

*Borrowers' Preference of Banks and
Effectiveness of Education Loan
Scheme*

CHAPTER V

BORROWERS' PREFERENCE OF BANKS AND EFFECTIVENESS OF EDUCATION LOAN SCHEME

5.1 INTRODUCTION

The global education atmosphere is undergoing vagaries at fast pace, which has its effect on the education environment prevailing in all the countries of the world. In modern era, the scope for higher education is so extensive that the countries across the world are endorsing major evaluation and changes in the education system. India is also no exception to this situation. Higher education in India is grooming at a reckless speed because of raising school completion rate and increasing aspirants to pursue higher education. It is at this juncture, the model education loan scheme introduced by the Government became all more imperative for fulfilling the dreams of billions of young minds. The scheme executed through commercial banks is providing financial assistance to continue their studies. Education loan, being one of the main sources of finance for education is extended by the Government through the banks helps the borrower to achieve their higher education goals. The borrowers have wide choice of banks to borrow their education loan, as education loan is a mandatory loan provided by all the banks. In India, the maximum number of education loan is provided by the public sector banks. There are enormous numbers of public sector banks providing education loan. The types of loan and interest rate for education loan may differ from bank to bank and preference of the borrower differs. Besides the preference of banks, the efficacy of the scheme needs constant evaluation so that it would be able to improvise the scheme and could enlighten the future of young population of India. Captivating this into evaluation the various aspects influencing both the borrowers' perception on preference of banks and effectiveness of the scheme is analysed.

5.2 PREFERENCE OF BANKS

There are large numbers of public sector banks lending education loan to the borrowers. However the borrowers have their own preference in selecting a bank for education loan based on their needs, socio-economic conditions and various other

preferential factors. The various factors involved in selecting a bank may be based on the wide variety of education loan scheme, low rate of interest, good reputation, quick processing, flexibility in repayment, etc. The data collected among the borrowers for the listed out factors and are analysed using Friedman’s test, Analysis of Variance (ANOVA) and chi-square test.

5.2.1. Factors Influencing Preference of Banks- Friedman’s Ranking Test

Friedman Rank Analysis has been applied to assess the various factors influencing the borrowers in selecting the banks for borrowing the education loan. The table below shows the various factors which influenced in preferring the bank like low rate of interest, good reputation, quick processing, flexibility in repayment, etc. along with their mean ranking.

Table 5.1
Factors Influencing Preference of Banks

Preference Factors	Mean Score	Rank
Low rate of interest	6.92	7
Assured loan amount with nil security	7.44	6
Good reputation	7.66	3
Quick Processing	6.45	9
Quantum of loan sanctioned	6.80	8
Flexibility in repayment	4.42	10
Periodical information about accounts	3.33	12
Easy availability of loan	7.64	4
Existing customer of the bank	7.62	5
Wide variety of Schemes available	8.33	1
Parents and Relatives working	3.67	11
Good / Better Customer Service	7.74	2

Source: Computed Data

The table 5.1 reveals the ranking order of borrowers’ preferred factors in selecting the banks for education loan with their mean scores. It is vibrant that wide variety of schemes available (8.33) is given top most precedence among the borrowers followed by

good customer service (7.74) and good reputation (7.66). Parents and relative working is the least rank given to the factor for preference of bank.

***Inference:** Among the various preferred factors, wide variety of scheme is given first rank, as the model education loan scheme is distributed by all the banks with a common terms and condition as directed by RBI. To make the education loan more competitive, bank design variety of education loan scheme, hence the maximum scores is given to the variety of scheme by the borrowers.*

5.3 LEVEL OF PREFERENCE OF BANKS

Level of Preference of banks towards education loan is being measured by giving scores to preference related questions. Twelve factors related to the preference of the banks are comprehended for the study. Responses to these factors are being rated on a five-point likert scale. The scores allotted to the responses range from one to five. Thus, the maximum score a student borrower would get is 100. Score obtained by each borrower is divided by 100 and multiplied by 100 to convert it into an index. This index is called 'Preference Index'. The index ranges between the minimum of 41.67 and maximum of 68.06 Preference Index and the overall mean of Preference Index is 55.70. Based on the Preference Index, the borrowers have been divided into three groups as borrowers with low, moderate and high level of Preference. In order to classify the borrowers into three such groups, quartiles have been made use of. Accordingly, borrowers with Preference Index ranging up to 48.50 are termed as borrowers with low level of Preference; those with Preference Index ranging between 48.51 and 62.89 are termed as borrowers with moderate level of preference and those borrowers with Preference Index ranging above 62.89 is termed as borrowers with high level of preference. Of the 500 borrowers, 55 (11.00%) are with low level of preference; 319 (75.80%) are with moderate level of preference and the rest 66 (13.20%) extend high level of preference.

5.3.1 Gender

Gender is considered to be the one of the key socio-economic factor in the collection of primary data for research. Gender is used as independent variable to measure the preference of banks among the borrowers. Gender is further divided into

Male and Female respectively to analyse how far these two categories of sex influence the preference of banks and Level of Preference of banks among the borrowers. Among the total of 500 borrowers, there are 360 male borrowers and 140 female borrowers.

The Null hypothesis (H_0) is being edged to find out the significant mean difference between gender and Preference of Banks among the borrowers using Analysis of Variance.

H_0 : Mean preference does not differ among borrowers classified on the basis of gender

Table 5.2
Gender and Preference of Banks

Gender	Number of borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Male	360	55.98	7.28	41.67	68.06
Female	140	54.96	6.96	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: :498	Calculated 't' Value: 1.429		At 5% level of significance P Value: 0.154		Not Significant

Source: Computed Data

The Table 5.2 portrays the gender wise preference of banks among the borrowers of education loan. The mean preference index is high among male borrowers with 55.98 and is low of 54.96 among female borrowers. As the calculated P value 0.154 is greater than 0.05, there does not exist any significant mean difference among borrowers classified on the basis of gender. Hence, the null hypothesis is accepted. The result of ANOVA infers that both male and female borrowers have more or less same preference index towards the preference of banks for borrowing education loan.

Chi-Square Test is being used to determine whether gender is associated with preference, the following hypothesis is being framed.

H_0 : Gender is not associated with the Preference of Banks.

Table 5.3
Gender and Level of Preference of Banks

Gender	Level of Preference			Total
	Low	Moderate	High	
Male	39 (10.8%)	271 (75.3%)	50 (13.9%)	360 (100.0)
Female	16 (11.4%)	108 (77.1%)	16 (11.4%)	140 (100.0)
Total	55	379	66	500
df: 2	Calculated Chi-square Value: 0.541		At 5 % level of significance P Value: 0.763	Not Significant

Source: Computed Data

The table 5.3 shows the association between Gender and level of Preference. The percentage of borrowers with low level of preference is high (11.4 per cent) among female borrowers. The percentage of borrowers with high level of preference is more (13.9 per cent) among male borrowers. As the calculated P value 0.763 for chi square is greater than 0.05, the null hypothesis is accepted. Thus the test of chi-square infers that there is no association between gender and level of preference of banks.

