Review of Literature

CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

Indian education sector had beheld innumerable changes since independence and had progressed with the help of public fund. Government owned and operated education institutions were providing education to the students at the very low cost. The funding of higher education had witnessed radical change throughout the world during last two decades due to increased higher education cost. Hence most of the countries in the world started providing student loan scheme to the students as mean to bear the increasing costs of higher education. In India the education loan scheme was provided by the Government through commercial banks at the lower interest rates to the students to meet their education cost. To carry out a realistic study exhaustive review of literature has been made about the research gap and relevant issue relating to education loan were identified for the study. After evaluating the various reviews relating to education loan, it was found that various studies were relating to the financing of higher education in India. This chapter provides a coherent picture of literature relevant to the performance of education loan and the perception of the borrowers.

2.2 PERFORMANCE OF EDUCATION LOAN

National Studies

Tilak (1992)[1] in his paper titled “Student Loans in Financing Higher Education in India” studied about the National Loans Scholarship Scheme, a student loan program in India. The National Loans Scholarship Scheme has been in operation since 1963. The article had reviewed about the Government initiative in the implementation of the National Loan Scholarship scheme. The strengths, weaknesses and problems of this program in India were analysed with a view to identify the measures for marginal improvement in the program. The National Loans Scholarship Scheme from the starting year 1963 to 1992 was swotted. The reports from ministry of finance showed that the student population in higher education has increased from 1.3 million in 1963-64 when the scheme was started, to 9.2 million in 1988-89. Government expenditure on higher education increased by 45 times between the years 1963-64 Rs.408 million and the year 1988- 89 Rs.18,210 million budget estimate. The major listed problems related to NLSS were loans in general were not welcome in the Indian society, when education does not guarantee employment and as repayment of loans becomes compulsory, people from relatively poorer families would be worst affected because of inadequacy of finance to repay the loan and huge administrative costs. Hence it was suggested that student loans must be judged more in terms of generating finances for higher education, rather than as a measure to improve access and equity in higher education, and this article concludes that the loan program in India was disappointing in this regard.

"Financing Higher Education in India in the Post Reform Period: Focus on Access and Equity" a working paper by **Geetha Rani (2002)[2]** had attempted to examine the access and equity issues in financing higher education in India in the changing context of macro-economic reforms by examining the pattern of student fees, student support system, and student loan programmes. It was unambiguous that Education Policy of the Government of India had encouraged the augmentation of resources by higher education institutions for covering a large portion of cost of education and full cost recovery from students, even in public higher education institutions. Under the deep waves of globalisation and competition, important economic rationale for Government funding for higher education is neglected. The new student loan programme introduced in 2001, was insensitive to the needs of the weaker sections. Hence it was suggested that for the weaker sections, the loan programme must be flexible enough to suit their requirements, which may involve Government guaranteed loans, subsidised interest rates, generous terms of reimbursement, waivers for those studies with less future earnings.

Jandhyala Tilak (2005)[3] in the paper titled "Global Trends in Funding Higher Education" had discussed about the problems and solution of the student loan programme prevailing in different countries. The Student-credit programs were considered to be the main stream of the country's economy in numerous nations. Training credits as an instrument for financing education are additionally connected with certain inborn shortcomings, aside from poor rates of recuperation. Education credits were granted in numerous nations which includes China and Thailand, where they didn't exist prior. Various advance plans were renewed in numerous different nations, with a view to expanding the rates of recuperation of advance sums. In India few advance schemes were changed into salary unforeseen advances and Government worked credit plans were supplanted by commercial bank which operates the advance plans. There appear to be money related advantages in the advance projects worked by business banks, over the long haul the projects can make a bigger number of issues. The research paper had finished up with the key supposition that fundamental credit programs is that higher education is neither an open decent nor a social-justify great at the same time, rather, an exceedingly individualized private great, as the component of advances moves the duty of financing advanced education from society to families and all the more vitally inside families from the guardians to the individual understudies themselves.

University Grants Commission UGC (2008)[4] had initiated in the working paper titled "Higher Education in India - Issues related to Expansion, Inclusiveness, Quality and Finance". The study was sponsored by the UGC as part of the resource material in preparation of Report on Approach and Strategy for higher education in the 11th five year Plan (2007-2012). These studies were conceived by UGC for a specific purpose. It was felt in the UGC that in the absence of proper information on the relevant aspects of higher education, it might not be able to get the insight of issues faced in higher education. It is in this background that the UGC had decided to sponsor about eight studies on various aspects of higher education. A team consisting of about seven researchers specialized in the higher education was constituted to undertake the studies on relevant aspects. The studies covered a number of issues which includes estimation of enrolment rate in higher education at all India level, at State and district levels with alternative sources of data. It also includes the estimation of enrolment rate at disaggregate level by various groups such as scheduled caste, scheduled tribe, other backward castes and higher castes, women, religious groups and economic groups like self–employed and wage labour, groups based on income level and poor. The study had emphasized the need to give due consideration to higher education and the urge to address the issue of low enrolment, regional, and multiple group imbalances in access to higher education. The papers had insisted on quality of education, academic reforms and insist on reversing the trend of deceleration in the public expenditure on higher education in the country since the mid 1980's.

Harsh Gandhar (2010)[5] in his article titled "Educational loan scheme of scheduled commercial banks in India: An Assessment" has analysed the performance of education loan scheme in India in terms of growth for the period from 2004 to 2010. The study had also attempted to analyse the problems of beneficiaries of education loan in Chandigarh. The research was carried through survey method among 131 beneficiaries of select ten banks in union territory of Chandigarh, who had availed education loan during the period from 2002 to 2007. The data analysed using percentage analysis, tables and pie-diagrams the had come out with the findings that there was continuous growth in education loan and the beneficiaries of the education loan was of opinion that the education loan scheme was running purely on commercial basis. The paper ends up with the suggestion that banks should offer soft options for the meritorious and the needy students.

Research paper by **Puttaswamaiah (2010)**[6] titled "Financing Higher Education a Study of Educational Loans". The paper had scrutinised the trends and patterns of education loan in India. Further, an attempt had been made to understand the pattern of student loans provided by Canara Bank and State Bank of Mysore. The data were obtained from the various Annual Reports of Government of India for a period from 2000 to 2008 and the respective banks for the period from 2003 to 2009. The research had found that there was growth in the education loan over the years and clinched with the suggestion that the education assumes significance as a provider of input for economic, political and social development, besides as a source of knowledge. Economic growth in recent years had been based on the availability and quality of knowledge in any country, which in turn depends on the access and affordability to education. Funds for education were mobilized from diverse sources like Government investing, expenses, education advances, and others. Among these, instructive advance had seen as an elective way of financing for education.

Rajesh Tiwari and Bimal Arjun (2013)[7] in their article titled "Role of Education Loan in Indian Higher Education" had explore the role of education loans for human capital development in India by analysing the current model education loan scheme and the growth of education loan in the country. It was pointed out that the country with the largest population of young people which was about 704 million, combined with a poor gross enrollment ratio, availability of education loan was a necessity to ensure supply of skilled manpower for the economic progress of the country and to improve wealth distribution. The move towards privatization of advanced education and poor budgetary plan had additionally build the significance of instructive credits for the nation. For each 1% ascend in GDP, demand for education loan rises by 3%. Analysis using the reports of Ministry of Finance for the period from 2005 to 2012 had revealed that there was consistent rise in outstanding amount and accounts of education loans. The major findings of the paper was that the urgent attention is needed on the issues of poor access to banking services, complaints regarding rejection of loans by banks and last priority towards vocational education. The paper concludes with the proposals on upgrading the utilisation of the education credits to progress and to create employability.

