

*Volume and Growth of Education  
Loan in India*

---

---

## **CHAPTER IV**

### **VOLUME AND GROWTH OF EDUCATION LOAN IN INDIA**

#### **4.1 INTRODUCTION**

Education has a predominant role as a source of contribution for economic, political, social and human capital development. Economic growth and development of the nation in current scenario is based on the availability of quality knowledge, which in turn depends on the access and affordability to education. Generally, finances for education are provided by the Government through concessional fees, scholarship, education loans, and others. In the midst of all these, education loan has been comprehended as an alternative source of finance for education. In the year 2001, the Indian Banks Association has come up with a model education loans scheme in the country. In consultation with RBI and Central Government, the education loans are distributed to the deserving students for continuing their higher education through both the public and private sector banks in India. The increasing scope for higher education and raising need of education loan day by day has obligated to evaluate the volume and growth of education loan in India. Henceforth, the performance of education loan in India is accessed using various statistical tools like descriptive statistics, percentage analysis, mean rank, year on year growth rate and trend analysis.

#### **4.2 REGION-WISE DISTRIBUTION OF EDUCATION LOANS LENT BY PUBLIC SECTOR BANKS IN INDIA**

Education Loan in India is distributed by all the public sector banks as per the directives of Reserve Bank of India. The total number of accounts of education loan and the total amount of education loan distributed is reported periodically. India is divided into six regions by RBI i.e. Northern, North-Eastern, Eastern, Central, Western and Southern region. The reports relating to the region-wise distribution of education loan for the period from 2004-05 to 2015-16 (RBI Statistical Reports, 2016) is published by RBI annually. The classification of States and Union Territories that are included in the six regions is given below with the total number of States and UTs given in brackets.

**Northern Region (NR)** (07) Delhi, Punjab, Haryana, Chandigarh, Jammu & Kashmir, Himachal Pradesh, Rajasthan;

**North Eastern Region (NER)** (07) Assam, Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur, and Tripura);

**Eastern Region (ER)** (06) Bihar, Jharkhand, West Bengal, Orissa, Sikkim, Andaman & Nicobar;

**Central Region (CR)** (04) Uttar Pradesh, Uttarakhand, Madhya Pradesh, Chhattisgarh;

**Western Region (WR)** (05) Gujarat, Maharashtra, Daman & Diu, Goa, Dadra & Nagar Haveli; and

**Southern Region (SR)** (07) Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Tamil Nadu, Telungana, and Pondicherry.

#### **4.2.1 Region wise Distribution of Number of Education Loan Accounts**

The region wise distribution of number of education loan account by the public sector banks are analysed among the six regions in the country for the continuous period of ten years from 2005-06 to 2015-16 using descriptive statistics (Mean, Standard Deviation and Co-variance). The higher mean number of education loan accounts among the six regions during the study period is analysed to know the regional differences in the dispersal of number of education loan accounts by the public sector banks in each regions and also for the study period. The stability and volatility of the number of education loan accounts lent by the public sector banks to the borrowers of various regions for a continuous period of ten years is also evaluated using descriptive statistics.

**Table 4.1. Descriptive Statistics**

#### **Region wise Distribution Number of Education Loan Accounts (in billion)**

<b>Year</b>	<b>NR</b>	<b>NER</b>	<b>ER</b>	<b>CR</b>	<b>WR</b>	<b>SR</b>	<b>Mean</b>	<b>SD</b>	<b>Variance</b>
<b>2004-05</b>	4.52	<b>0.20</b>	3.64	5.32	5.88	29.39	<b>8.16</b>	<b>10.59</b>	<b>93.51</b>
<b>2005-06</b>	6.02	0.35	4.78	6.73	7.59	41.36	<b>11.14</b>	<b>15.02</b>	<b>188.04</b>
<b>2006-07</b>	8.42	0.59	10.35	10.46	10.52	62.28	<b>17.10</b>	<b>22.46</b>	<b>420.40</b>
<b>2007-08</b>	10.81	0.91	11.66	13.33	12.19	75.82	<b>20.78</b>	<b>27.33</b>	<b>622.66</b>

Year	NR	NER	ER	CR	WR	SR	Mean	SD	Variance
2008-09	14.81	1.25	15.33	17.75	14.57	97.64	26.89	35.15	1029.64
2009-10	16.81	1.56	18.93	21.43	17.36	121.12	32.87	43.80	1598.71
2010-11	18.39	1.79	24.04	24.19	19.16	141.21	38.13	51.16	2181.27
2011-12	19.28	2.01	26.09	25.42	20.37	153.24	41.07	55.64	2579.91
2012-13	19.19	2.31	27.44	26.19	21.75	162.13	43.17	58.98	2898.39
2013-14	19.30	2.46	28.55	26.72	22.82	168.28	44.69	61.26	3127.13
2014-15	18.96	2.51	28.19	26.07	23.82	167.59	44.52	60.99	3099.96
2015-16	18.54	4.93	28.54	25.27	25.78	160.60	43.94	57.78	2782.12
Mean	14.59	1.74	18.96	19.07	16.82	115.05	31.04		
SD	5.61	1.29	9.50	8.08	6.60	51.75			
Variance	31.51	1.66	90.33	65.36	43.56	2678.09			

Source: Computed Data

**Table 4.1(a)**

**ANOVA - Region wise Distribution of Number of Education Loan Accounts**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	104147.519	5	20829.504	42.940	.000
Within Groups	32015.593	66	485.085		
Total	136163.111	71			

Source: Computed Data

From the above table 4.1, it is clear that the mean values of number of education loan accounts of six regions for the period from 2004-05 to 2015-16 are found to range between 1.74 billion in NER being the lowest and 115.05 billion in SR being the highest. The overall mean value for number of education loan accounts extends to be 31.04 billion for all the six regions and for the study period from 2004-05 to 2015-16. Among the entire region, SR alone has the highest mean value of 115.05 billion of education loan accounts above the overall average of number of education loan accounts as more number of education loan accounts is lent by the public sector banks in the States of the SR (Sustained from Times of India, August 2018). The rest of five regions whose mean value for number of education loan accounts (NR 14.59, NER 1.74, ER 18.96, CR 19.07 and WR 16.82) are below the overall average of number of education loan accounts.

Volatility is also found to be high among the SR with variance of 2678.09 billion education loan accounts as nearly 60 per cent of education loan accounts in the country is from the States of Karnataka, Tamil Nadu, Kerala Andhra Pradesh and Telangana in the SR (Sustained from the Reports of Reserve Bank of India, 2016). The minimum volatility is found in the NER with the variance of 1.29 billion of number of education loan accounts as the number of banks in the north eastern States are very less when compared with the rest of the States in India, thereby number of education loan accounts distributed by the public sector banks to the students of NER is also very less (Sustained from RBI Reports on Trends & Progress of Banking in India, 2016)

Year-wise comparison of number of education loan accounts shows that the overall mean of number of education loan account is 31.04 billion. The mean value of number of education loan accounts has remained well above the overall mean of number of education loan accounts throughout the year from 2009-10 to 2015-16. Regarding the stability of number of education loan accounts across the years, it is found that the number of loan account has remained more stable in the year 2004-05 with minimum variance 93.51 of education loan accounts. The number of education loan accounts is minimum during the year 2004-05 the changes in the security norms applicable to education loan with limits above Rs, 4,00,000 and Up to Rs.7,50,000 was implemented. The banks had lack of clarity regarding the new norms, hence the banks have slow down their disbursement of education loan accounts to the borrowers with the altered terms and conditions (Sustained from Reports of RBI 2016, <http://www.ndpublisher.in> 2016). The more instability of education loan accounts persisted during the year 2013-14 with the maximum variance of 3099.96 education loan accounts. The number of loan account has persisted to be the highest during the year 2013-14 as the Government has announced that it will take over the outstanding interest of education loan as on 31-12-2013 and the borrowers have to pay interest only after 2014(Sustained from the reports of Press Information Bureau, Ministry of Finance 2014). Hence the borrowers have taken more number of education loans with a hope that they will get interest subsidy from the Government for the loan amount borrowed. The rise of education loan accounts is due to increasing Gross Enrolment ratio of students pursuing higher education during the year (sustained from the Reports of MHRD 2016, <http://www.ndpublisher.in>, 2016).