5.3.2 Age

Age is considered to be yet another important variable socio-economic factor that determines the preference of banks. The borrowers who have availed the education loan belongs to different age group as some of the borrowers would have borrowed the loan for their under graduate course, some borrowers for their post-graduation and some even for their research studies. Taking all these aspects into consideration the age group of the borrowers is divided into four categories like Up to 19 years, the borrowers who are in the first year of graduation, the borrowers between 20 to 22 years, the borrowers between 23 to 25 years and the borrowers above 25 years who are generally pursuing research studies.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between Age and Preference of Banks among the borrowers using Analysis of Variance.

H₀: Mean preference of banks does not differ among borrowers classified on the basis of Age

Table 5.4
Age and Preference of Banks

Age (in Years)	Number of Borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Up to 19	112	56.38	7.13	41.67	68.06
20 – 22	196	55.59	7.48	41.67	68.06
23 – 25	150	55.34	6.90	41.67	68.06
Above 25	42	55.69	7.24	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: ∴v₁ 3, v₂ 496		Calculated F Value: 0.466	At 5% level of significance P Value: 0.706		Not Significant

Source: Computed Data

The table 5.4 depicts that the borrowers having high (56.38) mean preference index are within the age group 19 years. The borrowers, having low (55.34) mean preference index are in the age group between 23 years and 25 years. As the calculated P value is greater than 0.05, there does not exist any significant mean difference among borrowers classified on the basis of age. Hence, the null hypothesis is accepted. The result of ANOVA infers that all age groups of borrowers have relatively same preference towards the banks for borrowing their education loan.

Chi-square Test is being used to ascertain whether age is associated with the level of Preference of Banks by framing the following hypothesis.

H₀: Age of the respondents is not associated with the Preference of Banks

Table 5.5
Age and Level of Preference of Banks

Age (in Years)	Level of Preference			Total
	Low	Moderate	High	
Up to 19	8 (7.1%)	84 (75.0%)	20 (17.9%)	112 (100.0)
20 – 22	26 (13.3%)	145 (74.0%)	25 (12.8%)	196 (100.0)
23 – 25	16 (10.7%)	121 (80.7%)	13 (8.7%)	150 (100.0)
Above 25	5 (11.9%)	29 (69.0%)	8 (19.0%)	42 (100.0)
Total	55	379	66	500
df: 6	Calculated Chi-square Value: 8.585		At 5 % level of significance P Value: 0.198	Not Significant

Source: Computed Data

The table 5.5 evidences that, the high level of preference is high (19.0 per cent) among the borrowers in the age group of above 25 years and high level of preference is low (8.7 per cent) among the age group between 23 to 25 years. The low level of preference is high (13.3 per cent) among the age group between 20 to 22 years and the level is low (7.1 per cent) among the borrowers in the age up to 19 years. The chi-square test construes that there exists no association between age and level of preference of banks as the calculated P value 0.198 for chi square is greater than 0.05 and there by null hypothesis is accepted.

5.3.3 Place of Residence

The place of residence of the borrowers is one of the important socio-economic factors which have a significant role in knowing the preference of banks for availing the education loan. Though the study is restricted to the Coimbatore city, the borrowers residing in various places of the Coimbatore have borrowed the loan from the city branches of the bank. Henceforth the place of residence of the borrowers may be from rural, urban and semi-urban areas.

The Null hypothesis (H_0) is being fringed to find out the significant mean difference between the place of residence and Preference of Banks among the borrowers using Analysis of Variance.

H₀: Mean preference does not differ among borrowers classified on the basis of place of residence

Table 5.6

Place of Residence and Preference of Banks

Residence	Number of Borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Rural	56	56.42	5.98	43.06	68.06
Urban	278	55.09	7.50	41.67	68.06
Semi urban	166	56.48	7.00	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: ∴v₁ 2, v₂ 497		Calculated F Value: 2.268	At 5% level of significance P Value: 0.105		Not Significant

Source: Computed Data

The table 5.6 reveals that the maximum mean preference index 56.48 is among the borrowers whose place of residence is in semi-urban areas. The borrowers having minimum mean preference index 55.09 are from urban areas. As the calculated P value 0.105 is greater than 0.05, there does not exist any significant mean difference among borrowers classified on the basis of place of residence. Hence, the null hypothesis is accepted. The result of ANOVA surmises that irrespective of the place of residence the borrowers have no difference to the preference of banks.

Chi-Square Test is being used to determine whether place of residence is associated with preference of banks, the following hypothesis is being framed.

H₀: Place of Residence is not associated with the Preference of Banks

Table 5.7
Place of Residence and Level of Preference of Banks

Residence	Level of Preference			Total
	Low	Moderate	High	
Rural	1 (1.8%)	51 (91.1%)	4 (7.1%)	56 (100.0)
Urban	40 (14.4%)	199 (71.6%)	39 (14.0%)	278 (100.0)
Semi urban	14 (8.4%)	129 (77.7%)	23 (13.9%)	166 (100.0)
Total	55	379	66	500
df: 4	Calculated Chi-square Value: 12.428		At 5 % level of significance P Value: 0.014	Significant

Source: Computed Data

The table 5.7 shows the association between place of residence and level of preference. The percentage of borrowers with low level of preference is high (14.4 per cent) and high level of preference is more (14 per cent) among the borrowers residing in urban areas. The percentage of borrowers with both high and low level of preference is low among the borrowers whose residence in rural areas. As the calculated P value 0.014 for chi square is less than 0.05, the null hypothesis is rejected. The chi-square test infers that there exists an association between the place of residence of borrowers and their level of preference.

***Inference:** The borrowers belonging to urban areas have more choices in selecting the banks as there are number of banks and branches situated in the urban areas but the borrowers residing in rural areas do not have more access to the bank as they have very limited number of branches. Hence there is a strong association between the place of residence and level of preference.*

5.3.4 Occupation of Parents

Occupation of Parents is considered to be one of the socio-economic features in analysing the preference of banks for availing the education loan. Parental occupation is considered as important criteria in providing the education loan to the borrowers. Most of

the education loan is lent by the banks to the borrowers based on the occupation of parents. Taking this aspect into consideration the borrowers' parental occupation is classified as Business, Agriculture, Salaried class and professionals

The Null hypothesis (H_0) is being edged to find out the significant mean difference between the Occupation of Parents and Preference of Banks among the borrowers using Analysis of Variance.