Varghese and Manoj (2013)[8] in their paper titled "Education Loans and the Higher Education Sector in India" had carried out the research with the objective to study the growth of education loan in the country, in the State of Kerala for the period of 7 years starting from the year 2005 to 2011, to review the growth of education institutions and enrolment of students in higher education from the secondary data like Reserve Bank of India's Reports on the Trends and Progress of Banking in India, Kerala State Level Banker's Committee Reports from the year 2009 to 2011 and UGC Statistics in higher education 2012. Various statistical tools like percentage analysis, descriptive statistics and trend analysis were used for analyses the data. The research had come out with the findings that the education loan in India had unabated growth during the research period and there had been substantial growth in the Non-Performing Assets of education loan in the State of Kerala.

Sarthak Saraswat (2014)[9] in the article titled, "Funding your dreams" had analysed the difficulties in getting the education loan from the bank. The bank managers had stated that if the loan amount is less, it will get processed within 10 to 15 days. If security was involved, the valuation of collateral takes time. The syndicate bank manager told on education loan that students could avail tax benefit under Sec 80E if Income Tax Act, for the interest paid on Education loan, he also added that for smaller amount delinquency rate is high. The paper concludes that the Government policy is that not a single meritorious student should be deprived of the opportunity to study.

Varghese and **Manoj (2014)**[10] had made a study on "A review of education loans disbursed during the Financial Year: 2005-2011**"** with the objective to highlight the clauses for obtaining education loans from scheduled banks in India, to analyse the education loans disbursed in India and the State of Kerala from the year 2004-05 to 2010-11. The secondary data were collected from various reports of RBI to understand the year wise growth of education loan and from various reports of State level bank committee of the State Kerala. The growth of education loan issued over the years had been analysed through year on year growth and trend analysis had been used for forecasting the future projections of education loan. The results highlight that volume of education loans had increased 5.58 times for the period from 2005 to 2009 and the projected growth would be 12 times in the year 2015 and ninety one to ninety two per cent of the education loans disbursed in Kerala were provided by the public sector banks and the rest was provided by the private sector and cooperative banks.

George Mathew (2015)[11] in the article titled "More than half of all education loans in South India, TN and Kerala" discuses that most of the education loans were given by two States, Tamil Nadu and Kerala which had accounted for about 40 per cent of education credits dispensed within the nation. Banks had disbursed Rs.16380 crores in Tamil Nadu, Rs.10487 crore in Kerala over 38 per cent of total disbursals till 2015. The data were collected from the Department of Financial Services, Ministry of Finance from States across the country, over 54 per cent of education loans have gone to applicants in south India. The data prepared As of December 31, 2014, depicts that the total outstanding education loans for the country was Rs.70,475 crores. Populous States like UP and Bihar was way down in the borrowings list: banks could disburse only Rs.6,697 crores and Rs.3,053 crores respectively. Students in Maharashtra, another big State had received only Rs.4,906 crores, Madhya Pradesh had got Rs.1,945 crores. The entire Northeast had got only Rs.736 crores. The reasons for more share of education loan in south were the high literacy level in the States, most students in southern States go for higher education, and are keen on taking up jobs and the awareness among people about the banking system is very high in South India. The paper closes with note of a senior Government official that banks should take into account the new budgetary announcement of Student Financial Aid Authority, which is being set up to administer and monitor scholarships and loan schemes through the Pradhan Mantri Vidya Lakshmi Karyakram.

Geetha Rani (2016)[12] in her Research Paper "Financing Higher Education and Education Loans in India: Trends and Troubles" had investigated the trends in financing higher education which convey advances is the ruling wellspring of financing advanced education in India. The various factors considered to investigate the education loan were enrolment development, developing private segment, protruding youth populace with developing working class with a more extensive adequacy of credit culture and expanding winning premium of advanced education and the ability to pay. Various secondary data sources were from the reports of ministry of finance and Reserve Bank of India. The unique data set were collected regarding Interest Subsidy Scheme on Student Loans and various troubles like, accessibility of student loans, interest subsidy, the various risks associated in education loan and the employability is linked with better repayments. The results were examined through t-test, ANOVA correlation and multiple regressions. The evaluates inferred that expenses, grants and understudy credits should be inspected with regards to expanding expense and part of business sectors in advanced education alongside moderateness inside the area of family attributes.

Naveen Kumar Baradi and Venkata Dharma Kumar Malla (2017)[13] in their research paper titled "Educational Loans from Scheduled Commercial Banks: A Critical Assessment" had analysed the growth of education loan given by public sector banks. The study was carried out with the objective to study the procedures of education terms and to examine the interest rates charged by different public and private sector banks for education loans. The secondary data for the research were annual reports of RBI for the period from the year 2005 to 2013 from journals, magazines and websites of various banks giving education loans. It had been found in the study that, education loans are available to meritorious students at affordable interest rates for pursuing higher studies in India and abroad for various courses. Even though the number of education loan accounts had increased, the year-on-year growth rate had shown a declining trend both in number of accounts as well as in the amount. The paper ends up with the suggestion that the banks and Government had to ease the terms and conditions in availing the education loan.

Senjuti Patra et al. (2017)[14] in his paper titled "Impact of Education Loans on Higher Education: The Indian Experience" had deliberated about the escalating costs of higher education globally had made the effectiveness of credit access in increasing education attainment an important subject for both academics and policy makers. The paper benevolences the evidence of a strong positive impact of education loan available on tertiary education outcomes in India. The performance of a model education loan scheme introduced by the Indian Central bank in the year 2001 which was evaluated showed an outcome of drastic increased availability of education loans in India. The paper had estimated the impact of increased availability of education loans on the type of degree undertaken by an individual by exploiting the variation in the number of education loan accounts across districts and the exposure to the program across age cohorts. The result of the impact revealed that one standard deviation increase in the number of education loan accounts leads to a 6.17% improvement in the course undertaken over the sample mean. Then it was estimated that there was effect on availability of education loans on an individual's decision to enrol for higher education, to the number of education loan accounts. The results had been proposed with the help of descriptive statistics. The analysis with mean, standard deviation , regression prevailed the effect of education loans in the enrolment of higher education is that the effects being more pronounced for the relatively economically weaker sections across gender, caste and place of residence.

Foreign studies

Woodhall and Maureen (1991)[15] in their report regarding student loan titled on "An IIEP (International Institute for Educational Planning) Educational Forum Student Loans in Higher Education" pinnacles the diverse policies of student loans in Australia, the People's Republic of China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, and Thailand. The reports explored the pros and cons of the education loan polices of various countries. The major advantage of education loan policy was it served as a means for providing financial support for students and examined that one of the reason for major cons was that some countries had embraced credits as a way of financing higher instruction, The report had also discussed in detail the various patterns of finance for higher education and systems of student support, the reasons for interest in student loans, the administration of loan programs and the feasibility of student loans and their role in education finance.

Woodhall and Maureen (1993)[16] in their working paper titled "Student Loans as a Means of Financing Higher Education" had examined the student loan programme with reference to developing countries. After summarizing the most purposes and categories of understudy advance programs and practices in different nations, focal points and impediments of advances as a implies of financing higher instruction were recognized. Specific attention was captivated to Latin America and the Caribbean, concerning the scale of student loan programs, administration of education credit institutions, the financing of student loans, repayment terms, the cost of administering student loans. Additionally, student loan programs in Asia, the Middle East, Ghana, and other African countries were addressed. Loan programs in developing countries were also evaluated in terms of feasibility, as a means of cost recovery, flexibility, efficiency, equity, manpower, and administration. The roles of the U.S. Agency for International Development, the Inter-American Development Bank, and the World Bank in funding student loan institutions were examined. Working paper ends up with the decision that procedures of understudy advances and different strategies for financing advanced education, and approach choices for understudy advance projects of different countries were in accordance with the economic policy of that country.