The table 4.1(a) clearly depicts that the Test of comparison of mean values calculated across the various regions and the study period is significant both at 5% and 1% level of significance. Thus the F-test proves that the number of education loan distributed by the public sector banks during the study period is associated with the number of education loan accounts distributed across the various regions in the country.

From the analysis of table 4.1 and 4.1(a) it is concluded that the high volatility is found during the year 2013-14 because of increasing Gross Enrollment Ratio during the year and waive off of interest subsidy of education loan. More than 50 per cent distribution of education loan accounts from the State of SR have resulted in the high volatility of number of education loan accounts among the various regions in India. The number of education loan distributed by the public sector banks among the six regions have greater impact on the number of education loan lent throughout the study period.

#### **4.2.2 Region wise Distribution of Total Amount of Education Loan**

The region wise distribution of total amount of education loan account are analysed among the six region in the country for the continuous period of ten years from 2005-06 to 2015-16 using descriptive statistics (Mean, Standard Deviation and Co-variance). The higher mean value of total amount of education loan among the six regions during the study period is analysed to know the regional differences in the dispersal of total amount of education loan distributed by the public sector banks in each regions and also for the study period. The stability and volatility of the total amount of education loan distributed across the regions for a continuous period of ten a years is also evaluated by descriptive statistics.

**Table 4.2**

#### **Descriptive Statistics –Region wise distribution of Education Loan Amount (in Rs.billion)**

<b>Year /Region</b>	<b>NR</b>	<b>NER</b>	<b>ER</b>	<b>CR</b>	<b>WR</b>	<b>SR</b>	<b>Mean</b>	<b>SD</b>	<b>Variance</b>
<b>2004-05</b>	84.84	<b>3.60</b>	49.74	66.13	96.53	368.59	<b>111.57</b>	<b>130.03</b>	<b>16908.7</b>
<b>2005-06</b>	136.60	6.64	93.41	125.40	148.32	619.28	<b>188.27</b>	<b>217.24</b>	<b>47195.12</b>
<b>2006-07</b>	179.29	10.90	134.80	147.16	191.41	775.55	<b>239.85</b>	<b>270.20</b>	<b>73006.55</b>
<b>2007-08</b>	242.36	19.55	204.95	222.11	257.09	1079.79	<b>337.64</b>	<b>373.76</b>	<b>139698.9</b>

Year /Region	NR	NER	ER	CR	WR	SR	Mean	SD	Variance
<b>2008-09</b>	329.59	28.12	288.64	316.13	329.15	1483.03	<b>462.44</b>	<b>513.28</b>	<b>263452.6</b>
<b>2009-10</b>	415.25	37.64	386.79	415.24	425.13	2012.33	<b>615.40</b>	<b>700.55</b>	<b>490764.1</b>
<b>2010-11</b>	445.38	43.34	509.23	489.71	477.27	2334.36	<b>716.55</b>	<b>811.88</b>	<b>659152.3</b>
<b>2011-12</b>	473.96	51.31	594.62	548.17	519.13	2634.84	<b>803.67</b>	<b>918.46</b>	<b>843573.1</b>
<b>2012-13</b>	465.94	54.99	647.27	608.19	543.93	2953.55	<b>878.98</b>	<b>1038.52</b>	<b>1078533</b>
<b>2013-14</b>	502.04	62.81	736.53	633.99	541.42	3239.63	<b>952.74</b>	<b>1143.89</b>	<b>1308496</b>
<b>2014-15</b>	551.06	73.65	706.76	622.85	579.92	3399.37	<b>988.93</b>	<b>1201.72</b>	<b>1444120</b>
<b>2015-16</b>	526.15	67.38	770.82	643.54	641.31	<b>3533.91</b>	<b>1030.52</b>	<b>1250.41</b>	<b>1563531</b>
<b>Mean</b>	<b>362.7</b>	<b>38.33</b>	<b>426.96</b>	<b>403.22</b>	<b>395.88</b>	<b>2036.2</b>	<b>610.55</b>		
<b>SD</b>	<b>162.87</b>	<b>24.46</b>	<b>267.09</b>	<b>218.81</b>	<b>184.96</b>	<b>1145.64</b>			
<b>Variance</b>	<b>26530.00</b>	<b>598.37</b>	<b>71340.00</b>	<b>47880.00</b>	<b>34210.00</b>	<b>1313000.00</b>			

Source: Computed Data

**Table 4.2(a)**

**ANOVA- Region wise Distribution of Education Loan Amount**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.047E7	5	6094846.982	24.780	.000
Within Groups	1.648E7	67	245957.783		
Total	4.695E7	72			

Source: Computed Data

The table 4.2 depicts that the mean value of total amount of education loan distributed by the public sector banks by six regions for the period from 2004-05 to 2015-16 are found to range between Rs.24.46 billion (NER) being the lowest and Rs.1,145.64 billion (SR) being the highest. The overall average amount of total amount of education loan distributed by the public sector banks for all the six regions in the country for the study period from 2004-05 to 2015-16 is Rs.610.55 billion. The mean value of total amount of education loan for SR (Rs.2,036.2 billion) alone are above the overall average of total amount of education loan as the States of SR like Tamil Nadu, Kerala, Andhra Pradesh and Karnataka accounts for 50 per cent of education loan amount disbursed by the public sector banks in India (The Hindu Business Line, 2016). The rest of the five regions (NR Rs.362.7 billion, NER Rs.38.33 billion, ER Rs.426.96

billion, CR Rs.403.22 billion and WR Rs.395.88 billion) are below the overall average of total amount of education loan distributed across the region in the country.

Volatility is found to be high among the SR with the huge variance of Rs.13,13,000 billion amount of education loan as the total amount of education loan lent by the public sector banks in the States of SR is high when compared with the other States and Union Territories in the country (Sustained from Times of India, January 2016). The minimum volatility is found in the NER with the variance of Rs.598.37 billion of total amount of education loan, as the total education loan amount given by the public sector banks to the borrowers of north eastern States Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur and Tirupura of NER amounts to minimum distribution of education loan amount when compared with the rest of the regions in India (Sustained from RBI Reports on Trends & Progress of Banking in India 2016 and Times of India, January 2016).

Year-wise comparison of total amount of education loan distributed during the study period exhibits that during the year 2016, the total amount of education loan (Rs.3,533.91 billion) of SR has persisted to be the highest as nearly 40 per cent of total amount of education loan disbursed in the country is distributed by the public sector banks in the States of Tamil Nadu and Kerala in the southern region (sustained from Department of Financial Services, Ministry of Finance, March 2016). The overall mean value of total amount of education loan lent by the public sector banks in all regions during the year from 2004-05 to 2015-16 is Rs.610.55 billion. It is found that the total amount of education loan distributed for a continuous period of 10 years has remained well above the overall average of total amount of education loan during the year from 2009-10 to 2015-16 as the education loans were pushed by the Central Government to help the deserving borrowers of education loan. Regarding the stability of total amount of education loan distributed across the years, it is found that the total amount of education loan distributed has remained more stable during the year 2004-05 with low variance of 16908.7 The variance is minimum during the year as the education loan scheme was just implemented through commercial banks and the total amount distributed is also minimum (Sustained from The Indian Express, 2015). The instability of education loan amount distributed persisted to be more during the year 2015-16 with the high variance of 1563531 as the total amount of education loan distributed is increasing over the year throughout the study period. Volatility is found to be high during the year 2015-16, since



the SR has distributed high amount of education loan of Rs.3,533.91 billion as against any other regions.

Test of comparison of mean values calculated across the various regions and the study period is significant both at 5% and 1% level of significance. This test proves that there is an association between the total amount of education loan distributed by the public sector banks during the study period and the total amount of education loan distributed across the regions.

Region wise distribution of number of education loan accounts and the total amount of education loan distributed by public sector banks is evaluated using descriptive statistics. The analysis clearly shows that the total amount of education loan distributed over ten years is increasing throughout the region but the number of education loan accounts distributed across the region during the study period is diminishing for the last two years. The number of education loan accounts lent by public sector banks has reduced considerably because of entry of NBFCs. In spite of the restriction the PSBs had earlier in the disbursement of education loan, the banks are disbursing the education loan amount demanded by the borrowers due to the stiff competition they face from the NBFCs.