H₀: Mean preference does not differ among borrowers classified on the basis of Occupation of parents

Table 5.8
Occupation of Parents and Preference of Banks

Occupation of Parents	Number of Borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Business	153	55.32	7.21	41.67	68.06
Agriculture	73	57.34	6.86	41.67	68.06
Salaried	195	54.96	6.77	41.67	68.06
Professional	79	56.73	8.21	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: ∴v₁ 3, v₂ 496		Calculated F Value: 2.672	At 5% level of significance P Value:0.047		Significant

Source: Computed Data

The table 5.8 depicts that there are 73 borrowers, whose parental occupation is agriculture and have high mean preference index (57.34). The parents of 195 borrowers, are in salaried class, have low mean preference index (54.96). As the calculated P value 0.047 is less than 0.05, there exists a significant mean difference among borrowers classified on the basis of parent occupation. Hence, the null hypothesis is rejected. It is vibrant from the result of ANOVA that the occupations of the parent of the borrowers have significant effect on the preference of banks towards their education loan.

Chi-Square Test is being used to determine whether occupation of parent is associated with the preference of bank, the following hypothesis has been framed.

H₀: Occupation of Parents is not associated with the Preference of Banks

Table 5.9
Occupation of Parents and Level of Preference of Banks

Occupation of Parents	Level of Preference			Total
	Low	Moderate	High	
Business	18 (11.8%)	118 (77.1%)	17 (11.1%)	153 (100.0)
Agriculture	4 (5.5%)	58 (79.5%)	11 (15.1%)	73 (100.0)
Salaried	20 (10.3%)	154 (79.0%)	21 (10.8%)	195 (100.0)
Professional	13 (16.5%)	49 (62.0%)	17 (21.5%)	79 (100.0)
Total	55	379	66	500
df: 6	Calculated Chi-square Value: 12.654		At 5 % level of significance P Value: 0.049	Significant

Source: Computed Data

The table 5.9 examines the association between borrowers' parental occupation and level of preference. The percentage of borrowers with low level of preference is high (16.5 per cent) among the borrowers whose parents are professionals and is low (5.5 per cent) among the borrowers whose parents are agriculturists. The percentage of borrowers with high level of preference is high (21.5 per cent) among the borrowers of education loan whose parents are professionals and low (11.1 per cent) among the borrowers whose parental occupation is business. Thus null hypothesis is rejected, as the calculated P value 0.049 for chi square is less than 0.05. The chi-square test construes that there exist an association between the parent occupation and level of preference.

***Inference:** Occupation of parents plays a predominant role in the education loan. The borrowers could avail the loan mostly based on their parental occupation. All the banks does not necessarily provide education loan to all the occupation irrespective of the fact that education loan should be provided to all of deserving students. The borrowers show preference in selecting the banks which provide loan for their parental occupation. There by the occupation of parent have significance difference on the level of preference.*

5.3.5 Household Income

Household income of the borrowers is considered to be important in the process of availing the education loan, as most of the loan lent by the banks is based on the monthly household income provided by the borrowers. The monthly household income of the borrower is classified on equal interval of amount Up to Rs.10,000, Rs.10,000- Rs.20,000, Rs.20,001-Rs.30,000, Rs.30,001-Rs.40,000 and Above Rs.40,000. Hence household income of the borrower is considered to be one of the significant aspects for measuring the preference of banks.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the household incomes of the borrowers and mean Preference of Banks for borrowing education loan using Analysis of Variance.

H₀: Mean preference does not differ among borrowers classified on the basis of Household Income.

Table 5.10
Household Income and Preference of Banks

Household Income (per month)	Number of Borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Up to Rs.10,000	82	55.17	7.23	41.67	68.06
Rs.10,000- Rs.20,000	170	54.91	6.94	41.67	68.06
Rs.20,001- Rs.30,000	162	55.85	7.44	41.67	68.06
Rs.30,001- Rs.40,000	56	56.75	7.31	43.06	68.06
Above Rs.40,000	30	58.84	6.31	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: v_1 4, v_2 495		Calculated F Value: 2.398	At 5% level of significance P Value:0.049		Significant

Source: Computed Data

It is proven from the table 5.10 that the 30 borrowers having a monthly household income above Rs.40,000 have high mean preference index (58.84). Further, 170 borrowers

whose preference index is low (54.91) have monthly household income between the income bracket of Rs.10,001 to Rs.20,000. As the calculated P value 0.049 is less than 0.05, there exists significant mean difference among borrowers classified on the basis of their household income. Hence, the null hypothesis is rejected. The result of ANOVA surmises that preference of banks differs among borrowers classified on the basis of household income at 5% level of significance.

Chi-Square Test is being used to determine the association between Household Income and level of preference. To support the test the following hypothesis is being framed.

H₀: Household Income is not associated with the Preference of Banks

Table 5.11
Household Income and Level of Preference of Banks

Household Income (per month)	Level of Preference			Total
	Low	Moderate	High	
Upto Rs.10,000	11 (13.4%)	64 (78.0%)	7 (8.5%)	82 (100.0)
Rs.10,000- Rs.20,000	22 (12.9%)	135 (79.4%)	13 (7.6%)	170 (100.0)
Rs.20,001- Rs.30,000	16 (9.9%)	118 (72.8%)	28 (17.3%)	162 (100.0)
Rs.30,001- Rs.40,000	4 (7.1%)	38 (67.9%)	14 (25.0%)	56 (100.0)
Above Rs.40,000	2 (6.7%)	24 (80.0%)	4 (13.3%)	30 (100.0)
Total	55	379	66	500
df: 8	Calculated Chi-square Value: 16.820		At 5 % level of significance P Value: 0.032	Significant

Source: Computed Data

From the table 5.11 it is evident that the percentage of borrowers with high level of preference is high (25 per cent) among the borrowers with the monthly household income of Rs.30001 to Rs.40,000 and low (7.6 per cent) among the borrowers with monthly household income between Rs.10,000 to Rs.20,000. The percentage of borrowers

with low level of preference is more (13.4 per cent) among the borrowers with monthly household income up to Rs.10,000 and is less (6.7 per cent) among the borrowers with the monthly household income above Rs.40,000. The calculated P value 0.032 for chi square is less than 0.05. Thus null hypothesis is rejected. The chi-square test realises that there exists association between the household income of borrowers and level of preference.

***Inference:** Most of the education loan is given on the basis of house hold income of the borrowers. The borrowers prefer only that bank which lent loan based on their household income. Hence there would be an association between the house hold income and level of preference of banks.*

5.3.6 Status of Parent as Assessee

The status of parent as assessee is taken for consideration for assessing the preference of banks in availing the education loan. Most of the banks are giving preference to the borrowers whose parents are assessee and file their income tax regularly. Hence parents of borrowers whose status as income-tax assessee or not has significant endeavor to know the preference of banks for borrowing their education loan.