Albretch and Ziderman (1995)[17] in their working paper titled "Financing Universities in Developing Countries" had analysed the Government supported student loan programme of twenty different countries on the basis of rate of return of these schemes. The results of the paper were summarised as only six education loan programs in the countries Colombia' Hong Kong, UK, Norway, Barbados & Sweden the loan recovery ratio exceeded 50 per cent. The paper presumes that the monetary adequacy of any advance plan depends positively on the 'advance recuperation proportion'- the extent to which loan is repaid in full, or in other words how much cost of burden of higher education is borne by the Government. The paper had ended up with a note that a successful education loan program needs to be targeted effectively to those who were deemed to be the most deserving for the financial support. It had been emphasised that developing enrolments and loan recuperation would put unsustainable weights on the restricted advance reserves.

Vossensteyn (1999)[18] had studied in the descriptive paper titled "The Financial Situation of Students in the Netherlands" that the student loans were provided in Netherland to cover tuition fee and maintenance cost. The student loan had included a basic allowance and other expenses related to the course, could be converted to a grant if satisfactory academic progress was maintained by the students. The interest rate on the remaining advance varies annually at the Government's borrowing rate plus about 1 per cent to cover administrative costs. Repayments were fixed after a two-year grace period, with an income contingent payment feature for those incomes were low. Repayments remaining for those repaying on an income contingent basis were forgiven after 15 years. The framework to recoup ponder obligation appears exceptionally productive as the default rate on understudy advances was exceptionally low.

William and Light (1999)[19] in the paper titled " Student Income and Costs of Study in the United Kingdom" had pronounced about the United Kingdom student loan program, which was began as a small and conventional i.e. mortgage type, top up loan program in the year 1989-90. After introduction of student loan programme Government began to freeze, then lower, its once generous maintenance grants. The private sector never embraced the program, however in the year 1998-99; a much expanded program was announced by the Government to replace the former maintenance grants and to accommodate the inauguration of tuition fees. As devolution began in the late 1990s, the constituent countries of the United Kingdom like England, Scotland, Wales, and Northern Ireland began to shape their own higher education policies, including tuition fee and financial assistance, which included both the provision of student loans for maintenance as well as the policy, begun in Scotland in 1999 and later extended to England, Wales, and Northern Ireland, of moving from in advance expense essentially paid by parents to conceded charge or advances paid for the most part by understudies.

Oluyele and Akinkugbe (2000)[20] "Higher education financing and equality of education opportunities in Swaziland" had evaluated the opportunities of financing higher education in Swaziland. This paper had set up a noteworthy endeavour at looking at money related streams inside the instructive framework in Swaziland and additionally in registering the family units, with respect to open commitment to unit costs in training. The factual devices utilized were descriptive statistics, regression and percentage analysis. It was found that financial resources to the education system derive from the traditional sources, that is, Government, local communities, households, non-governmental organizations, private enterprises and corporations as well as foreign aid. While the Government had contributed about 83 per cent of the total fund in the tertiary level, the household and families contribution is higher at the primary, secondary and high school levels. This was a sign of the reality that higher instruction is intensely subsidized by the Government at the cost of fundamental instruction, bringing almost imbalance of education openings inside the education framework. The suggested measure to redress the imbalance in the funding mechanism, cost sharing or cost recovery measures are being proposed at the higher education level.

Burton Bollag (2001)[21] in his working paper "Student Loans: A Slippery Lifeline" had conferred about the glitches relating to education loan. The paper throws light on the concept that the increased tuition cost worldwide, would provide the young people a new financial lifeline called student loans. A rapid increase in enrollments in over the years had put huge strains on the budgets of countries that traditionally had free or low-cost public higher education. In many countries both the students and their families were required to share education costs by paying tuition. Loans were invented to prevent higher education from becoming an exclusive privilege for the children of the affluent. But student-loan programs, difficult to get right even in the United States where the student-loan programs had been since 1958, were proven to be more failure. Three of the world's most populous countries-China, Russia, and India had tried to start loan programs in the past two years, but the only one could be operational was in China, that too plagued by problems. In some countries, programs had run so inefficiently because administrative costs had eaten up quarter of the money available for loans. The student loan face slippery line because of the factors like little of the money lent out were recovered, only few graduates bothered to repay their loans and governments charged students such low interest rates that the loans ended up functioning largely as grants. The loan programs in 60 countries, had reached only a small share of the young people who needed them. The paper concludes with the finding of Jamil Salmi deputy director for education policy at the World Bank there should be a right balance between subsidies provided to the needy students and financially sustainable loan programs, which is would help about a dozen countries to establish and strengthen the loan systems.

Derebssa Duferra (2001)[22] in the paper titled, "Student Loans in Higher Education had conferred about the various education loans prevailing in the globe. It has been conversed that the Student loans had been widely advocated as a way of financing the private costs of investing in higher education and more than 50 nations presently had credit plans which would empower understudies to borrow from Government organisations or commercial banks in arrange to back their education cost expenses or living costs and to reimburse the credits after graduation. Most loan schemes offer Government guarantee and some form of interest subsidy. In many countries students receive financial support through a combination of loans, grants, scholarship. The paper concludes with a close note that subject of student loans was very topical and various characteristics of education forums organised by the International Institute for Educational Planning to upgrade the student loan in higher Education.

Chengzhi Wang and Mary Bergquist (2003)[23] in the working paper titled "Basic education development in China: from finance reform to World Bank projects" had analysed about the finance reforms made in providing education in China. Basic education primary and junior secondary schooling in China had experienced phenomenal development in the reform era from the late 1970s. The most important reform policies namely, decentralization of governance and diversification of finance, had been translated into an unprecedented scale of resource mobilization for schooling expansion. This article had examined China's education finance reform and basic education development. It evaluated international aid and assistance, particularly major basic education projects financed by the World Bank and other international organizations. The article argues that China was not necessarily in the driving seat in cooperation with the World Bank, and that the bank did not play purely a pivotal positive role to help to progress Chinese basic education. In spite of its huge aid and assistance in China, the bank had also contributed to the formation of China's bifurcated schooling system.

Eliza Ahamed and Valerie Braithwaite (2004)[24], titled "The impact of income-contingent provisions on students' loan-taking behaviour" an Australia's, paper investigates the relationship between making additional payments to the State understudy credit by means of the Higher Education Contribution Scheme and youngster bolster by means of the Child Support Scheme and consistence with assess law. Information was taken from the students regarding the problems, fears, and actions required for student loan. Survey method was used to analyse factor from 2040 people. The data collected were analysed through multiple regression, ANOVA and discriminant factor analysis. The investigation showed that apparent prevention, moral commitment and conceivable dependability had noteworthy contribution in lessening tax avoidance. An important finding to emerge from this study was that the student loan would have extra instalments when students pay and conviction to finish the courses were low. The findings of the paper were that greater tax evasion was among economically marginalized groups. The education loan burden for economically weaker section students would be marginalised with the help of appropriate authorities in order to avoid any legal disputes.