Moreover the distribution of number of education loan accounts and the total amount of education loan by public sector banks shows large regional disparities because of higher literacy levels and availability of organised education infrastructure prevailing in certain regions like SR and CR which may be absent in the other regions like NER.

#### **4.3 REGION-WISE CONTRIBUTION OF EDUCATION LOANS LENT BY PUBLIC SECTOR BANKS IN INDIA**

In India, Education Loan is distributed by the public sector banks as per the directives of Reserve Bank of India. The total number of education loan accounts and the total amount of education loan distributed is over the years recorded with RBI by all the banks. RBI has divided India into six regions by i.e. Northern, North-Eastern, Eastern, Central, Western and Southern region. The reports relating to the region-wise contribution of education loan by the public sector banks for the period from 2004-05 to 2015-16 is calculated and analysed using percentage. The classification of States and Union Territories which are included in the six regions is mentioned earlier (with the total

number of States and UTs given in brackets) and are obtained from RBI Statistical Reports, 2016.

#### **4.3.1 Region-Wise Percentage Contribution of Number of Education Loan Accounts**

The region wise contribution of number of education loan accounts by the public sector banks are analysed among the six regions (NR, NER, ER, CR, WR and SR) for the continuous period of ten years from 2005-06 to 2015-16 using simple percentage analysis. The analysis is beneficial for scrutinising the highest and least contribution of number of education loan accounts among the six regions for the study period. The region wise percentage contribution is calculated from the total number of education loan accounts disbursed. The regional disparities in the dispersal of number of education loan by the public sector banks in each region for the study period is also evaluated by percentage analysis.

Table 4.3 shows the percentage contribution of number of education loan accounts by the public sector banks among the six regions in India for the study period 2004-05 to 2015-16. In the year 2004-05, SR contributes the maximum of 60.05 per cent of total number of education loan accounts by the public sector banks followed by CR with 10.87 per cent contribution. The contribution by NER is least with 0.40 per cent followed by ER with contribution of is 7.44 per cent during the year 2004-05.

The major percentage contribution of number of education loan accounts by public sector banks is from SR with 60.91 per cent followed by Central region with 9.76 per cent during the year 2015-16. The percentage contribution of number of education loan accounts by public sector banks from NER is least with 1.87 per cent while the second lowest percentage contribution is from NR with 7.03 per cent during the year 2015-16. It is clear from the table that the overall highest percentage of number of education loan accounts is from SR (62.76 per cent) in the year 2013-14 and the lowest percentage is from NER (0.40 per cent) in the year 2004-05.

**Table 4.3**  
**Region-Wise Contribution of Number of Education loan Accounts**

Region / Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>NR</b>	9.24	9.01	8.20	8.67	9.18	8.52	8.04	7.82	7.41	7.20	7.10	7.03
<b>NER</b>	<b>0.40</b>	0.52	0.57	0.73	0.78	0.79	0.78	0.82	0.89	0.92	0.94	1.87
<b>ER</b>	7.44	7.16	10.09	9.35	9.50	9.60	10.51	10.59	10.59	10.65	10.55	10.83
<b>CR</b>	10.87	10.07	10.19	10.69	11.00	10.87	10.57	10.32	10.11	9.97	9.76	9.58
<b>WR</b>	12.0	11.6	10.25	9.78	9.03	8.80	8.37	8.27	8.40	8.51	8.92	9.76
<b>SR</b>	60.05	61.88	60.69	60.80	60.52	61.42	61.72	62.19	62.60	<b>62.76</b>	62.74	60.91
<b>ALL INDIA</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

*Source: Computed Data*

*Note: Figures are in percentage*

It could be concluded from the analysis that SR contributes maximum i.e more than 60 per cent to total number of education loan accounts lent by the public sector banks throughout the study period. The States from SR have consistently had many borrowers availing the education loan as these States provide better quality and access to better technical higher education than other regions in the country (Sustained from Department of Financial Service, Ministry of Finance 2015 and Times of India August, 2018). However when compared to other regions, NER have the least contribution of nearly 2 percent towards the number of education loan accounts dispersed by the public sector banks. The students in the region are migrating to the rest of the country to pursue their higher education because of lack of education institutions in the States of NER (Sustained from the Reports of Credit Ratings 2018). NER shows a stable growth throughout the years without any fluctuations as the Government of North Eastern States along with some private institutions have started many colleges and universities in order to meet the higher education demands of the students in NER (Sustained from The Economic Times, 2012).

#### **4.3.2 Region-Wise Percentage Contribution of Total Amount of Education Loan**

The region wise contribution of total amount of education loan by the public sector banks are analysed among the six regions (NR, NER, ER, CR, WR and SR) for the continuous period of ten years from 2005-06 to 2015-16 using simple percentage analysis. The analysis is of great use in investigating the highest and least contribution of total amount of education loan by the public sector banks among the six regions for the study period. The region wise percentage contribution is calculated from the total amount of education loan disbursed. The percentage analysis is used to evaluate the regional disparities in the dispersal of total amount of education loan by the public sector banks in each region for the study period.

Table 4.4 shows the percentage contribution of total amount of education loan by the public sector banks among the six regions in India for the study period 2004-05 to 2015-16. The percentage contribution of total amount of education loan among six regions is found to range between 0.54 per cent (NER) being the lowest and 57.29 per cent (SR) being the highest. In the year 2004-05, SR contributes the maximum of 55.06 per cent of

total amount of education loan by the public sector banks followed by CR with 14.42 per cent contribution. The contribution by NER is least with 0.54 per cent followed by the contribution of ER with 7.43 per cent during the year 2004-05.

**Table 4.4**

**Region-wise Contribution of Total Amount of Education loan**

<b>Region/ Year</b>	<b>2004 -05</b>	<b>2005 -06</b>	<b>2006 -07</b>	<b>2007 -08</b>	<b>2008 -09</b>	<b>2009 -10</b>	<b>2010 -11</b>	<b>2011 -12</b>	<b>2012 -13</b>	<b>2013 -14</b>	<b>2014 -15</b>	<b>2015 -16</b>
<b>NR</b>	12.67	12.09	12.46	11.96	11.88	11.25	10.36	9.83	8.83	8.78	9.29	8.51
<b>NER</b>	<b>0.54</b>	0.59	0.76	0.96	1.01	1.02	1.01	1.06	1.04	1.10	1.24	1.09
<b>ER</b>	7.43	8.27	9.37	10.12	10.40	10.48	11.84	12.33	12.27	12.88	11.91	12.47
<b>CR</b>	9.88	11.10	10.23	10.96	11.39	11.25	11.39	11.37	11.53	11.09	10.50	10.41
<b>WR</b>	14.42	13.13	13.30	12.69	11.86	11.51	11.10	10.77	10.31	9.47	9.77	10.37
<b>SR</b>	55.06	54.82	53.89	53.30	53.45	54.50	54.30	54.64	56.00	56.67	<b>57.29</b>	57.15
<b>All India</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

*Note: Figures are in percentage*

*Source: Computed Data*

The major percentage contribution of total amount of education loan by public sector banks is from SR with 57.15 per cent followed by ER with 12.47 per cent during the year 2015-16. The percentage contribution of number of education loan accounts by public sector banks from NER is least with 1.09 per cent while the second lowest percentage contribution is from NR with 8.51 per cent during the year 2015-16. It is clear from the table that the overall highest percentage of number of education loan accounts is from SR (57.29 per cent) in the year 2014-15 and the lowest percentage is from NER (0.54 per cent) in the year 2004-05.

It can be concluded from the analysis that SR contributes maximum nearly 60 per cent to total amount of education loan lent by the public sector banks throughout the study period. The States from SR have consistently had many borrowers availing the education loan as more number of students from these States pursue higher education. The States of SR provide better quality and access to better technical higher education than other regions in the country (Sustained from Department of Financial Service,

Ministry of Finance 2015 and Times of India August, 2018). However when compared to other regions, NER have the least contribution of only 1 percent towards the total amount of education loan dispersed by the public sector banks. The students in the region are migrating to the rest of the country to pursue their higher education because of lack of education institutions in the States of NER (Sustained from The Indian Express, 2012).