The Null hypothesis (H_0) is being fringed to find out the significant mean difference between the Status of Parent as Assessee and Preference of Banks among the borrowers using Analysis of Variance.

H_0 : Mean preference does not differ among borrowers classified on the basis of Status of Parent as Assessee

Table 5.12
Status of Parent as Assessee and Preference of Banks

Status of Parent as Assessee	Numbers	Preference	Standard Deviation	Minimum	Maximum
Yes	144	56.76	7.57	41.67	68.06
No	356	55.27	7.01	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: :498	Calculated 't' Value: 2.109		At 5% level of significance P Value:0.035		Significant

Source: Computed Data

The table 5.12 reveals that 144 borrowers whose parent who has status of an Income Tax Assessee have high mean preference (56.76). The remaining 356 borrowers, whose parent do not file Income Tax returns, have low mean preference (55.27). As the calculated P value 0.035 is less than 0.05, there exists a significant mean difference among the borrowers classified on the basis of status of parent as assessee. Hence, the null hypothesis is rejected. It is vibrant from the result of ANOVA that borrowers, whose parent files their income tax return have significant effect on the preference of banks towards their education loan.

Chi-Square Test is being used to determine whether status of borrowers' parent as Assessee or not is associated with preference of banks, the following hypothesis is being framed.

H₀: Status of parent as Assessee is not associated with the Preference of Banks

Table 5.13
Status of Parent as Assessee and Level of Preference of Banks

Status of Parent as Assessee	Level of Preference			Total
	Low	Moderate	High	
Yes	13 (9.0%)	99 (68.8%)	32 (22.2%)	144 (100.0)
No	42 (11.8%)	280 (78.7%)	34 (9.6%)	356 (100.0)
Total	55	379	66	500
df: 2	Calculated Chi-square Value: 14.513		At 5 % level of significance P Value: 0.001	Significant

Source: Computed Data

From the above table 5.13 it is clear that the percentage of borrowers with high level of preference is high (22.2 per cent) among the borrowers of parents who has paid their Income tax. The percentage of borrowers with low level of preference is more (11.8 per cent) among the borrowers whose parents do not file any Income tax return. As the calculated P value 0.001 for chi square is less than 0.05 the null hypothesis is rejected. The chi-square test deduces that there exists relationship between the status of parent as income tax assessee and the level of preference.

Inference: The borrowers whose parents are Income Tax assessee have more chance of getting education loan from almost every bank. The tax assessee parents can avail the loan from any bank by their choice and this may not be possible for parents who do not file any income tax return.

5.3.7 Nature of Institution

The meritorious students usually get admitted in Government colleges and aided colleges which has good reputation. Most of the banks prefer to give loan to these borrowers who get admission in the reputed institution with good marks. Other students are generally admitted to the courses in unaided colleges. However the fees collected in these unaided colleges are hefty that the borrowers studying in these institutions need more financial assistance which is possible through education loan. Hence it becomes all the more important to know the borrowers' preference for banks based on the nature of institution in which the borrowers are pursuing their course. The nature of institution in which the borrowers are studying may be Government, aided and unaided colleges.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the Nature of Institution in which the borrowers are studying and Preference of Banks among the borrowers using Analysis of Variance.

H_0 : Mean preference does not differ among borrowers classified on the basis of Nature of Institution

Table 5.14
Nature of Institution and Preference of Banks

Nature of Institution	Number of Borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Government	58	57.90	7.12	41.67	68.06
Aided	304	54.72	7.23	41.67	68.06
Unaided	138	56.93	6.80	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: $\therefore v_1 2, v_2 497$		Calculated F Value: 7.731	At 5% level of significance P Value:0.000		Significant

Source: Computed Data

The table 5.14 depicts that 58 borrowers, who studies in Government colleges, have high mean preference (57.90). The 304 borrowers, who study in aided colleges, have low mean (54.72). As the calculated P value 0.000 is less than 0.05 at 5% level of significance, there exists a significant mean difference among borrowers classified on the basis of nature of institution. Hence, the null hypothesis is rejected. It is clear from the result of ANOVA that nature of institution in which the borrowers are studying has significant effect on the preference of banks.

Chi-Square Test is being used to determine whether Nature of Institution is associated with preference, the following hypothesis is being framed.

H₀: Nature of Institution is not associated with the Preference of Banks

Table 5.15
Nature of Institution and Level of Preference of Banks

Nature of Institution	Level of Preference			Total
	Low	Moderate	High	
Government	4 (6.9%)	44 (75.9%)	10 (17.2%)	58 (100.0)
Aided	42 (13.8%)	232 (76.3%)	30 (9.9%)	304 (100.0)
Unaided	9 (6.5%)	103 (74.6%)	26 (18.8%)	138 (100.0)
Total	55	379	66	500
df: 4	Calculated Chi-square Value: 12.230		At 5 % level of significance P Value: 0.016	Significant

Source: Computed Data

The table 5.15 depicts that the percentage of borrowers with high level of preference is high (18.8%) among the borrowers studying in unaided colleges and low (9.9%) among the borrowers studying in aided colleges. The percentage of borrowers with low level of preference is high (13.8%) among the borrowers studying in aided colleges and low (6.5%) among the borrowers studying in Unaided colleges. As the calculated P value 0.016 for chi square is less than 0.05, the null hypothesis is rejected. The chi-square test comprehends that there exists an association between the nature of institution in which the borrowers are studying and level of preference of banks.

5.3.8 First Graduation

First graduation borrowers are those students who pursue higher education or graduation for the first time in the family which means that there are no graduates in his family including his siblings. First graduation certificate is issued by the Tahsildar of the respective taluk. The first graduates can get the certificate and the benefits of first graduation from the respective taluks. First graduates are generally given scholarship and concession on fees as it helps them to get better access to higher education and their families are assured with good education. Hence, First graduation borrowers is considered as one of the socio-economic factor in knowing the perception of education loan borrowers as the education loan helps them greatly in achieving their higher education dream.

Significant mean difference for Preference of Banks is being analysed using ANOVA with a null hypothesis (H_0) to determine the difference between the first graduation borrowers and their preference for banks.