Jamil Salmi and Arthur Hauptman (2006)[25] in the paper titled “Innovations in Tertiary Education Financing: A Comparative Evaluation of Allocation Mechanisms” had examined a range of recent experiences with both traditional and more innovative allocation mechanisms of education loan worldwide. The objective of the paper was to survey the landscape of innovation and highlight lessons that could help policy makers in developing and transition countries to formulate strategies for increasing the effectiveness of their public policies for tertiary education. The paper had developed a typology to describe the range of approaches to resource allocation for tertiary education currently used or under consideration in various countries. In many cases documenting a path of innovation had led to a mechanisms based on accountability for outcomes and performance of education loan. This typology had included the approaches that fund institutions directly but also those that channel funds to the students. The paper investigates the different assignment instruments to meet imperative approach goals of instruction credit such as extended get to and made strides value, expanded inner productivity and fetched control, and result measures related to improved quality and pertinence. The paper had concluded with the necessary conditions needed for effective implementation of innovative allocation mechanisms of education loan, the necessity to strengthen administrative capacity, foster transparency, address the political dimensions of financing reforms, and anticipate unintended consequences.

Andrew Austin (2008)[26] in his working paper titled “Guaranteed Student Loans and Subsidies: Who Captures the Rents” had analysed the effects of borrower interest rates and student lender subsidies on governmentally ensured understudy credit volumes from the year 1988 to 1994 and from the year 1996 to 2006. In the education policy debates, it had been contended that lender subsidy cuts would cause some lenders to reduce loan supply or to leave the student loan market. A simple model of the student loan market suggests that if lenders receive economic rents due to overly generous subsidies, small changes in subsidy levels should not affect loan supply. The empirical results estimators find evidence that higher loan volumes were weak or inconclusive for both the 1988-1994 and 1996-2006 periods. This suggests that subsidy reductions had no discernable effect on student loan volumes and it was recommended that higher genuine borrower intrigued rates decrease understudy credit volumes for open colleges and colleges.

Rainald Borck and Martin Wimbersky (2009)[27] in their working paper titled "Political Economics of Higher Education Finance" had studied the voting over higher education finance in an economy with risk adverse households who are heterogeneous in income. The paper had compared four distinctive frameworks and examine voters' choices among a conventional endowment conspire, an immaculate credit plot, wage unexpected advances and graduate charges. The paper had performed sensitivity analyses with respect to risk aversion and the elasticity of substitution between high skilled and low skilled workers. The high skilled and low skilled workers selected for the study were 200 each. Using numerical simulations like Cobb-Douglas function, it was found that majorities for income contingent loans or graduate taxes become more likely as the income distribution gets more equal.

In the article titled "Options for Student Borrowers", **Michael Macchiarola and Arun Abraham in (2010)**[28] had studied in detail about the education market in America. The higher education and student loan markets were under new levels of scrutiny because of various fluctuations in the education loan market. The American Government's model of freely extending federal loans to students, had improved lower and middle class access to higher education, had enabled the formation of detrimental distortions in the higher education market. The soaring cost of higher education had saddled a generation of young Americans with unmanageable student loan debt. The debt financed higher education had resulted in a stifling encumbrance instead of the great investment to the society. The article had explored the factors that contribute to the distortions in the higher education market like the informational asymmetries that exist between the various parties to a typical debt-financed purchase of an education, accreditation rules, the peculiar incentives of school faculties, and widely followed school rankings. The analysis and prescription had general applicability to all segments of the higher education market. Subsequent to examining the causes, the article had big obligation to propose subsidiaries to deal with stemming the runaway instructive expenses and enhancing the offer for American understudies. Specifically, this Article asserts that borrower put rights should be embedded into new student loan contracts.

Devin Joshi and William Smith (2012)[29]in their working paper on "Education and Inequality: Implications of the World Bank's Education Strategy 2020" had analysed the World Bank's Education Strategy 2020 to assess its impact on inequality. The discussion begins with a review of assessments of the Bank's past education policies. It had compared the four different theoretical perspectives on education policy: social class equalization, public goods, human capital, and neo-liberalism. Applying quantitative and subjective substance examination like confirmatory discriminatory analysis, it could be distinguished that the World Bank's approach as advancing a neo-liberal industrialist improvement belief system accentuating private division tutoring and non-formal instruction alongside Government sanctioned testing. The analysis had predicted that this strategy would not lead to major increases in education equality in the developing world, and may even increase inequality.

Nelly Stromquist (2012)[30] in their working paper titled "Theory and Ideology in the Gender Proposals of the World Bank's Education Strategy 2020" had focused on the two concepts: development and gender, examining how they had been defined and applied to education policy by the World Bank. To accomplish these two objectives, key documents developed by the bank were reviewed, paying special attention to the education policy documents produced by the bank since 2000. The chapter had discussed the rationale and evidence presented by the bank to substantiate its new policies and the extent to which these policies reflect current social science research theory as well as empirical findings concerning education strategies to create both economic growth and social inclusion.

Victor Sensenig (2012)[31] in the working paper "The World Bank and Educational Reform in Indonesia" had examined the World Bank publications, including publicized reports and widely disseminated policy statements like the World development reports, as well as the plans and appraisals of two specific operations in Indonesia. Based on this examination, the author had suggested the characterizations which would emphasize the bank's intransigence or lack of responsiveness failed to provide a satisfactory description of country-level education policy evolution. The paper had discussed the two of the major theoretical frameworks that have been used to study the bank's performance regarding education loan. This was followed by a summary of the evolution of the bank's involvement in education loan at the international level. The third part of this paper had analysed two education reforms that the World Bank had promoted in Indonesia in the last 10 years programs advancing vocational education and decentralization and examined how the priorities had been affected by demands and shifts in the global discourse on education. The author concludes that the World Bank's role in the diffusion of education reform is best understood from a world culture perspective but that its interests and the interests of its primary shareholders were advanced in particularly opportune moments like democratic transitions.

Jacob John (2013)[32] had attempted a study on **"**Education Loan and Inclusive Growth: India in a Comparative Perspective". The study was a comprehensive analysis of the operational features, issues of implementation and impact of student loans in India and examines the socio economic background of beneficiaries and gender aspect of student loan schemes in India. The study was carried out with the sample technique of multiple stages sampling of 400 students and 400 samples consisting of parents, bank officials, NGOs, and Government officials. The data were analysed through simple percentage analysis and descriptive statistics. The study was timely and illuminating as it not only makes a critical assessment of the Indian scene but had also examined that in the context of experiences from several other countries. The study was indeed an invaluable addition to the scanty literature available on the subject of education financing in India and should serve as a guide for policy makers and planners on higher education. It had also endorsed the idea of expanding the student loan scheme and had even recommended for establishing a national body for coordinating all such efforts across the country.

The study had cautioned the undesirable effects of raising resources on issues of equity if it is not carefully calibrated and implemented with the sensitivity to the needs of students from socially and economically marginalized sections of the society.

Michael Simkovic (2013)[33] in their article titled "Risk-Based Student Loans" had focused primarily on the economic consequences of education rather than on moral or philosophical views about the ideal purpose of education or its proper role in society. The article had talked about the lawful and approach changes that could encourage chance based understudy credit evaluating, potential perils from a move toward chance based valuing, and shields that could help shield understudies and teachers from mishandle. The monetary focal point of this article was not planned to preclude the scholarly legitimacy from claiming philosophical perspectives about training, but instead to mirror the way that administration bolster for advanced education in the United States had fundamentally been driven by financial contemplations, especially amid the mid-twentieth century when Federal Student Loan programs were built up. The article conversed that the rationales for Government support for higher education, with an emphasis on Human Capital Theory, U.S. Government understudy advance framework, coordination, data, and motivating force issues within the higher instruction and talented work markets. It had clarified that the risk-based credit estimation of Government understudy advances had improved the issues utilizing different charts and basic rates. The author clinches with the dialog that salary income, type of business, and student credit default, conjointly considers moral and ethical contemplations with respect of risk based understudy credit estimating.

