in the stream of research will give proper and significance changes will give the good result over the later years. In order to monitor changes the methodology needs to remain constantly reasonable or the betterment of the nations higher education.

By the necessary condition for a well performing in the higher education system whetebr by the government or by the bankers it should be spend equally and usefully for all the students those who are pursuing for their higher studies. The government can allocate the funds through banks in the way of high income group and low income group people according to the nations GDP. The nations and banking measures can also be formulated by the following steps by which the banks can also collect the defaulters amount which has to get from educational loan. The following factors are

Figure2: Factors which are affecting the Bankers

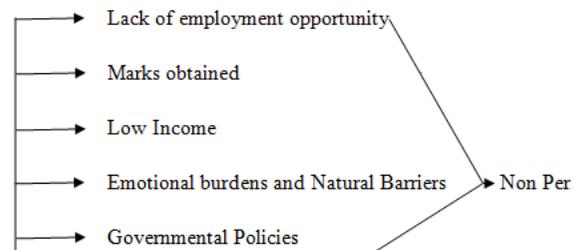


Figure 2 explains that by these factors the bankers can get back the educational loan from the students by performing the above factors so that the non performing assets will also be decreased and many of the students can also get use of the educational loan benefits in the future for the higher education.

5. Conclusion

India, with a strong higher education system will be definitely better improvement in the nations GDP. There should be strong funding system should be followed by the bankers so that the students can avail education loan for their higher studies and bring prosperity to the country as well as to their personal belongings. This will make them to repay the loan and make the country safe from decreasing the NPA level.

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