H₀: Mean preference does not differ among borrowers classified on the basis of First Graduation

Table 5.16
First Graduation and Preference of Banks

First Graduation	Numbers	Preference	Standard Deviation	Minimum	Maximum
Yes	112	56.09	6.99	41.67	68.06
No	388	55.59	7.26	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
Df: :498	Calculated 't' Value: 0.653		At 5% level of significance P Value:0.514		Not Significant

Source: Computed Data

The table 5.16 reveals that the maximum mean preference index (56.09) is among the 112 borrowers who are first graduate in their family. Remaining 388 borrowers having low mean preference index 55.59 are not first graduates in their family. As the calculated P value 0.514 is greater than 0.05, there does not exist any significant mean

difference among borrowers classified on the basis of their first graduation. Hence, the null hypothesis is accepted. The result of ANOVA surmises that irrespective of the borrowers who are first graduates in the family has no difference with respect to the preference of banks towards their education loan.

Chi-Square Test is being used to determine whether First-graduation borrowers are associated with preference, the following hypothesis is being framed.

H₀: First graduation borrowers is not associated with the Preference of Banks

Table 5.17
First Graduation and Level of Preference of Banks

First Graduation	Level of Preference			Total
	Low	Moderate	High	
Yes	10 (8.9%)	91 (81.2%)	11 (9.8%)	112 (100.0)
No	45 (11.6%)	288 (74.2%)	55 (14.2%)	388 (100.0)
Total	55	379	66	500
Df: 2	Calculated Chi-square Value: 2.377		At 5 % level of significance P Value: 0.305	Not Significant

Source: Computed Data

The table 5.17 shows the association of first graduate borrowers with the level of Preference of banks. The percentage of borrowers with low level of preference is more (11.6 per cent) among the borrowers who are not first graduate in their family and less (8.9 per cent) among the borrowers who are first graduate in their family. The percentage of borrowers with high level of preference is more (14.2 per cent) among the borrowers who are not first graduate in their family and less (9.8 per cent) among the borrowers who are first graduate in their family. The calculated P value 0.305 for chi square is greater than 0.05 and thus null hypothesis is accepted. The chi-square test implies that there is no association between first graduation of borrowers and level of preference of banks.

5.3.9 Course Opted

Preference of banks is also measured using the courses opted by the borrowers to continue their higher education. The education loan amount required for the courses differs as the total fees differ for each course. Hence the professional courses opted by the borrowers for the study are classified as medical, engineering, management and other professional course like law, B.Pharm, nursing, etc

To find out the significant mean difference between the Course taken and Preference of Banks among the borrowers using Analysis of Variance the Null hypothesis (H_0) is being edged.

H₀: Mean preference does not differ among borrowers classified on the basis of Course opted

Table 5.18
Courses Opted and Preference of Banks

Course	Number of borrowers	Preference Index	Standard Deviation	Minimum	Maximum
Medical	98	55.81	7.58	41.67	68.06
Engineering	329	55.60	6.94	41.67	68.06
Management	56	55.90	7.45	41.67	68.06
Others	17	56.21	9.51	41.67	68.06
Total	500	55.70	7.20	41.67	68.06
df: ∴v₁ 3, v₂ 496		Calculated F Value: 0.071	At 5% level of significance P Value: 0.975		Not Significant

Source: Computed Data

The table 5.18 depicts that 17 student borrowers, who have taken other courses like bachelor degree of law, B.Pharm, nursing, etc. is having high mean preference index (56.21). The 329 borrowers studying engineering course, have low mean preference index (55.60). As the calculated P value 0.975 is less than 0.05, there exists no significant mean difference among borrowers classified on the basis of the course taken. Hence, the null hypothesis is accepted. It is evidence from the result of ANOVA that the course undertaken by the borrowers have significant effect on the mean preference of banks towards their education loan.

Chi-Square Test is being used to determine whether Course is associated with preference, the following hypothesis is being framed.

H₀: Course opted is not associated with the Preference of Banks

Table 5.19
Course Opted and Level of Preference of Banks

Course	Level of Preference			Total
	Low	Moderate	High	
Medical	12 (12.2%)	68 (69.4%)	18 (18.4%)	98 (100.0)
Engineering	34 (10.3%)	261 (79.3%)	34 (10.3%)	329 (100.0)
Management	5 (8.9%)	41 (73.2%)	10 (17.9%)	56 (100.0)
Others	4 (23.5%)	9 (52.9%)	4 (23.5%)	17 (100.0)
Total	55	379	66	500
df: 6	Calculated Chi-square Value: 11.533		At 5 % level of significance P Value: 0.073	Not Significant

Source: Computed Data

The table 5.19 illustrates the association between the course opted by the borrowers and their level of preference of banks. The percentage of borrowers with both low and high level of preference is more among the borrowers who has undertaken other courses like nursing, law, B.pharm, etc. and the high level of preference is low (8.9 per cent) among the borrowers who have opted for management course. The percentage of borrowers with low level of preference is low (10.3 per cent) among the borrowers who are pursuing their engineering courses. The calculated P value 0.073 for chi square is greater than 0.05. Thus null hypothesis is accepted. The chi-square test construes that there exists no association between the course undertaken by the borrowers and their level of preference for banks.

5.4 EFFECTIVENESS OF EDUCATION LOAN SCHEME

The various aspects influencing the effectiveness of the scheme were considered and the retorts regarding the effectiveness of the education loan is evaluated using Friedman's test, analysis of variance (ANOVA) and chi-square test.

5.4.1. Effectiveness of Education Loan-Friedman's Ranking Test

Factors Influencing Effectiveness of Education Loan Scheme

Friedman Rank Analysis is being applied to assess the various factors influencing the effectiveness of education loan lent by the banks. Table below shows the statistics about the mean score for effectiveness factor along with their mean ranking.

Table 5.20
Factors influencing Effectiveness of Education Loan Scheme

Statements	Mean Score	Rank
Rules and Regulations on Education Loan	7.96	4
Changes in the Regulation on Time	3.29	10
Security Policies / Procedures	7.99	3
Bank Rate Policy	5.47	8
Quantum of Loan	6.07	6
Development of Weaker Section	8.88	1
Accessibility for better education	8.01	2
Better Employment Prospects	5.62	7
Development of Interpersonal Skills	3.72	9
Insurance Coverage	1.58	11
Reducing the influence of money lenders	7.41	5

Source: Computed Data

The above table 5.20 discloses the ranking order of borrower's perception on effectiveness of education loan and their mean scores. It is evident from the rank test that development of weaker section (8.88) is given top most precedence among the borrowers followed by accessibility for better education (8.01), and security procedures (7.99). The insurance coverage is given the least rank by the borrowers with the mean score of 1.58.