Rajeev Darolia (2013)[34] had made a research in the paper titled "Student Loan Repayment and College Accountability". It was discussed in the paper that Student loan debt and defaults had been steadily rising, igniting public worry about the associated public and private risks. This has prompted unconvinced endeavors to check defaults by holding schools, especially those in the revenue driven area, progressively responsible for the understudy credit reimbursement conduct of their understudies. These efforts attempted to protect taxpayers against the misuse of public money used to encourage college enrollment and to safeguard students against potentially risky human capital investments. The data were obtained from the reports of Federal Reserve Bank of

New York for a period from 1990-2010 and was analysed through chart and trend analysis. Major findings regarding the education policy was that the policy proposals penalize colleges for students' poor repayment performance, extant investigate does not conclusively build up a causal connect between sort of college and advance default. Available evidence moreover, had suggested that student demographics and family financial resources are related to default payers. As a result, policies targeting schools where students default on loans at high rates may disproportionately affect the post-secondary decisions of certain categories of students, such as low income, minority, and financially independent students. Policymakers therefore face the challenge of promoting the efficient use of public funds and protecting students while also encouraging access to higher education.

Veronica Nyahende (2013)[35] had made research in the article titled "The Success of Students' Loans in Financing Higher Education in Tanzania". Understudies' credits in financing advanced education in Tanzania had been exposed to several inquiries. The motivation of the study was to look at the components demonstrating the accomplishment of understudies' advances in financing advanced education in Tanzania. Utilizing information gathered from various research reports and reports of Government had found that in Tanzania, education advances in financing advanced education is effective as it expands enlistment of understudies in higher learning organizations, the investigation additionally uncovered that Higher Education Students' Loans Board is utilizing enough endeavors to recuperate credits allowed to advances recipients since 1994 and the rules and criteria for conceding advances was observed to be attractive. The investigation prescribe that, enlistment basic leadership had been influenced by different factors other than an effective understudies' advance financing, these variables incorporates political elements, prudent elements, family impacts and school impacts. In this way for better comprehension of the fruitful understudies' advances financing in Tanzania these components should be thought about as well. To guarantee more viable recuperation of as of now issued understudies advances since 1994, it is prescribed to initiate a sound budgetary administration which incorporate setting fitting financing costs to cover swelling keeping in mind the end goal to keep up the capital estimation of the advance store and taking care of regulatory expenses and also nearness of satisfactory lawful system to guarantee that understudies' advances are legitimately enforceable to decrease default among advance recipients. Rules and criteria ought to be enhanced to be more powerful, for example, the incorporation of financial matters variables to gauge the monetary capacity among advances candidates, nearness of insurance security.

Robert Proudfoot (2014)[36] in the article titled “Securitization of Student Loans” had outlined the looming budgetary and accounting issues with federal student loans and proposes securitization as an innovative mechanism to reform federal accounting, reduce federal balance sheet risk, and provide a new education quality indicator. The article was of the opinion that the current federal loan program was unsustainable because it had overestimated the repayment rates and had underestimated the cost of certain loan programs. The remedies recommended in the article were that securitization would reduce that federal risk and forcing academic institutions to bear some of the risk. Securitization would create a neutral pricing mechanism outside the direct control of federal regulators to show whether academic institutions provide a quality education. The proposal would provide an innovative, backend loaded solution to introduce risk based pricing into student loan programs without placing the risks fully on uninformed students.

Ali et al. (2015)[37] in their research paper titled “Proposed Islamic Educational Loan-Backed Securities for Quality Life of University Graduates in Malaysia” had investigated a structure for student loans securitization, identified the potential of the asset backed securitization processes and finally had proposed an Islamic framework of securitization with the reports of National Higher education Fund Corporation for the period of 22 years from the year 1992 to 2014 from the various reports of Government of Malaysia. The findings of the study were arrived with the help of trend analysis and descriptive statistics and they were expected to benefit the university students for cheaper cost of funding their studies and upon graduation they would be able to repay their monthly subsidized education loans that may improve their quality life as young employees.

The working paper titled “An Economist’s Perspective on Student Loans in the United States” of **Susan Dynarski (2014)**[38] had provided an economic perspective on policy issues related to student debt in the United States. It had laid out the economic rationale for Government provision of student loans and had summarized the time trends in student borrowing by trend analysis for the period from 2002-03 to 2012-13. The structure of the US loan market, which was a joint venture of the public and private sectors were described based on data from the National post-secondary student aid survey, borrowing was measured for the six years following first time college entry. The discussion was closed with the conclusion that borrowing had raised in the U.S over the period of time and the paper had suggested for the suitability of an income-based repayment system for student loans in the US.

Elizabeth Popp Berman and Abby Stivers (2016)[39] in their working paper titled "Student Loans as a Pressure on U.S. Higher Education" had discussed that the United States had been at the forefront of a global shift away from direct State funding of higher education and toward student loans, and student debt had become an issue of growing social concern. In the year 1960s and 1970s, policy makers had worked to solve what was the Central problem around student loans was that the banks' disinterest in lending loans to students. By the year 1990, a new field of financial aid policy emerged; in which all major banks had an interest in expanding loans. This, along with a favourable environment outside the field, set the stage for two decades of rapid growth. Organization theory had suggested two likely consequences of this expansion of federal student loans and financial aid more generally. First, while public colleges had become less dependent on State governments and more dependent on tuition, the expansion of aid colleges were simultaneously becoming more dependent on the federal Government, which should make them more susceptible to federal demands for accountability. Second, the expansion of federal student aid should encourage the spread of forms and practices grounded in a logic focused on students' financial value to the organization, such as publicly traded for-profit colleges and enrollment management practices.

Paul Bolton (2016)[40] in the briefing paper titled "Student Loan Statistics" had briefed about the student loan programmes in UK. Student loans were the main method of direct Government support for higher education students. Money was loaned to students at a subsidised rate to help towards their maintenance costs and to cover the cost of tuition fees. Currently more than £10 billion is loaned to students each year. This would grow rapidly over the few years and the Government expected the value of outstanding loans to reach over £100 billion in 2018 and continue to increase in real terms to around £330 billion by the middle of this century. The paper had given a background to student loans, statistics on their take-up, total value owed, repayment, and public expenditure, arguments for reform and factors that affect take-up. It did not look in detail at the repayment system in England for new students from the year 2012-13 which was included in the note changes to higher education funding and student support from the year 2012-13. Student Loans Company data used to cover the UK as a whole, but devolution of student support arrangements caused a change in their geographical coverage.

John Brooks (2016)[41] in his paper titled "Income-Driven Repayment and the Public Financing of Higher Education" had discussed the various factors for both increased cost of and demand for the higher education. The potential solution for the problem would be to subsidize the students' loan from low-income families, rather than everyone. This solution would pronounce the more recent approaches to higher education, with subsidies coming from the federal Government and from the institutions themselves, both public and private. In this article it had been claimed that a series of changes to the student loan program would point a way towards a potentially superior form of public financing for higher education income-driven repayment. By providing tuition for all, but demanding repayment only as a function of income, the Government could meet the demand of an economy that requires more skills and should ensure that justice and fairness was practiced in providing the education loan. Family wealth would not be a barrier for the entry and it could be done with limited taxes and limited growth in nominal public spending.