From the analysis of region wise percentage contribution of education loan lent by public sector banks in India, it can be summarised that the public sector banks are skewed towards the States of SR while disbursing the education loan mainly because of the high literacy rate and students inclination to pursue technical education. The availability of Government scheme, access to finance and existence of education infrastructure facilities in certain region and absence of this facilities in other region has resulted to the regional disparities in the dispersal of number of education loan accounts and total amount of education loan by the public sector banks (Sustained from the Reports of Credit Ratings, 2018).

#### **4.4 STATE-WISE CONTRIBUTION OF EDUCATION LOANS LENT BY PUBLIC SECTOR BANKS IN INDIA**

Education Loan in India is distributed by all the public sector banks as per the directives of Reserve Bank of India. The total number of accounts of education loan and the total amount of education loan distributed by the public sector banks in each State is reported periodically. India has 29 States and 7 Union Territories. The reports relating to the distribution of education loan by the public sector banks of each States and Union Territories for the period from 2004-05 to 2015-16 (RBI Statistical Reports, 2016) is published by RBI annually. The classification of States and Union Territories that are included for the study is given below with the total number of States and UTs given in brackets.

##### **States in India (29)**

There are twenty nine States in India and they are as follows

Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya

Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.

### **Union Territories (7)**

There are seven Union Territories in India and are as follows

Andaman, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Delhi, Lakshadweep and Puducherry.

#### **4.4.1 State-Wise Contribution of Number of Education Loan Accounts**

The State wise contribution of number of education loan accounts by the public sector banks are analysed among the 29 States and 7 Union Territories for the continuous period of ten years from 2005-06 to 2015-16 using simple percentage analysis. The analysis is of great use in investigating the highest and least contribution of number of education loan accounts by the public sector banks among all the States and Union Territories in India.

Table 4.5 clearly reveals the comparative picture of the percentage contribution of number of education loans accounts by public sector banks in all States and UTs of India for a continuous period of ten years from 2004-05 to 2015-16. The highest number of education loan accounts is from Tamil Nadu (18.12 per cent), followed by Andhra Pradesh (17.98 per cent) and Kerala (14.01 per cent) whereas the lowest percentage is from the Union Territories Lakshadweep (0.001 per cent), and followed by Daman & Diu (0.008 per cent) during the year 2004-05. In the consecutive year 2005-06, the highest percentage number of accounts under education loan is again from the State Tamil Nadu with 19.84 per cent. Second and third highest percentage number of education loan account was from the State of Kerala (16.01 per cent) and Andhra Pradesh (15.85 Per cent) respectively. The least percentage of number of education loan accounts during the year 2005-06 is yet again from the Union Territories Lakshadweep (0.001 per cent) followed by Daman & Diu (0.001 per cent) and Dadra & Nagar Haveli (0.01Per cent) where the number of students pursuing higher education is low.

**Table 4.5**  
**State-Wise Contribution of Number of Education loan Accounts**

State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Andaman	0.02	0.01	0.02	0.02	0.02	0.02	0.02	0.04	0.02	0.02	0.02	0.02
Andhra Pradesh	17.98	15.85	14.54	13.35	12.13	11.08	9.65	8.76	7.61	7.10	6.39	3.96
Arunachal Pradesh	0.01	0.00	0.01	0.01	0.03	0.02	0.02	0.02	0.02	0.02	0.03	0.02
Assam	0.27	0.36	0.41	0.55	0.55	0.57	0.57	0.59	0.63	0.62	0.62	0.90
Bihar	1.27	1.12	2.85	1.85	2.14	2.20	2.74	3.20	3.44	3.72	3.83	3.86
Chandigarh	0.43	0.46	0.47	0.36	0.34	0.31	0.26	0.25	0.20	0.18	0.17	0.16
Chattisgarh	0.58	0.64	0.60	0.67	0.55	0.59	0.64	0.61	0.62	0.63	0.67	0.69
Dadra & Nagar Haveli	0.01	0.01	0.01	0.01	0.03	0.01	0.03	0.01	0.01	0.01	0.01	0.01
Daman & Diu	0.001	0.001	0.001	0.001	0.03	0.02	0.01	0.001	0.001	0.001	0.01	0.01
Delhi	2.80	2.40	2.13	1.95	1.98	1.94	1.69	1.55	1.32	1.23	1.20	1.18
Goa	0.27	0.26	0.24	0.16	0.19	0.17	0.15	0.15	0.13	0.12	0.12	0.11
Gujarat	3.32	2.71	2.60	2.72	2.23	2.09	1.95	1.82	1.70	1.71	1.72	1.76
Haryana	1.48	1.52	1.30	1.57	1.66	1.55	1.49	1.50	1.44	1.40	1.36	1.35
Himachal Pradesh	0.35	0.35	0.36	0.44	0.54	0.52	0.54	0.56	0.55	0.54	0.56	0.54
Jammu & Kashmir	0.28	0.30	0.30	0.34	0.48	0.44	0.41	0.43	0.42	0.41	0.42	0.44
Jharkhand	1.06	1.01	1.31	1.51	1.51	1.61	1.67	1.69	1.78	1.82	1.81	1.75
Karnataka	9.45	9.74	8.50	9.09	8.59	8.17	7.55	7.03	7.21	7.28	7.44	7.72
Kerala	14.01	16.01	15.21	12.61	13.39	12.52	12.68	12.50	12.98	12.73	12.42	12.27



State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Lakshadweep	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Madhya Pradesh	4.30	3.79	3.79	3.52	3.74	3.68	3.38	3.12	3.09	3.10	3.05	3.01
Maharashtra	8.41	8.38	7.40	6.89	6.55	6.52	6.24	6.29	6.54	6.66	7.06	7.89
Manipur	0.03	0.04	0.05	0.06	0.07	0.06	0.05	0.04	0.05	0.05	0.05	0.04
Meghalaya	0.05	0.04	0.04	0.05	0.05	0.05	0.06	0.06	0.07	0.08	0.08	0.09
Mizoram	0.01	0.00	0.01	0.00	0.02	0.02	0.03	0.03	0.02	0.03	0.03	0.02
Nagaland	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.01
Orissa	1.99	1.90	2.47	2.54	2.53	2.65	2.86	2.72	2.70	2.54	2.43	2.32
Puducherry	0.47	0.44	0.48	0.49	0.50	0.50	0.49	0.50	0.57	0.55	0.55	0.52
Punjab	1.86	1.86	1.64	1.79	1.91	1.55	1.44	1.33	1.24	1.22	1.21	1.20
Rajasthan	2.03	2.12	2.00	2.21	2.27	2.21	2.20	2.21	2.26	2.21	2.17	2.16
Sikkim	0.03	0.02	0.02	0.05	0.02	0.02	0.01	0.02	0.02	0.02	0.02	0.03
Tamil Nadu	18.12	19.84	21.96	25.25	25.91	29.14	31.35	33.39	34.24	35.09	35.94	33.81
Telangana	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	2.63
Tripura	0.04	0.06	0.05	0.05	0.05	0.05	0.05	0.06	0.09	0.10	0.12	0.78
Uttar Pradesh	5.20	4.90	4.95	5.51	5.70	5.58	5.54	5.57	5.30	5.26	4.77	4.69
Uttarakhand	0.78	0.75	0.87	1.00	1.01	1.02	1.02	1.01	1.10	0.97	1.27	1.20
West Bengal	3.07	3.09	3.43	3.39	3.28	3.10	3.21	2.92	2.65	2.53	2.43	2.85
<b>ALL INDIA</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Computed Data

Note: Figures are in percentage, State Telengana was emerged in 2016

In the consecutive period of three years from 2013-14 to 2015-16 the largest share of number of accounts under education loan by the public sector banks is contributed by Tamil Nadu with 35.09, 35.95 and 33.81 per cent followed by Kerala with 12.73, 12.42 and 12.27 per cent share respectively. Least share of contribution of number of education loan accounts by public sector bank in the Union Territory Lakshadweep is same with 0.001 per cent for three years from 2013-14 to 2015-16 . From the year 2002-03 to 2014-15 the contribution of Tamil Nadu towards number of education loan accounts is being increased throughout the years as the number of students pursuing higher education is more and State has higher literacy rate. More over the percentage contribution of number of education loan accounts by the public sector banks from the Union Territories like Lakshadweep, Daman & Diu and Dadra & Nagar Haveli are low and stable throughout the year from 2003-04 to 2015-16. The contribution of number of education loan accounts is least as the number of students pursuing higher education is minimum in these UTs and most of the people residing in these Union Territories are tribes, minority community like SC and ST, who are unaware of the Education Loan Scheme (Sustained from [www.careratings.com](http://www.careratings.com)).