***Inference:** Most of the borrowers perceive that the education loan scheme develops the weaker section as the scheme provides financial assistance to all the deserving students without any security or less security and hence this factor is given first rank.*

5.5 LEVEL OF EFFECTIVENESS OF EDUCATION LOAN

Level of Effectiveness of education loan among borrowers is being measured by giving scores to effectiveness related questions. Eleven factors related to the effectiveness of education loan are incorporated in the questionnaire. Responses to these factors have been rated on a five-point likert scale rating from highly effective to highly ineffective. The scores allotted to the responses range from one to five. Thus, the maximum score a borrower would get is 100. Score obtained by each borrower is divided by 100 and multiplied by 100 to convert it into an index. This index is called 'Effectiveness Index'. The index ranges between 63.88 and 73.78 and the overall mean of Effectiveness Index is 68.83. Based on the Effectiveness Index, the borrowers have been divided into three groups as borrowers with low, moderate and high level of effectiveness. In order to classify the borrowers into three such groups, quartiles have been made use of. Consequently, borrowers with Effectiveness Index ranging up to 63.88 are termed as borrowers with low level of Effectiveness; those with Index ranging between 63.89 and 73.77 are termed as borrowers with moderate level of effectiveness and those borrowers with Effectiveness Index ranging above 73.78 are termed as borrowers with high level of effectiveness. Of the 500 borrowers, 99(19.80 per cent) are with low level of effectiveness; 285(57.00 per cent) are with moderate level of effectiveness and the rest 116(23.20 per cent) extend high level of effectiveness.

5.5.1 Gender

Gender is considered to be the one of the key socio-economic factor in the research. Gender is used as independent variable to measure the effectiveness of education loan scheme among the borrowers. Gender is further divided into Male and Female respectively in order to know how far these two categories of sex influence the effectiveness of the loan scheme and Level of effectiveness among the borrowers. Among the total of 500 borrowers, there are 360 male borrowers and 140 female borrowers.

The Null hypothesis (H_0) is being edged to find out the significant mean difference between gender and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of gender

Table 5.21
Gender and Effectiveness of Education Loan

Gender	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Male	360	68.86	5.02	43.64	80.00
Female	140	68.77	4.77	56.36	74.55
Total	500	68.83	4.95	43.64	80.00
df: :498	Calculated 't' Value: 0.187		At 5% level of significance P Value: 0.851		Not Significant

Source: Computed data

The table 5.21 portrays the gender wise effectiveness of education loan among the borrowers of education loan. There are 360 male borrowers and 140 female borrowers in the study. The mean effectiveness index is high among male borrowers with 68.86 and is low of 68.77 among female borrowers. The calculated P value is 0.851, which is greater than 0.05. Hence, the null hypothesis is accepted. There is no significant mean difference in the level of effectiveness and gender of education loan borrowers. The result of ANOVA infers that both male and female have more or less same mean effectiveness index.

Chi-Square Test is being used to determine whether gender is associated with effectiveness, the following hypothesis is being framed.

H_0 : Gender is not associated with the Effectiveness of Education Loan

Table 5.22
Gender and Level of Effectiveness of Education Loan

Gender	Level of Effectiveness			Total
	Low	Moderate	High	
Male	71 (19.7%)	205 (56.9%)	84 (23.3%)	360 (100.0)
Female	28 (20.0%)	80 (57.1%)	32 (22.9%)	140 (100.0)
Total	99	285	116	500
df: 2	Calculated Chi-square Value: 0.014		At 5% level of significance P Value: 0.993	Not Significant

Source: Computed Data

The table 5.22 portrays the association between Gender and level of Effectiveness. The percentage of borrowers with low level of effectiveness is high (20.0 per cent) among female borrowers. The percentage of borrowers with high level of effectiveness is more (23.3 per cent) among male borrowers. The calculated P value 0.993 for chi square is greater than 0.05. Thus null hypothesis is accepted at 5% level of significance. The chi-square test deduces that there exists no association between gender and level of effectiveness

5.5.2 Age

Age is considered to be yet another important variable socio-economic factor that determines the effectiveness of loan scheme. The borrowers who have availed the education loan belongs to different age group as some of the borrowers would have borrowed the loan for their under graduate course, some borrowers for their post-graduation and some even for their research studies. Taking all these aspects into consideration the age group of the borrowers is divided into four categories like Up to 19 years, the borrowers who are in the first year of graduation, the borrowers between 20 to 22 years, the borrowers between 23 to 25 years and the borrowers above 25 years who are generally pursuing research studies.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between Age and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H_0 : Mean Effectiveness does not differ among borrowers classified on the basis of Age

Table 5.23
Age and Effectiveness of Education Loan

Age	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Up to 19 years	112	68.57	4.85	54.55	80.00
20 – 22 years	196	68.77	5.27	43.64	74.55
23 – 25 years	150	68.97	4.52	61.82	74.55
Above 25 years	42	69.35	5.28	56.36	80.00
Total	500	68.83	4.95	43.64	80.00
df: $\therefore v_1$ 3, v_2 496		Calculated F Value: 0.306	At 5% level of significance P Value: 0.821		Not Significant

Source: Computed Data

The table 5.23 describes that among 42 borrowers who are above the age group of 25 years have high mean effectiveness index with 69.35. Among the 112 borrowers, whose age group is up to 19 years have low mean effectiveness index with 68.57. As the calculated P value 0.821 is greater than 0.05, there does not exist any significant mean difference among borrowers classified on the basis of age. Hence, the null hypothesis is accepted. The result of ANOVA infers that all age groups of borrowers have relatively same mean effectiveness index towards the education loan.

Chi-square Test is being used to ascertain whether age is associated with the level of Effectiveness of education loan by framing the following hypothesis.

H_0 : Age of the respondents is not associated with the Effectiveness of education loan

Table 5.24
Age and Level of Effectiveness of Education Loan

Age	Level of Effectiveness			Total
	Low	Moderate	High	
Up to 19 years	25 (22.3%)	66 (58.9%)	21 (18.8%)	112 (100.0)
20 – 22 years	42 (21.4%)	100 (51.0%)	54 (27.6%)	196 (100.0)
23 – 25 years	25 (16.7%)	94 (62.7%)	31 (20.7%)	150 (100.0)
Above 25 years	7 (16.7%)	25 (59.5%)	10 (23.8%)	42 (100.0)
Total	99	285	116	500
df: 6	Calculated Chi-square Value: 6.746		At 5 % level of significance P Value: 0.345	Not Significant

Source: Computed Data

The Table 5.24 evidences that, among the borrowers with high level of effectiveness is high (27.6 per cent) for the age group between 20 to 22 years and high level of effectiveness is low (18.8 per cent) for the age group Up to 19 years. Among the remaining 99 borrowers with low level of effectiveness, it is high (22.3 per cent) for the age group up to 19 years and low (16.7 per cent) for the age above 25 years and for the age group between 23- 25 years. The chi-square test construes that there exists no association between age and level of effectiveness as the calculated P value 0.345 for chi square is greater than 0.05 and there by null hypothesis is accepted.