Tom Lalampaa (2016)[42] in his case study responses by "The Higher Education Loans Board (HELB) to the Environmental Challenges of Financing Higher Education in Kenya" sought to establish the responses by the higher education loans board to the environmental challenges of financing higher education in Kenya. Data for this study was primary, collected by the researcher through personal interviews with the sample size of 396 executives which include board secretary chief executive officer, his deputy as well as departmental heads. Research findings arrived using descriptive statistics and percentage analysis revealed that political, economic, socio-cultural, technological factors of the external environment as well the board's internal environment exercise some influence in determining the strategic direction of the board. Findings of the study had indicated that challenges faced by the board in its quest to adequately finance higher education in Kenya were manifested. The response strategies had been reactive thus created some limitations to transforming the board into a self-sustain and autonomous institution, as a result of its internal structure. This had resulted to the board's continuous reliance on the Government for grants in order to sustain its objectives of assisting needy students in accessing higher education in Kenya. The findings had suggested that study be done on understanding and establishing the extent to which the adopted strategies enhance the effectiveness of the Higher Education Loans Board in financing higher education in Kenya and that study would highlight the underlying forces that affect the Board's response to the challenges in both of its environments of operation in its quest to adequately finance higher education in Kenya.

2.3 BORROWERS' PERCEPTION

National Studies

Aarti Dewan (2010)[43] in the research titled, "Study of Effectiveness and Evaluation of Indian Banks Strategies Regarding Student" - A case study of State Bank of India. The study proposed to assess the reasons, factors related to education loan strategies given by Indian Banks and had also examined the students' expectations with respect to different aspects of student loan. Further the study had proposed to evaluate the strategies for these banks for raising students' confidence towards Student Financing Schemes. The research design of the study was descriptive. The study had intended to make use of information collected from both primary and secondary data sources. Research had been explored from responses of both 400 student and 100 Bank's official i.e. for students to know reasons and problems faced by them and from Bank officials to know their opinion towards education loan. The data collected from sources like bank's website was further put to analyse by using statistical techniques like correlation, step-wise regression and structure equation model. The conclusion of the study was that education impacts the human development and economic growth, as it is the fundamental requirement of democracy. Through education, people become more responsible and informed citizens, and could voice their concerns and issues in political system of the society. It is an essential element for democracy and eradicating poverty. It also helps people in improving productivity, thus playing greater roles in economic life and earning a better livelihood for themselves and the society. Student loans undeniably have varied advantages, but in many cases, the borrowers may end up being caught in a bigger trap than what they had imagined. With the mounting fee structure of education institutions it has become really difficult for students, belonging to average pool of society, to enroll themselves for higher studies due to cash crunch.

Kalaichelvi and Kalaivanan (2011)[44] in their paper titled "Beneficiaries' Attitude towards Education Loan – An Analysis through Fuzzy Matrices" had analysed the group of beneficiaries having maximum level of favourable attitude towards the education loan using fuzzy matrices. To analyse the attitude of student beneficiaries towards the education loan, a study was conducted in Madurai city, Tamil Nadu during March, 2011. A sample of 100 respondents was drawn at random from the students pursuing professional courses in colleges situated in and around Madurai city. A pre-tested interview schedule was administered and response was solicited to assess the attitude towards education loan. Response was solicited for six statements, all positive about education loan. Using fuzzy matrices the group of respondents based on amount of loan availed having maximum level of favourable attitude towards the education loan were analysed and was found that the group of respondents who availed loan ranging between Rs.1,30,000 and Rs.1,55,000 had maximum level of favourable attitude towards the education loan. The research had concluded that each and every other contributing factors like parental income, age of the parents and number of educating children in the family could be considered for decision making purpose. Also the paper had suggested for application of fuzzy matrix model in social science research will help solve many complicated issues in the real world.

Babli Dhiman and Ashok Khurana (2011)[45] in their research paper titled "Education loans: A study of students, Educational Institutions and Banker perspective" had been designed with the objective that to whom the education loan are beneficial whether for students, education institutions or for banks. The objective of the paper were analysed based on the information obtained from primary sources which includes 200 students who had taken education loan from SBI and PNB banks in the paper. The statistical tools used for analysing were the freidman's rank test, descriptive analysis and simple percentages. Secondary data is collected from relevant websites, newspapers, journals and annual reports. After analysing the data the paper had come out with the conclusion that education loan scheme was beneficial for students, education organizational and banks.

Varghese and Manoj (2013)[46] had conducted a research on the title "Efficacy of education loan: Employability of the Borrowers is the most important predictor" with the objective of analysing the satisfaction level of 600 education loan borrowers in Ernakulum district of Kerala. The Variables used were employment opportunities, adequacy of loan and usage of loan. The data collected through snowball sampling technique was analysed through ratios, percentages, correlation, chi-square and regression. The analysis of the research had resulted that borrowers should not be refused education loan because of rating of institutions and they should be forewarned about the employability of the course by the Government or the bank.

"A Study on Performance Status of Educational Loans to Economically Weaker Sections of the Society by the Commercial Banks in Pathanamthitta, a district of Kerala." is a UGC minor research project by **Biju Pushpan (2014)**[47] with the objective to study the performing status of education loans for economically backward people in the district of Pathanamthitta in Kerala and to develop a protocol for the lenders and borrowers of education loans. Secondary data were collected from various journals and books published by Indian Institute of Banking and Finance, Reserve Bank of India, Indian Banks' Association etc. and newspaper reports. Primary data were collected using random sampling technique from thirty four respondents were collected by through interview and by observation. The data were analysed using percentage analysis came out with the findings that banks were not providing concessions to the beneficiaries of education loans who belong to backward class. Most of the education loan seekers neglect education loans provided by agencies other than banks because of unawareness and unattractiveness of the schemes. Majority of the education loans amount between Rs.2 to Rs.3 lakhs and education loans helpful only to cover 71% to 90% of the overall expenses. The study recommends the Government to provide more number of education loans to economically backward and minority communities.

Sailabala Debi (2014)[48] in her paper titled "Loan Financing to Higher Education-Experiences of Bank Financing in a less developed region" had made an empirical survey to examine the financing of higher education through bank loans in Cuttack district of the State Odisha. Data were collected through survey method from a sample of 60 students who took loans from the State Bank of India. The socio- economic profile of the loan holders and other such information were collected and analysed using percentage analysis, regression and correlation. The empirical survey, found that the loan had increased the inequality in access to higher education, the bank loan was directly related to income of the family and father's occupation, particularly when it is a higher income earning occupation, the return to education of the loan holders was found to be higher as compared to the return of the same education without loan. The paper had suggested that the loan financing of higher education as one of the alternative for financing higher education, with precautionary measures, in the context of present fiscal stringency.

Shishir Sinha (2014)[49] in The Hindu Business line an article titled "FinMin may rework strategy to facilitate easier education loan" comes out with the problems faced by students were discussed at the meeting with the public sector banks and Finance Minister on Nov 20, 2014. Five major problems were listed by the finance service department. The major problems were the banker's unfavourable attitude towards students, insistence on place of domicile, collaterals for loan even below Rs.4 lakhs and delay in disbursement of subsidy. The meeting ended up with decision that the subsidy would be paid on interest charged during the study period as subsequent moratorium period before commencement of repayment.