There are many fluctuations in the contribution of number of education loan accounts by the public sectors in various States and Union Territories of India. Certain States have increased their share in the percentage contribution of number of education loan accounts and while others have lower contribution. Relative contribution of number of loan accounts of Northern States like Delhi, Haryana, Chandigarh, Himachal Pradesh, and Rajasthan except Jammu & Kashmir has a shown declined growth trend for the last five years from 2011-12 2015-16. The number of education loan accounts lent by Public Sector Banks in Delhi has decreased considerably for the past five years due to the entry of NBFCs. NBFCs are also focusing on borrowers pursuing overseas and technical education, which is highest in the Delhi (Sustained from *The Economic Times* 2018). In Haryana, the number of education loan account by public sector banks is not stable as the State is having low female and minority community literacy rate. Also the students of Haryana are deprived of education loan since their resource for Income is very less. (Sustained from [www.thehindubusinessline.com](http://www.thehindubusinessline.com), 2018). Most of the students in Chandigarh are pursuing higher education in abroad while public sector banks are

concentrating more on minimum amount of education loan thereby the borrowers are moving towards NBFCs for maximum amount of education loan (Sustained from [www.news18.com](http://www.news18.com), 2016). Students of Himachal Pradesh has not shown interest in borrowing the education loan due to the lessen employment opportunities and increasing cost of higher education (Sustained from [www.indiatoaday.in](http://www.indiatoaday.in), 2016). Rajasthan have low contribution of number of education loan because of low literacy rate and number of students pursuing higher education in the State is very less (Sustained from [www.scroll.in](http://www.scroll.in), 2016). Jammu and Kashmir has shown substantial growth in the contribution of number of education loan after the financial year 2013-14 as the Jammu and Kashmir Government has reduced the rate of interest for education loan to smoothen the students' path for fulfilling their higher education dream (Sustained from Great Kashmir, March 2014).

North-Eastern States like Assam, Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur, and Tripura have the least contribution towards the total number of education loan accounts dispersed by the public sector banks as the States have low Gross Enrolment ratio in higher education. The students are migrating to the rest of the country to pursue their higher education as the States of NER do not have sufficient higher education institutions. (Sustained from The Indian Express, 2012).

Eastern States Jharkhand have a constant growth in the contribution of total number of education loan accounts throughout the year from 2004-05 to 2015-16 as the Government of India and Jharkhand Government is taking initiative to improve the literacy rate and promote higher education in the State (Sustained from Reports Ministry of minority affairs 2016).

In the year 2015-16, among the Central States, Chhattisgarh alone has increased their contribution of number of education loan accounts as the Government of Chhattisgarh has made an initiative to provide the education loan at interest rate of 1 per cent for maximum of Rs.4 Lakhs. Due to the lower interest rate more students have shown their interest in pursuing their higher education with the help of education loan from the public sector banks (Sustained from The pioneer, July 2014). Other States like Uttar Pradesh, Uttarakhand and Madhya Pradesh have less percentage of contribution of

public sector banks towards the number of education loan for the same period as the local job market in the State has squeezed down considerably, literacy rate is low and also due to the lack of education facilities in the respective States (Sustained from Business Standard, March 2018)

Among the Western States, Maharashtra alone has nearly 8 per cent contribution for number of education loan accounts for the study period as the students in the States are interested in pursuing higher education both in domestic and abroad. Also the students have better education institution and facilities than other States. However the contribution of number of education loan accounts has decreased from the year 2007-08 to 2013-14 as NBFCs are focusing their business in Mumbai, a city in Maharashtra by lending huge amount to the students pursuing technical, Post-Graduation and foreign education (Sustained from the Reports of Credit Ratings 2018).

The overall outcomes of the contribution of number of education loan accounts by the public sector banks exhibits that Southern States like Tamil Nadu and Kerala are contributing more to the education loan accounts as these States have higher literacy rate and number of students pursuing higher and technical education are relatively high when compared to other States.. Thereby the students are benefited through the education loan scheme lent by public sector banks. North Eastern States like Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur and Tripura are lagging behind in the contribution for number of education loan accounts due to low literacy rate and less availability of education institution.

#### **4.4.2 State-wise Contribution of Total Amount of Education loan**

The State wise contribution of total amount of education loan by the public sector banks are analysed among the 29 States and 7 Union Territories for the continuous period of ten years from 2005-06 to 2015-16 using simple percentage analysis. The analysis is of great use in investigating the highest and least contribution of total amount of education loan by the public sector banks among all the States and Union Territories in India.

**Table 4.6**  
**State-Wise Contribution of Total Amount of Education loan**

State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Andamans	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.07	0.03	0.03	0.03	0.02
Andhra Pradesh	20.20	17.91	16.21	14.70	14.31	13.12	11.84	10.49	8.91	8.73	9.17	5.60
Arunachal Pradesh	0.00	0.01	0.01	0.01	0.03	0.03	0.02	0.02	0.02	0.02	0.03	0.02
Assam	0.36	0.41	0.54	0.73	0.70	0.73	0.71	0.76	0.74	0.74	0.88	0.70
Bihar	1.39	1.53	1.93	2.08	2.37	2.55	3.21	3.73	4.00	4.77	4.97	4.99
Chandigarh	0.65	0.73	0.90	0.59	0.57	0.49	0.44	0.41	0.30	0.28	0.28	0.25
Chattisgarh	0.55	0.75	0.68	0.65	0.61	0.67	0.66	0.65	0.59	0.64	0.68	0.71
Dadra & Nagar Haveli	0.01	0.01	0.01	0.01	0.04	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Daman & Diu	0.01	0.01	0.01	0.00	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01
Delhi	5.05	4.16	4.15	3.51	3.60	3.32	2.73	2.43	1.93	1.80	2.38	1.72
Goa	0.28	0.26	0.25	0.21	0.23	0.22	0.20	0.19	0.16	0.16	0.16	0.16
Gujarat	5.52	3.65	4.11	3.82	3.42	3.21	2.63	2.53	2.41	2.07	1.96	2.21
Haryana	1.80	1.89	2.01	2.03	1.97	1.91	1.82	1.75	1.59	1.66	1.61	1.60
Himachal Pradesh	0.38	0.43	0.45	0.46	0.49	0.53	0.58	0.58	0.54	0.58	0.60	0.55
Jammu & Kashmir	0.34	0.36	0.41	0.44	0.50	0.48	0.44	0.43	0.42	0.42	0.42	0.44
Jharkhand	1.10	1.25	1.57	1.82	1.85	1.87	2.16	2.26	2.34	2.33	2.31	2.33
Karnataka	8.24	7.89	8.02	8.65	8.77	7.90	7.48	7.30	7.35	7.11	7.01	7.46
Kerala	11.31	12.17	12.85	11.92	11.32	13.20	12.29	12.14	13.94	13.95	13.13	13.56
Lakshadweep	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001