5.5.3 Place of Residence

The place of residence of the borrowers is one of the important socio-economic factors which have a significant role in knowing the effectiveness of education loan scheme. Though the study is restricted to the Coimbatore city, the borrowers residing in various places of the Coimbatore have borrowed the loan from the city branches of the bank. Henceforth the place of residence of the borrowers may be from rural, urban and semi-urban areas.

The Null hypothesis (H_0) is being fringed to find out the significant mean difference between the place of residence and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H₀: Mean effectiveness does not differ among borrowers classified on the basis of place of residence

Table 5.25
Place of Residence and Effectiveness of Education Loan

Place of Residence	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Rural	56	68.77	4.63	61.82	74.55
Urban	278	68.73	5.12	43.64	80.00
Semi urban	166	69.04	4.78	56.36	74.55
Total	500	68.83	4.95	43.64	80.00
df: ∴v₁ 2, v₂ 497		Calculated F Value: 0.211	At 5% level of significance P Value:0.810		Not Significant

Source: Computed Data

The table 5.25 reveals that the maximum mean effectiveness index (69.04) is among the borrowers whose place of residence is from semi-urban areas. Among the 278 borrowers whose effectiveness index is low (68.73) are from urban place of residence. As the calculated P value 0.810 is greater than 0.05, there does not exist any significant mean difference among borrowers classified on the basis of place of residence. Hence, the null hypothesis is accepted. The result of ANOVA surmises that irrespective of the place of residence the borrowers have no difference with respect to mean effectiveness of education loan.

Chi-Square Test is being used to determine whether place of residence is associated with Effectiveness of banks, the following hypothesis is being framed.

H₀: Place of Residence is not associated with the Effectiveness of Education Loan

Table 5.26
Place of Residence and Level of Effectiveness of Education loan

Place of Residence	Level of Effectiveness			Total
	Low	Moderate	High	
Rural	11 (19.6%)	32 (57.1%)	13 (23.2%)	56 (100.0)
Urban	57 (20.5%)	159 (57.2%)	62 (22.3%)	278 (100.0)
Semi urban	31 (18.7%)	94 (56.6%)	41 (24.7%)	166 (100.0)
Total	99	285	116	500
df: 4	Calculated Chi-square Value: 0.440		At 5 % level of significance P Value: 0.979	Not Significant

Source: Computed Data

The table 5.26 shows the association between the place of residence and level of Effectiveness. The percentage of borrowers with low level of effectiveness is high (20.5 per cent) among the borrowers belonging to urban areas and is low (18.7 per cent) among the borrowers whose residence in semi urban areas. The percentage of borrowers with high level of effectiveness is also more (24.7 per cent) from semi urban areas and low (22.3 per cent) from urban areas. The calculated P value 0.979 for chi square is greater than 0.05. Thus null hypothesis is accepted. The chi-square test infers that there exists no association between the place of residence and level of effectiveness of education loan among the borrowers.

5.5.4 Occupation of Parents

Occupation of Parents is considered to be one of the socio-economic features in analysing the effectiveness of education loan scheme. Parental occupation is considered as an important eligibility criteria in providing the education loan to the borrowers by almost all the public sector banks. Most of the education loan amount lent to the borrowers by the banks is based on their parental occupation. Taking these aspects into consideration the borrowers' parental occupation is classified as Business, Agriculture, Salaried class and professionals.

The Null hypothesis (H_0) is being edged to find out the significant mean difference between the Occupation of Parents and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Occupation of Parents

Table 5.27
Occupation of Parents and Effectiveness of Education Loan

Occupation of Parents	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Business	153	68.62	5.28	43.64	80.00
Agriculture	73	68.77	4.74	61.82	74.55
Salaried	195	68.79	4.92	52.73	80.00
Professional	79	69.41	4.59	61.82	74.55
Total	500	68.83	4.95	43.64	80.00
df: ν_1 3, ν_2 496		Calculated F Value: 0.467	At 5% level of significance P Value: 0.705		Not Significant

Source: Computed Data

The table 5.27 depicts that high mean effectiveness index (69.41) is among the borrowers, whose parents are professionals. The borrowers' parents, who are pursuing some business, have low mean effectiveness index (68.62). As the calculated P value 0.705 is greater than 0.05, there does not exist a significant mean difference among students classified on the basis of parent occupation. Hence, the null hypothesis is accepted. It is vibrant from the result of ANOVA that the occupations of the parent of the borrowers have no significant effect on the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether Parent Occupation is associated with Effectiveness the following hypothesis is being framed

H_0 : Occupation of parents is not associated with the Effectiveness of Education Loan

Table 5.28
Occupation of Parents and Level of Effectiveness of Education loan

Occupation of Parents	Level of Effectiveness			Total
	Low	Moderate	High	
Business	36 (23.5%)	84 (54.9%)	33 (21.6%)	153 (100.0)
Agriculture	14 (19.2%)	41 (56.2%)	18 (24.7%)	73 (100.0)
Salaried	38 (19.5%)	112 (57.4%)	45 (23.1%)	195 (100.0)
Professional	11 (13.9%)	48 (60.8%)	20 (25.3%)	79 (100.0)
Total	99	285	116	500
df: 6	Calculated Chi-square Value: 3.202		At 5 % level of significance P Value: 0.783	Not Significant

Source: Computed Data

The table 5.28 scrutinises the association between the parental occupation of the borrowers and level of effectiveness. The percentage of borrowers with low level of effectiveness is high (23.5 per cent) among the borrowers whose parents are pursuing business and is low (13.9 per cent) among the borrowers whose parents are professionals. The percentage of borrowers with high level of effectiveness is high (25.3 per cent) among the borrowers of education loan whose parents are professionals and low (21.6 per cent) among the borrowers whose parental occupation is business. Thus null hypothesis is accepted as the calculated P value 0.783 for chi square is greater than 0.05. The chi-square test interprets that there exists no association between the parent occupation and level of effectiveness.

5.5.5 Household Income

Household income of the borrowers is considered to be important in the process of availing the education loan, as most of the loan amount sanctioned by the banks is based on the household income provided by the borrowers. The monthly household income of the borrower is classified on equal interval of amount Up to Rs.10,000,

Rs.10,000-Rs.20,000, Rs.20,001-Rs.30,000, Rs.30,001-Rs.40,000 and Above Rs.40,000. Hence monthly household income of the borrower is considered to be one of the significant aspects for measuring the effectiveness of loan scheme.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the household incomes of the borrowers and mean Effectiveness of Education loan of education loan using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Household Income.