In **Times of India (2014)**[50] an article titled "Problems Faced by Education Loan Borrowers" discusses the Problems Faced by Education Loan Borrowers in Gurgaon. The deputy commissioner of the district had discovered that the deserving students interested in pursuing higher education, faces difficulties while trying to avail the Government's education loan facility. In order to evacuate the problem a loan fair was organized by the banks. The deserving and eligible students were given a spot loan. The article concludes with the note of Assistant General Manager of Oriental Bank of Commerce that the bank is giving education loans of up to Rs.25 lakh, to students seeking admissions in premier institutions like IIMs and IITs, without collateral. The rate of interest was 10 per cent per annum for B-Class institutions and they were sanctioning loans up to Rs.10 lakh at a rate of 10.5 per cent.

Neha Pandey Deoras (2015)[51] in the article titled "How your children's education loan can derail your retirement planning" had projected the problem of increasing burden of EMI of education loan which could derail the retirement plan of the parent. The paper had deliberated the necessities of planning in advance if education cost of the student was high. The paper had settled with the suggestion of education consultant that several child plans in the market that could help parents accumulate a big enough corpus to meet their children's education expenses, parents should encourage their children to consider alternate sources of funding such as scholarships or working part-time while studying and parents should not go for loan against securities and investments as they would be quite expensive.

Prakash and Vaishnavee (2015)[52] in the research paper titled "A Study on Students Satisfaction Regarding Educational Loan with Special Reference to Nationalized Bank in Coimbatore City" had studied the students' satisfaction regarding the Education loan from nationalised bank. The research was made with the convenience sampling method with the sample size of 300 respondents from the students of Coimbatore city to ascertain the level of satisfaction about the education loan scheme and to identify the factors influencing the level of satisfaction with the help of statistical tools like simple percentage analysis, chi-square test and spearmen rank correlation method. The research findings of the paper was that there is no significant relationship between the personal factors like gender, age and level of satisfaction and the processing charge was ranked first in influencing the level of satisfaction. With the various analyses and interpretation the paper had accomplished that the students should think twice before availing the education loan and also the students should not go for loan if they were not sure about the repayment of loan.

Krishnachand (2016)[53] in the article titled "Education loan turns debt trap for students" had conversed that The Banking Ombudsman was flooded with complaints regarding the 'insensitivity' shown by banks towards education loan borrowers. The banks in the country offered education loans for the students to avail of better education, there were a lot of complaints against them in connection with the disbursal and recovery. The bank had imposed additional interest in the name of 'moratorium interest capitalisation'. A moratorium period is a loan-term when the borrower is not required to make any repayment. It is a waiting period before which repayment by way of EMIs begin. MIC refers to the addition of unpaid interest on a loan to its principal balance. The article concludes with the message of Uma Sankar that Banking Ombudsman some banks had certain internal rules and that might be the reason for capitalising the interest in the moratorium period.

The article titled, "Education Loan Interest Rate 2017-18 for SBI BOB PNB ICICI Axis Bank" of **Abinav Moghe (2017)**[54] had reviewed the various interest rates of various banks for getting better perspective of the student borrowers. The education fee of Under-graduate (UG) and Post-graduate (PG) courses were constantly being revised by different Government and Private institutes. The revision in fees was making it difficult for the parents to manage the expenses thus, affecting the quality of education of their children. To overcome the problem, the Government had been controlling the education loan interest rate in the best way possible. In the article the interest rate on education loan offered by various Government and private banks had been discussed in detail. The Education loan interest rates vary as the loan amount is increased or decreased. The Government of India had framed Education Loan Scheme which is administered by Reserve Bank of India (RBI) and Indian Banker's Association (IBA) to implement the education loan scheme, a portal named Vidyalakshmi portal had also been established by the authority on which parent or guardian could get an education loan easily.

Revathy (2014)[55] in the paper titled "Problems plaguing education loan seekers…"reveals that for students getting education loan from banks was still a miracle. Some problems discussed were that the bankers were compelled to disallow certain sums, but preferred not to list the details of disallowance. They claimed to go by the reputation of the education institute cited by the loan applicant and ignore the needs of the loan seeker. It would seem banks unwittingly create a situation whereby these loans turn into non-performing assets. Adding to all this confusion is the fact that different banks had their own yardstick to allow or disallow expenses. Applicants had frequently complained that banks demand collateral even for the sum below Rs.4.5 lakh. According to Government norms, banks had no right to reject such applications citing lack of collateral. There were also delays in sanctions and the applicant is in the dark about the fate of his or her application. Banks had, in recent years, started to include the parent also as a co-borrower, and there had been instances of branch heads demanding sums towards servicing the interest component, from the sanctioning date. There had been cases where they had compelled the applicant to take insurance. Some had been done it without the consent of the borrower. Despite all these problems, those seeking education loans were not likely to take on the banks and run the risk of having their application rejected. The articles concludes that the Government could alone take action and sooner and better.

Foreign Studies

Norhasni Zainal Abiddin (2005)[56] in their research titled "Issues in Educational Loan Repayment in Malaysia," the objectives of this research were to understand the practices that being used in recovering the education loan, the cause of the problems, the background of the problematic borrowers and steps taken to overcome the problems in collecting the repayment provided by one of the major Government agencies in Malaysia that providing such facilities to the students in higher learning institutions. The research was conducted by way of qualitative research questions and the data were obtained through in depth interview and reference on related documents. Informants for this research were selected from the management of the Government agency of education loan provider which represented by twenty five of its personnel. Twenty five borrowers who were having problem with the education loan repayment and five borrowers who managed to pay their loan consistently. The research had come out with the conclusion using statistical tool like multiple regression, t-test found that the approach practiced by the Government agency of education loan provider was too lenient and the collection of the loans were made by taking into account the problem faced by the borrowers and the attitudes, influenced by friends, economic recession and family commitment were to be among the main factors for the borrowers to delay their repayment of the education loan.

Elisa Rose Birch and Paul Miller (2008)[57] in their article "The impact of income-contingent provisions on students' loan-taking behaviour" aims to investigate the determinants of taking out Government-funded student loans for university study. The study had found that the probability of taking out student loans for the full cost of university is largely influenced by students' socioeconomic status. Other major influences on this decision include students' demographic and university enrolment characteristics.

The research shows that the parameters of loan schemes do not seem to be able to over-ride the influence that family background has on loan taking behaviour. The students use loans regardless of the parameters of the loans scheme in order to overcome short-term credit constraints. In other words, these student loan schemes channel funds to those without other means of funding their higher education. By showing the impact that income contingent provisions had on loan taking behaviour, the paper suggests the policy makers of potential impacts from modifying loan schemes to reflect these characteristics.

Kshitiz Upadhyay-Dhungel and Shreeram Lamichhane (2010)[58],in the research paper titled "Cost and Financing Higher Education by Nepalese Student in Australia, Student Loans and Role of Bank in Nepal" had analysed about the source of funding on Nepalese students who are studying abroad particularly in Australia. The study had attempted to find the cost of living and studying in Australia by Nepalese students, source of funding and the role of Nepali banks in providing support to these students. Fifty students residing in Australia for their higher study were selected through random sampling and were contacted through e-mail. A set of questionnaire was prepared by reviewing relevant literature survey. Only 16 of the respondents filled up the questionnaire completely and returned (response rate, 32%). Information rich respondents were purposefully selected for the study and were collected through email and through Skype internet chatting. The results of the research show that the cost of migration, living and study is very high in Australia. Students were found meeting their cost requirements through various sources. Among them family was the initial source of funding and survival expenses were met through part time job, scholarships and stipends. No one was found to have education loan as a source of education funding. The research recommends the bank to invest in education loan market can be the area where banks can think of investment, furthermore subsidised rate of interest, easy documentation and repayment system to lure the students to take loans.