State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Madhya Pradesh</b>	3.56	4.04	3.31	3.30	3.69	3.25	3.01	3.08	3.01	3.04	3.06	3.00
<b>Maharashtra</b>	8.61	9.20	8.92	8.65	8.12	8.04	8.25	8.03	7.72	7.23	7.64	7.97
<b>Manipur</b>	0.04	0.06	0.07	0.09	0.10	0.09	0.08	0.08	0.08	0.07	0.06	0.06
<b>Meghalaya</b>	0.05	0.05	0.06	0.06	0.06	0.06	0.07	0.07	0.08	0.09	0.09	0.10
<b>Mizoram</b>	0.02	0.02	0.02	0.00	0.04	0.04	0.05	0.05	0.02	0.04	0.03	0.03
<b>Nagaland</b>	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
<b>Orissa</b>	1.76	2.12	2.29	2.53	2.64	2.72	3.18	3.06	3.16	3.03	2.93	2.56
<b>Puducherry</b>	0.35	0.35	0.39	0.30	0.37	0.37	0.40	0.43	0.50	0.51	0.49	0.46
<b>Punjab</b>	2.54	2.51	2.29	2.54	2.23	2.12	1.95	1.87	1.54	1.67	1.72	1.66
<b>Rajasthan</b>	1.91	2.01	2.25	2.39	2.51	2.40	2.40	2.36	2.50	2.37	2.28	2.28
<b>Sikkim</b>	0.06	0.03	0.04	0.05	0.03	0.03	0.02	0.03	0.02	0.02	0.02	0.02
<b>Tamil Nadu</b>	14.96	16.50	16.42	17.73	18.69	19.91	22.29	24.28	25.30	26.38	27.49	24.74
<b>Telangana</b>	----	----	----	----	----	----	----	----	----	----	----	5.34
<b>Tripura</b>	0.06	0.03	0.04	0.05	0.05	0.06	0.06	0.07	0.09	0.11	0.13	0.16
<b>Uttar Pradesh</b>	4.97	5.43	5.23	5.95	6.01	6.24	6.53	6.46	6.68	6.25	5.28	5.34
<b>Uttarakhand</b>	0.80	0.88	1.02	1.06	1.08	1.09	1.19	1.18	1.26	1.15	1.48	1.36
<b>West Bengal</b>	3.11	3.32	3.53	3.61	3.49	3.29	3.24	3.17	2.74	2.70	1.66	2.54
<b>ALL INDIA</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Computed Data

Note: Figures are in percentage, State Telengana was emerged in 2016

Table 4.6 shows the percentage contribution of total amount of education loan by public sector banks in all States and UTs of India for continuous period of 10 years from the year 2004-05 to 2015-16. The total amount of education loan distributed is high from Andhra Pradesh (20.20 per cent), followed by Tamil Nadu (14.96 per cent) and Kerala (11.31 per cent) in the year 2004-05 as these States have higher literacy rate. During the year 2004-05 the lowest percentage of contribution of total amount of education loan by the public sector banks is from Lakshadweep (0.001 per cent), followed by Daman & Diu (0.01 per cent) and Dadra & Nagar Haveli (0.01 per cent). Lack of sufficient education institution for higher studies has reduced the scope of education loan in these Union Territories.

In the year 2005-06, the highest percentage contribution of total amount of education loan by the public sector banks is again from Andhra Pradesh with 17.91 per cent. Second and third highest percentage of total amount of education loan is also from Tamil Nadu (16.50 per cent) and Kerala (12.17 Per cent) respectively. The least percentage of total amount of education loan by the public sector banks during the year 2006-07 is yet again from the Union Territories like Lakshadweep (0.001 per cent) followed by Daman & Diu (0.01 per cent) and Dadra & Nagar Haveli (0.01 Per cent). During the year 2013-14, 2014-15 and 2015-16 the largest share of total education loan amount is contributed by Tamil Nadu with 26.38, 27.49 and 24.74 per cent followed by Kerala with 13.95, 13.13 and 13.56 per cent share respectively. Least share of contribution by public sector banks for the total amount of education loan in Lakshadweep is same (0.001 per cent) during the year 2013-14, 2014-15 and 2015-16.

During the year from 2011-12 to 2014-15 the contribution of total amount of education loan by public sector banks in Tamil Nadu is increasing throughout the years as the number of students pursuing higher and technical education is increasing throughout the year (Sustained from Economic Times, 2016). More over the percentage contribution of total amount of education loan by public sector banks from the Union Territories Lakshadweep, Daman & Diu and Dadra & Nagar Haveli are stable without any fluctuations from the year 2004-05 to 2015-16 as the students pursuing higher education is minimum in these UTs and most of the people residing in these Union Territories are tribes, minority community like SC and ST, who are unaware of the

importance of education and the Model Education Loan scheme (Sustained from [www.careratings.com](http://www.careratings.com)).

The percentage contribution of total amount of education loan disbursed by the public sector banks has many fluctuations in all the States of the country. Some States have increased their contribution towards the total amount of education loan and while some States has shown a decline. The percentage contribution of total amount of education loan by the public sector banks in the country's capital Delhi has reduced considerably during the study period due to the entry of NBFCs. NBFCs are focusing on borrowers pursuing overseas and technical education, which is highest in the Delhi (Sustained from The Economic Times, 2018).

Relative contribution of total amount of education loan by the Public sector banks in Northern States like Haryana, Chandigarh, Himachal Pradesh, Jammu & Kashmir and Rajasthan have shown fluctuation during the period from 2004-05 to 2015-16.

In Haryana, the percentage contribution of total amount of education loan by public sector banks is nearly 2 per cent and is also not stable as the State is having low female and minority community literacy rate. Also the students of Haryana are deprived of education loan since their source for income is very less (Sustained from [www.thehindubusinessline.com](http://www.thehindubusinessline.com), 2018). The percentage contribution of total amount of education loan by public sector banks Chandigarh has reduced considerably during the study period as most of the students in the State are pursuing higher education in abroad. The public sector banks are interested in lending minimum amount of education loan because of the less risk involved. Thereby the borrowers of education loan are moving towards NBFCs for higher amount of loan (Sustained from [www.news18.com](http://www.news18.com), 2016). The percentage contribution of total amount of education loan by public sector banks in Himachal is nearly 0.60 per cent which is very minimum due to the lessen employment opportunities , increasing cost of higher education and low number of education institution in the State (Sustained from [www.indiatoaday.in](http://www.indiatoaday.in), 2016). Rajasthan have less contribution towards total amount of education loan as the literacy rate and Gross enrollment ratio of students pursuing higher education is less (Sustained from [www.scroll.in](http://www.scroll.in), 2016). Jammu and Kashmir have stable contribution of 0.5 percent



towards the education loan amount by public sector banks during the study period as the Jammu and Kashmir Government has reduced the rate of interest rate of education loan to smoothen the students path for fulfilling their higher education dream (Sustained from Great Kashmir, March 2014).

North-Eastern States like Assam, Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur, and Tripura have the least contribution towards the total amount of education loan dispersed by the public sector banks as the students in the States are migrating to the rest of the country to pursue their higher education. The States of NER also do not have sufficient education institutions and banking facilities to stimulate higher education (Sustained from The Indian Express, 2012).

Eastern States Jharkhand have a stable growth in the contribution of number of loan accounts throughout the year from 2004-05 to 2015-16 as the Government of India and Jharkhand Government is taking initiative to improve the literacy rate and promote higher education in the State (Sustained from Reports Ministry of Minority Affairs, 2016).

In the year 2015-16, among the Central States, Chhattisgarh alone has increased their contribution for total amount of education loan as the Government of Chhattisgarh has made an initiative to provide the education loan at interest rate of 1 per cent for maximum of Rs.4 Lakhs. Due to the lower interest rate more students have shown their interest in pursuing their higher education with the help of education loan from the public sector banks (Sustained from The pioneer, July 2014). Other States like Uttar Pradesh, Uttarakhand and Madhya Pradesh have less percentage of contribution of public sector banks towards the number of education loan for the same period as the local job market in the State has squeezed down considerably, literacy rate is low and also due to the lack of education facilities in the respective States (Sustained from Business Standard, March 2018)

Among the western States, Gujarat and Maharashtra the contribution of total amount of education loan has decreased during the year from 2005-06 to 2015-16 as NBFCs are focusing their business in the States by lending huge amount to the students pursuing higher education. The Gross Enrolment ratio of students pursuing technical, Post-Graduation and foreign education is high in these States (Sustained from the Reports of Credit Ratings, 2018).

The overall outcomes of the contribution towards total amount of education loan by the public sector banks exhibits that the Southern States like Tamil Nadu, Andhra Pradesh, Karnataka and Kerala are contributing more to the total amount of education loan as these States have higher literacy rate, better infrastructure for education and also the number of students pursuing higher and technical education are relatively high when compared to other States. Thereby the students are benefited through the Education Loan Scheme lent by public sector banks. North Eastern States like Meghalaya, Mizoram, Arunachal Pradesh, Nagaland, Manipur and Tripura are lagging behind in the contribution for total amount of education loan due to lack of banking facilities and less availability of education institutions in the States.

