

## Impact on Higher Education Loan

*S. Ramachandran and R. Lavanya*

Bharath University, India

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**Abstract:** In the current scenario the high growth potential of the Indian economy and favorable demographics, banks have enormous opportunities to further expand the business activities in perspective of both traditional and innovative products with respect to financial inclusion by using latest technology by enabled sustainable business models. In respect to the changing interest rate environment and measured growth in the near-term amidst are somewhat in a skewed exposures to interest sensitive sectors and will also require skillful management for good exposures in going forward. Therefore it will be a good opportunities and challenging for the banks to raise the additional capital and liquidity for the higher growth. Of course the banking sectors in India materialized largely and safely from the global financial crisis and also faced a slowdown in the momentum of growth due to the declining of trade, finance and other confidence channels.

**Key word:** Banking • Financial Instruments • Higher Education

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### INTRODUCTION

Education is the process where one individual can be brought in the all round development in there developed skills by which if they are providing necessary steps and measures in order to participate in the day to day activities of the in and around world. By providing the necessary tools that will bring out the moral values from the individuals. So that that will make an individual to learn lifelong and built their confidence to face challenges and increase awareness in the respective field. If a person is educated that impacts in the human development and economic growth and it also makes a person very responsible and a proper citizen, he will be given proper respect in the society so by educating we can eradicate poverty and can live a peaceful life.

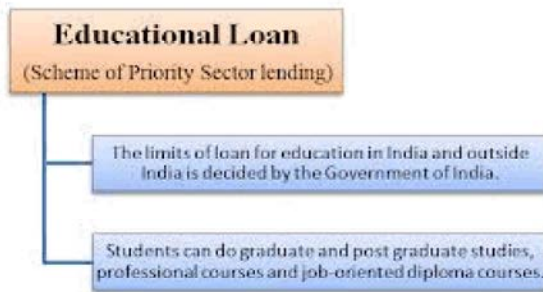
Therefore, education plays a vital role in and around the world for the betterment of one's life and get settle in their life. In current scenario getting an admission in the schools or colleges are very difficult the fees are also very high; the more we go for higher education it is more costly the payment of fees structure in the institutions. According to the data the number of graduate students those who are coming out technical education has risen from 75% in FY 2010 to 85% in FY 2011 (according to NPE and AICTE). It is mainly because of privatization having taken place after 1990's and mainly revenue generations

have overtaken the social cause. According to NSSO how Indian spend on education:

**Education System in India:** India is one of the quick learning and fast emerging with the pool of knowledge in the economy of world and the students have lots of talents with good educational background which in turns make them qualifies for the higher education programs in India and abroad. But the cost of education is rising enormously. However the desire for seeking knowledge will make them stand good in this competitive world. Moreover to learn to the extreme the students are also likely to walk extra miles also. The opportunities are endless which makes the students learn more and more to the core. Indian students want to grab the opportunities and make use of it in and good and proper way. In order to achieve the objectives the students are ready to go beyond the capacities and the means. With the personal finance support they are not able to meet their wants so they are opting for external finance. This is the point where financial institution plays a vital role by proving the financial assistance to the students in order to fulfill their desire needs.

**Education Loan in India:** To get an Educational loan in India may sound easy but it is the most difficult task with full of obstacles with vague formalities. Still government

have made the task in a very simplified manner but still it is a difficult task in many places both in rural and urban of getting a educational loan. Some of the students are facing challenges both in the place of banks and as well as in the institutions. Some of t challenge which are faced by the students and as well as banks are 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.



**Reserve bank of India (RBI):** India’s central bank is said to be RBI.RBI acts as a banker to the government and other banks. IT maintains the deposits of all the banks and lends money to other banks whenever they are in needful. The main and important function of RBI is issuing currency notes, regulating the circulation in the country by different methods.

**Scheduled Banks:** The banks which are included under Second Schedule to the Reserve bank of India Act, 1934 are named as schooled banks. These banks comprises of mainly two banks which are Scheduled commercial banks and Scheduled cooperative banks. All the banks in India are considered as Scheduled banks.

**Commercial Banks:** Commercial banks give facilities to both individuals and business person. They have many branches all over the country by which they provide wide range of services. The only demerit in these banks is the fees they charge is very high. They provide Secured, Unsecured loans and Mortgage loans.

**Education Loan Scheme of the Commercial Banks in India:** The performance of the Public sector banks under Education loan scheme of India Bank Association (IBA) shows continuous growth in educational loan system in India in terms of amount as well as the total number of

loans dispatched. Moreover the educational loans still remain largely in the domain of public sector banks as they offer better terms and condition than the private sector banks. Education loans are now very familiar among all groups of people and are extended to only those students who have confirmed admission.

The below chart explains about As per the status the data released by Indian Bank Association the educational loan have disbursed more in number in the FY 2011-2012, but the total amount of loans sanctioned has declined substantially in the fiscal year 2011-2012, 8.6 lakh students were provided educational loan as compared to 8.1 lakh in the FY 2010-2011. In controversy to this in the FY 201-2011 the total amount of student loans was Rs.11,200.56 crore which have decreased to Rs.8103.06 crore in the next fiscal year. These data has been collected from over 26 public sector banks and 24 private sector banks. Moreover according to IBA the student loan have reduced less than Rs.4 lakh increased to the total amount sanctioned under the category declined by Rs.3172 crore.

Future Cost Of Education



**Opportunities and Challenges:** Last year with a good closing the banks have ended up. It has got a spectacular growth with a higher profitability with a good performance task. Therefore financial metrics have showed a better improvement. There was no dearth of challenges. It has to live up to a range of high expectations from several stakeholders. The Indian economy stands at a critical juncture of its evolution and it has good hope for the next decade. There is better hope for rapid growth, inclusive growth, wealth creation, trickle down of wealth, plenty of jobs for the job seekers, better living standards, quality infrastructure, world class Indian companies, excellent convenient banking and access to banking facilities.

Non banking finance Companies (NBFCs) who have few exceptions in the last decade have a chance to come back in a better way. Changing customers’ preferences and rapid technology evolution will pose challenges to banks in many ways.

**Non performing Assets:** Suitable level of resources for teaching and resources are necessary condition to achieve a better performing for the higher education sector, but resources feed through to output depends mainly on the regulatory body properly managed 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 whether 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.

## **CONCLUSION**

Before concluding, there is a challenge to public policy on higher education in India remain to combine private providers with continuing responsibility of governments to direct, control, monitor and continuing the provision of subsidised higher education with a view to strike a balance between equity and efficiency (quality and academic coverage for the needs of the globalised economy and society) principle.

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