Peter Comes (2010)[59] in their research paper titled "Student Loans and their Effects on College Consumption" had carried out research that student loans are becoming more of a problem for college students across many campuses nation-wide because of increasing tuition costs and decreasing amounts of grants and scholarships. Data were collected from 4,753 students through campus online survey and focus groups were conducted with University of Illinois Students, both methods focused on student loans and how they affect a college student's consumption. The results of the research had shown that the college students at the university were not worried about their student loans and it did not affect their current consumption greatly, but did affect larger purchase decisions slightly. The findings of the research paper had shown that college students should possibly be more aware of their student loans while attending college.

Caroline Ratcliffe and Signe Mary McKernan (2013)[60] in the working paper titled "Forever in Your Debt Who Has Student Loan Debt, and Who's Worried" it were observed that as Americans pursue more education, they also accrue more debt. Outstanding student loan balances in the United States total roughly $1 trillion (Federal Reserve Bank of New York 2013). While other types of debt, including credit card and mortgage debt, fell in the aftermath of the great recession, student loan debt increased sharply the result of more people taking out student loans and of people borrowing more money. In 1989, student loans were a relatively small component of the debt held by 29–37 year olds by 2010, they were second only to mortgage debt. It was also estimated from a multivariate regression model to examine the relationship between student loan debt and each characteristic like education attainment, household income, age, and race/ethnicity, number of financially dependent children, gender, living arrangement, employment status, and region. Rates of student loan debt are higher among people with higher levels of education, people in lower income households, younger people, African Americans, and people with more financially dependent children.

Kelly Edmiston et al. (2013)[61] in their working paper titled "Student Loans: Overview and Issues (Update)",the paper provided a detailed overview of the student loan market, presents new statistics that highlight student loan debt burdens and delinquency rates, and had discussed the current concerns among many Americans about student loans, including their fiscal impact. The report was intended to enhance awareness of the State of student loan debt and delinquency and highlight issues facing borrowers, creditors, the federal Government, and society at large. The clear message is that student loans present problems for some borrowers that are well worth addressing. At the same time, the analysis suggested that student loans do not yet impose a significant burden on society from their fiscal impact.

Eric Fink and Roland Zullo (2014)[62] in their research paper Federal Student Loan Servicing: Contract Problems and Public Solutions had deliberated about the federal student loan system after the 2006-07 crises. Loan servicing involves routine payment processing, account management and borrower communication, as well as the non-routine yet more labour intensive role of assisting borrowers that face hardship with debt repayment. Borrowers had expressed dissatisfaction with the present system. Complaints jumped significantly in the first two years of the loan servicing contracts and remained at historic highs. Several factors had contributed to the increased problems in federal loan contract, including the lacklustre job market for graduates. However, upon close inspection, The Student Loan Ombudsman's Office of the Consumer Finance Protection Bureau had issued that loan servicers bear part of the blame for neglecting their responsibility to counsel borrowers with distressed loans. The under performance of the system was mainly because of in adequate incentives to the public-private contractors. In view of the contract terms, it was concluded that the incentives to reduce operational costs far outweigh the incentives to be responsive to the needs of borrowers and contractors would be periodically evaluated based on a composite measure that combines loan default volumes and rates, as well as surveys of students, higher education institutions and Federal Student Aid (FSA) personnel.

Hanna Lim et al. (2014)[63] in their research paper titled "Financial Stress, Self-Efficacy, and Financial Help-Seeking Behaviour of College Students" had examined the financial stress and self-efficacy relationship among college students' using financial help-seeking behaviour of Grable and Joo's framework. A cognitive approach is taken by focusing on the moderating role of financial self-efficacy on the relationship between financial stress and financial help-seeking. Data were collected from 4,713 respondents of 2010 Ohio Student Financial Wellness Survey. Logistic regressions results had indicated that Black, who had a financial education course, had larger current student loan debt and had experienced a higher levels of financial stress, and had high financial self-efficacy tend to seek help from professionals. A moderating role of financial self-efficacy is observed, although the effect was relatively weak. This study had provided some evidence that financial self-efficacy could be an important consideration in campus financial wellness initiatives. The relationship in the stress, financial self-efficacy and financial helps to bring changes in the practice of financial planning. The results had suggested that increasing financial self-efficacy may be an effective way to improve student financial well-being because it leads to seeking financial help.

Nicholas Hillman (2015)[64] in his research paper "Borrowing and Repaying Student Loans" synthesizes the most recent and rigorous research on student loan debt. It focuses on basic questions about types of borrowers, amount borrowed, behaviours after availing the loan. The questions were answered by 394 respondents for getting information about federal student loan. The ambiguity with regard to federal policy making difficult when questions about the benefits and burdens of student loan debt are left unanswered. By synthesizing the current research, the paper had helped to know that importance should be given to the borrowings and questions while calling attention to others.

Rachel Fishman and Ivy Love (2015)[65] in their research paper titled "Understanding Student Loan Debt had examined students' perceptions of using loans to finance a college education", how much debt they think they will borrow, and how they plan to repay that debt. Using survey data, it was analysed that students' responses to questions about student loan debt and compare these responses to broader national trends. In the fall of 2014, New America's Education Policy Program commissioned a survey that aims to refocus national attention on all students, regardless of whether they enroll right after high school or wait until their mid-thirties to attend for the first time. The data for the study was collected through a national online survey was conducted between October 7th and November 3rd, 2014. The sample included 1,011 completed interviews from students. Data were tested at the 95 percent confidence level. The data were analysed using appropriate methods like weightage, percentages, notes and figures. The survey data were designed to help researchers and policymakers better understand the concerns of students, and the factors they consider when choosing college. The study ends up with the conclusion that at the time of borrowing students had different opinion regarding the amount of debt expected for the course with the amount sanctioned for their college education. It was clear that students who had planned on estimated borrowing would borrow more than they had estimated. This had wide implications for how we structure repayment to ensure students understand their accumulating student loan debt and their options for dealing with that debt.

Tavis Jules and Sadie Stockdale Jefferson (2016)[66] titled "The Next Educational Bubble – Educational Brokers and Education Governance Mechanisms: Who Governs What!" had discussed Educational Brokers and Education Governance Mechanisms. The paper starts emphasising that the global education market is one of the faster growing sectors, and it had attracted several education brokers who were responsible for shaping national agendas. The brokers in education were vastly different for the former players in that whereas brokers engrossed national education systems through the provision of technical assistance to meet international standards, best practices, and benchmarks, these newer players are for-profit entities that emphasize austerity, leanness, human resource maximization, performance targets, and competition. The new education landscape, national governments were seen as clients receive expert advice from "external consultants" that have an assortment of experiences across different sectors. The education brokers are responsible for the emergence of a hybrid form of education governance that use business and market techniques to reform strategies within the education sector. It was concluded by suggesting that collectively education brokers are using education sub-prime mechanisms – higher interest rates, reduced quality collateral and less advantageous terms to counterweight higher credit risk to manage education portfolios and newer forms of education risk.

2.4 CONCLUSION

Various studies relating to the performance of education loan have been reviewed in this chapter. There are many theoretical and pragmatic studies assessing the growth of education loan prominent to the development of the nation's economy. But, no extensive study was found relating to the performance of revised model education loan scheme given by commercial banks. As there are hardly any studies related to the problems of education loan beneficiaries, it was found as research breach for the study. Furthermore none of the study was found to have a study on the effectiveness of education loan, satisfaction level and level of preference of beneficiaries. So, this has been considered as a major theme for research analysis.

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