#### **4.5 VOLUME OF EDUCATION LOAN BY PUBLIC SECTOR BANKS IN INDIA**

The performance of education loan lent by the public sector banks are determined by analysing the volume of education loan lent by the public sector banks for the period of ten years from 2007-08 to 2016-17. While analysing the volume of education loan, both the number of education loan accounts and the total amount of education lent by the public sector bank for the period from 2007-08 to 2016-17 is taken for calculating the mean value. The total number of public sector banks considered to be 28 out of which State Bank of Indore got merged with State Bank of India on 26 August 2010. However, Ministry of Finance in their annual reports have published the annual data regarding number of education loan accounts and total amount distributed by State Bank of Indore separately for the period from 2010-11 to 2016-17.

#### **Mean Number of Education Loan Accounts Lent by Public Sector Banks**

In order to analyse the volume of education loan lent by the public sector banks in India, the number of education loan accounts lent by all the 28 public sector banks are taken for the continuous period of ten years from 2007-08 to 2016-17. The mean number of education loan accounts is calculated by taking the average of total number of education loan accounts for ten years and mean rank is given to the 28 public sector banks accordingly.

**Table 4.7****Number of Education Loan Accounts by Public Sector Banks**

<b>Name of Bank</b>	<b>Mean No of Education Loan Accounts</b>	<b>Mean Rank</b>
Allahabad Bank	40466	17
Andhra Bank	64412	12
Bank of Baroda	79811	11
Bank of India	111779	6
Bank of Maharashtra	25511	20
Canara Bank	217253	2
Central Bank of India	95546	8
Corporation Bank	44794	14
Dena Bank	15554	23
Indian Bank	169627	4
Indian overseas Bank	172401	3
Oriental Bank of Commerce	42671	16
Punjab National Bank	136282	5
Punjab & Sind Bank	6900	26
Syndicate Bank	102761	7
UCO Bank	44155	15
Union Bank	81000	10
United Bank of india	19650	21
Vijaya Bank	34896	18
State Bank of India	490351	1
State Bank of Bikaner & Jaipur	19237	22
State Bank of Hyderabad	48517	13
State Bank of Indore	2480	27
State Bank of Mysore	27204	19
State Bank of Patiala	13801	24
State Bank of Travancore	94365	9
IDBI Bank	8685	25
Bhartiya Mahila Bank	302	28

*Source: Computed Data*

The table 4.7 shows the mean value and the mean rank of number of education loan accounts lent by the public sector banks during the year from 2007-08 to 2016-17. The analysis exhibits the performance of education loan accounts of all the public sector banks in terms of number of education loan accounts. SBI is being ranked first among all the public sector banks in respect of mean value of number of education loan accounts. It is ranked high among all the public sector banks, as SBI is being the largest bank in India and SBI contributes nearly 30 per cent of the total education loan business in India (Sustained from Reports, Reserve Bank of India, 2017). Canara Bank is being raised to the second position with the mean value of 217253 number of education loan accounts as it is the nodal bank for education loan in India, followed by Indian overseas Bank, Indian Bank and Punjab National bank in the third, fourth and fifth position. State Bank of Indore and Bharatiya Mahila Bank is being ranked least, as State Bank of Indore is merged with the State Bank of India in the year 2010, and Bharatiya Mahila Bank has started its business only in the year 2013.

#### **Mean Amount of Education Loan Accounts Lent by Public Sector Banks**

The performance of education loan lent by the public sector banks is also determined by analysing the volume of total amount of education loan lent by the public sector banks for the period from the year 2007-08 to 2016-17. The table below clearly exhibits the mean amount of education loan lent by all the public sector banks for 10 years and their mean ranks.

**Table 4.8**

#### **Amount of Education Loan by Public Sector Banks (In Rs. Crores)**

<b>Name of The Bank</b>	<b>Mean Amount of Education Loan</b>	<b>Mean Rank</b>
Allahabad Bank	1127	14
Andhra Bank	1641	12
Bank of Baroda	1770	11
Bank of India	2261	7
Bank of Maharashtra	554	21
Canara Bank	4289	2
Central Bank of India	2305	6

<b>Name of The Bank</b>	<b>Mean Amount of Education Loan</b>	<b>Mean Rank</b>
Corporation Bank	1100	16
Dena Bank	341	25
Indian Bank	2802	4
Indian overseas Bank	2738	5
Oriental Bank of Commerce	1109	15
Punjab National Bank	3279	3
Punjab & Sind Bank	216	27
Syndicate Bank	2171	8
UCO Bank	988	17
Union Bank	1890	10
United Bank of India	448	22
Vijaya Bank	722	18
State Bank of India	11818	1
State Bank of Bikaner & Jaipur	426	23
State Bank of Hyderabad	1131	13
State Bank of Indore	564	20
State Bank of Mysore	568	19
State Bank of Patiala	387	24
State Bank of Travancore	1970	9
IDBI Bank Ltd	272	26
Bhartiya Mahila Bank	139	28

*Source: Computed Data*

The table 4.8 depicts the mean value and the mean rank of total amount of education loan by the public sector banks during the year from 2007-08 to 2016-17. It clearly exhibits the performance of education loan accounts of all the public sector banks in terms of total amount of education loan.

SBI is ranked with the first position among all the public sector banks in respect of mean value of education loan amount for the continuous period of ten years. SBI is ranked high among all the public sector banks, as SBI is the largest bank in India and SBI contributes nearly 30 per cent of the total education loan business in India (Sustained

from Reports, Reserve Bank of India, 2017). Canara Bank is raised to the second position with the mean value of Rs.4,289 crores of education loan amount as it is the Nodal Bank for education loan in India, followed by Punjab National Bank, Indian Bank and Indian Overseas Bank in third, fourth and fifth position.

The banks with the least rank are Bharatiya Mahila Bank with the mean value of Rs.139 crores of education loan amount and Punjab Sind Bank with mean value of Rs. 216 crores of education loan amount. Bharatiya Mahila Bank is ranked at the least of 28 as the bank was started it in the year 2013 and the business is also minimum. The Punjab Sind Bank is ranked in the 27<sup>th</sup> position as it is a small bank having less number of branches across the country with limited business (Sustained from Reports, Reserve Bank of India, 2017).

#### **CONTRIBUTION OF EDUCATION LOAN TO PRIORITY SECTORS ADVANCES BY PUBLIC SECTOR BANK**

Priority sectors are those sectors of the society that impact large segments of the population, which included people belonging to economically weaker section and minority communities. The sectors which are also employment-intensive such as agriculture and micro and small enterprises, is included in the priority sector by the Government of India. In order to promote these priority sector RBI, credit is being lent to these priority sectors with certain lending norms. Loan amount up to Rs.20 Lakhs are lend to agriculture, small enterprises, micro credit, retail trade, education loans and housing loans which are considered to be the broad categories under priority sector advances. Education loan being one of the priority sectors advances, the contribution by the public sector banks towards education loan amount among the priority sector advance for a period of ten years from 2007-08 to 2016-17 is analysed using percentage analysis.

The table 4.9 indicates the percentage of contribution by the public sector banks towards education loan among the priority sector advance during the period from 2007-08 to 2016-17. The overall mean percentage of contribution of amount of education loan to priority sector advances stood at 2.86 per cent and the mean per cent of contribution during the study period ranges between 2.49 being the lowest in the year 2007-08 to 3.18 being the highest in the year 2011-12.

**Table 4.9****Contribution of Education Loan to Priority Sectors Advances by Public Sector Banks**

<b>Year</b>	<b>Priority Sector (Amount in Rs. Billion)</b>	<b>Education Loans (Amount in Rs. Billion)</b>	<b>Percentage of EDL On PSA</b>
2007-08	79,800.55	1,984.7	2.49
2008-09	97,838.87	2,764.6	2.83
2009-10	1,14,729.45	3,562.8	3.11
2010-11	1,36,805.69	4,307.4	3.15
2011-12	1,54,111.16	4,906.9	3.18
2012-13	1,71,966.27	5,352.0	3.11
2013-14	2,01,192.56	5,825.6	2.90
2014-15	2,28,684.67	6,196.7	2.71
2015-16	2,53,132.09	6,546.4	2.59
2016-17	2,74,100.61	6,878.3	2.51
<b>Overall Mean Percentage</b>			<b>2.86</b>

*Source: Computed Data*

Year-wise comparison of percentage of contribution of education loan to priority sector advances reveals that the highest percentage is during the year 2011-12. The mean percentage of contribution of amount of education loan to priority sector advances is found to be more during the year from 2008-09 to 2013-14 when compared against the overall mean percentage of contribution of amount of education loan to priority sector advances. The percentage of contribution is high during the year 2011-12 and very low during the year 2007-08. However the total amount of education loan lent by the public sector banks remains high during the year 2016-17.

#### **4.6 GROWTH OF EDUCATION LOAN LENT BY PUBLIC SECTOR BANKS IN INDIA**

The growth of education loan lent by the public sector banks are also determined by analysing the growth of number of education loan accounts lent by the public sector banks for the period from the year 2003-04 to 2017-18. The table below clearly exhibits the year on year growth rate analysis of number of education loan accounts of all the public sector banks for the continuous period of 15 years.

**Table 4.10**  
**Year on Year (YOY) Growth of Number of Education Loan Accounts by**  
**Public Sector Banks**

Year	NO OF A/C	YOY Growth (In percentage)
2003-04	3,19,337	----
2004-05	4,68,207	46.62
2005-06	6,79,945	45.22
2006-07	9,44,397	38.89
2007-08	12,46,870	32.03
2008-09	16,03,385	28.59
2009-10	19,11,460	19.21
2010-11	22,37,031	17.03
2011-12	24,60,493	9.99
2012-13	25,09,465	1.99
2013-14	25,72,716	2.52
2014-15	25,68,586	-0.16
2015-16	25,02,183	-2.59
2016-17	24,84,349	-0.71
2017-18	24,28,380	-2.25

*Source: Computed Data*

The above table 4.8 clearly shows the total number of education loans accounts of Public Sector Banks (PSBs) during the year 2017-18 stood at 24,28,380 accounts. Banks have reported that the number of education loan accounts have decreased by 55,969 accounts for the year 2017-18 as against 24,84,349 accounts in the year 2016-17. The year on year growth shows negative growth rate for the past four years from the year 2014-15 to 2017-18, the reason being the gross NPA to advances ratio in the education loan segment has increased and the banks has slow down the disbursement of education loan accounts. However the major growth was witnessed in 2004-05 when the number of education loan account rose from 3,19,337 education loan accounts in the 2003-04 to 4,68,207 accounts, with an appreciation of 46.62 per cent. The year on year growth of number of education loan accounts is high at the initial years when the education loan is very popular among the students pursuing higher education (Sustained from The Indian Express, 2012).



## **Year on Year (YoY) Growth of Total Amount of Education Loan by Public Sector Banks**

The growth of education loan lent by the public sector banks are also determined by analysing year on year growth of total amount of education loan lent by the public sector banks for the period from the year 2003-04 to 2017-18. The table below clearly reveals the year on year growth of total amount of education loan lent by all the public sector banks for the continuous period of 15 years.

**Table 4.11**  
**Year on Year (YoY) Growth of Total Amount of Education Loan by Public Sector Banks**

<b>Year</b>	<b>AMT O/S (Rs.Crore)</b>	<b>YOY Growth (In percentage)</b>
2003-04	4,550	----
2004-05	6,713	47.54
2005-06	10,012	49.14
2006-07	14,283	42.65
2007-08	19,847	38.75
2008-09	27,646	39.51
2009-10	35,628	29.81
2010-11	43,074	20.03
2011-12	49,069	13.92
2012-13	53,520	9.07
2013-14	58,256	8.84
2014-15	61,967	6.37
2015-16	65,464	5.64
2016-17	68,783	5.50
2017-18	72,289	5.10

*Source: Computed Data*

The above table 4.11 depicts the year-wise fragmentation of total amount of education loans lent by the public sector banks from the year 2003-04 to 2017-18. The total amount of education loans lent by the Public Sector Banks (PSBs) during the

year 2017-18 stood at Rs.72,289 crores. This reflects increase of Rs.3506 crores in total amount of education loan over the correspondence period of the last year 2016-17. The total amount of education loan portfolio of public sector banks grew by 5.10 per cent from Rs.68,783 crores in the previous year 2016-17. The entry of NBFCs in the education loan business has reduced the education loan advances lent by public sector banks. (Sustained from Annual Reports Ministry of Finance, 2016) Also rising defaults have obligated the banks to slow down the disbursement of education loans which have consequently resulted the year on year growth of education loan amount in the diminishing trend (Sustained from The economic Times, 2016). The biggest growth was witnessed in the year 2005-06 when the changes in the collateral security and maximum loan amount is implemented by Government of India (Sustained from The Indian Express, 2007). The education loan rose from Rs.6,713 crore in the year 2004-05 to Rs.10,012 crore in the year 2005-06, an escalation of 49.14 per cent.

**Trend Analysis Number of Education Loan Accounts and Total Amount of Education Loan lent by the Public Sector Banks**

Trend analysis is a statistical technique used to predict the future growth of number of education loan lent by the Public Sector Bank. The trend of number of education loan accounts and the total amount of education loan lent by the Public Sector bank for three years from 2018-19 to 2020-21 is predicted.

**Table 4.12**  
**Trend Analysis of Education Loan Accounts and Total Amount of Education Loan Distributed**

<b>Years</b>	<b>NO OF A/Cs</b>	<b>AMT O/S(Rs. Crore)</b>
2003-04	3,19,337	4,550
2004-05	4,68,207	6,713
2005-06	6,79,945	10,012
2006-07	9,44,397	14,283
2007-08	12,46,870	19,847
2008-09	16,03,385	27,646
2009-10	19,11,460	35,628

<b>Years</b>	<b>NO OF A/Cs</b>	<b>AMT O/S(Rs. Crore)</b>
2010-11	22,37,031	43,074
2011-12	24,60,493	49,069
2012-13	2509465	53,520
2013-14	25,72,716	58,256
2014-15	25,68,586	61,967
2015-16	25,02,183	65,464
2016-17	24,84,349	68,783
2017-18	24,28,380	72,289
<b>R<sup>2</sup> Value</b>	0.9521	0.9845
<b>Forecast/Trend</b>		
2018-19	31,90,268	82,121.16
2019-20	33,64,578	87,460.47
2020-21	35,38,888	92,799.77

*Source: Computed Data*

The table 4.12 depicts the trend analysis of performance of education loan of public sector banks is based on the past data gives an idea of what will be the performance in the future. The trend of education loan in future is forecasted based on the linear fit. The method of least square is calculated to find the goodness of fit. The R<sup>2</sup> value equals to 0.9521 for number of education loan accounts and 0.9845 for total amount of education loan lent by the public sector banks, which is good fit as the value is closer to 1.

Based on the linear equation model the forecasted value of number of accounts of education loan for the year 2018-19, 2019-20 and 2020-21 is 31,90,268, 33,64,578 and 35,38,888 respectively. The trend of the amount of outstanding education loan would be Rs.82,121.16 crores, Rs.87,460.47 crores and Rs.92,799.77 crores for the years from the year 2018-19 to 2020-21. Both the number of education loan accounts and the total education loan amount lent by the public sector banks shows an increasing trend for three year, which exhibits a progressive sign for the growth of education loan by public sector banks in India.

#### **4.5 CONCLUSION**

The performance of education loan lent by public sector banks is evaluated through its volume and growth in the country. The growing magnitude of education loans indicates that the scheme is getting very popular amongst the higher education aspirants all over India. Among the various public sector banks lending education loan, State Bank of India rank first in lending the education loan in term of number of education loan accounts and amount of education loan outstanding. But there is strong need to work on the weaknesses & deficiencies of the scheme and some efforts should be made by all the public sector banks to lend maximum number of education loans, as education is the national priority. The banking system keeps education loans under priority sector advances but the real purpose would be served when these loans are provided more significance like the agricultural sector and the small and medium enterprises.