Table 5.29
Household Income and Effectiveness of Education loan

Household Income (per month)	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Up to Rs.10,000	82	68.01	5.31	43.64	80.00
Rs.10,000-Rs.20,000	170	68.94	5.05	52.73	74.55
Rs.20,001-Rs.30,000	162	68.86	4.79	61.82	80.00
Rs.30,001-Rs.40,000	56	68.73	4.90	54.55	74.55
Above Rs.40,000	30	70.55	4.04	61.82	74.55
Total	500	68.83	4.95	43.64	80.00
df: v_1 4, v_2 495		Calculated F Value: 2.536	At 5% level of significance P Value: 0.039		Significant

Source: Computed Data

It is proven from the table 5.29 that among the 30 borrowers having a monthly household income above Rs.40,000 have high mean effectiveness Index (70.55). Among the 82 borrowers whose mean effectiveness index is low (68.01) have monthly household income up to Rs.10,000. As the calculated P value 0.039 is less than 0.50, there exists significant mean difference among the borrowers classified on the basis of their monthly household income. Hence, the null hypothesis is rejected. The result of ANOVA surmises

that mean effectiveness differ among the borrowers classified on the basis of household income at 5% level of significance.

Chi-Square Test is being used to determine the association between Household Income and level of Effectiveness of Education loan. To support the test the following hypothesis is being framed.

H₀: Household Income is not associated with the Effectiveness of Education Loan

Table 5.30
Household Income and Level of Effectiveness of Education loan

Household Income (per month)	Level of Effectiveness			Total
	Low	Moderate	High	
Up to Rs.10,000	21 (25.6%)	47 (57.3%)	14 (17.1%)	82 (100.0)
Rs.10,000- Rs.20,000	38 (22.4%)	90 (52.9%)	42 (24.7%)	170 (100.0)
Rs.20,001- Rs.30,000	30 (18.5%)	93 (57.4%)	39 (24.1%)	162 (100.0)
Rs.30,001- Rs.40,000	9 (16.1%)	35 (62.5%)	12 (21.4%)	56 (100.0)
Above Rs.40,000	1 (3.3%)	20 (66.7%)	9 (30.0%)	30 (100.0)
Total	99	285	116	500
df: 8	Calculated Chi-square Value: 16.100		At 5 % level of significance P Value: 0.045	Significant

Source: Computed Data

From the table 5.30 it is evident that the percentage of borrowers with high level of effectiveness is high (30 per cent) among the borrowers of monthly household income above Rs.40,000 and low (17.1 per cent) among the monthly borrowers of household income is up to Rs.10,000. The percentage of borrowers with low level of effectiveness is more (25.6 per cent) among the borrowers of monthly household income up to Rs.10,000 and less (3.3 per cent) among the borrowers of household income above Rs.40,000. The calculated P value 0.045 for chi square is less than 0.05. Thus null hypothesis is rejected.

The chi-square test realises that there exists association between the household income of borrowers and level of effectiveness of education loan.

***Inference:** The household income is associated with level of effectiveness as the borrowers who have less household income feels that the effectiveness factors like rules and regulation of education loan, Insurance coverage, bank rate policy are less effective, whereas the borrowers whose household income is more perceive that education loan is effective in terms of better employment prospects, interpersonal development, etc.*

5.5.6 Status of Parent as Assessee

The status of parent as assessee is taken as a factor for assessing the effectiveness of education loan scheme. It is necessary to see the effectiveness of loan scheme differs among the borrowers whose parents are assessee and file their income tax return regularly. Hence in order to analyse the effectiveness of education loan scheme lent by the banks among the borrowers of parents who are income-tax assessee and or not also considered

The Null hypothesis (H_0) is being fringed to find out the significant mean difference between the Parent Income Tax Assessee and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of status of parent as assessee

Table 5.31
Status of Parent as Assessee and Effectiveness of Education loan

Status of Parent as Assessee	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Yes	144	68.84	4.95	52.73	74.55
No	356	68.83	4.95	43.64	80.00
Total	500	68.83	4.95	43.64	80.00
df: :498	Calculated 't' Value: 0.016		At 5% level of significance P Value: 0.987		Not Significant

Source: Computed Data

The table 4.31 portrays that among 144 borrowers, whose parent file their Income Tax regularly has high mean effectiveness index (68.84). Among the remaining 356 borrowers, whose parent do not file their income tax return, have low mean effectiveness index (68.83). As the calculated P value 0.987 is greater than 0.05, there does not exist a significant mean difference among borrowers classified on the basis of status of parent as income-tax assessee. Hence, the null hypothesis is rejected. It is clear from the result of ANOVA that borrowers, whose parent has the status of an Income Tax Assessee, have no significant effect on the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether borrower's status of parent as assessee or not is associated with Effectiveness the following hypothesis is being framed.

H₀: Status of Parent as Assessee is not associated with the Effectiveness of Education Loan

Table 5.32
Status of Parent as Assessee and Level of Effectiveness of Education loan

Parent Income Tax Assessee	Level of Effectiveness			Total
	Low	Moderate	High	
Yes	28 (19.4%)	83 (57.6%)	33 (22.9%)	144 (100.0)
No	71 (19.9%)	202 (56.7%)	83 (23.3%)	356 (100.0)
Total	99	285	116	500
df: 2	Calculated Chi-square Value: 0.034		At 5 % level of significance P Value: 0.983	Not Significant

Source: Computed Data

From the above table 5.32, it is clear that the percentage of borrowers with both high level of effectiveness is high (23.3 per cent) and low level of effectiveness is more (19.9 per cent) among the borrowers of parents who do not file their Income tax return. As the calculated P value 0.983 for chi square is more than 0.05 the null hypothesis is accepted. The chi-square test deduces that there exists no relationship between the status of parent as income tax assessee and the level of effectiveness.

5.5.7 Nature of Institution

The meritorious students usually get admitted in Government colleges and aided colleges with good reputation. Most of the banks prefer to give loan to these borrowers who get admission in the reputed institution with good marks. Other students are generally admitted to the courses in unaided colleges. However the fees collected in these colleges are hefty that the borrowers studying in these institutions need more financial assistance which is possible through education loan. Hence it becomes all the more important to know the effectiveness of loan scheme based on the nature of institution in which the borrowers are pursuing their course. The nature of institution in which the borrowers are studying may be Government, aided and unaided colleges.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the Nature of Institution in which the borrowers are studying and Effectiveness of Education loan scheme among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Nature of Institution

Table 5.33
Nature of Institution and Effectiveness of Education loan

Nature of Institution	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Government	58	68.97	4.72	61.82	80.00
Aided	304	68.61	5.00	43.64	80.00
Unaided	138	69.28	4.94	56.36	74.55
Total	500	68.83	4.95	43.64	80.00
df: v_1 2, v_2 497		Calculated F Value: 0.891	At 5% level of significance P Value: 0.411		Not Significant

Source: Computed Data

The table 5.33 depicts that among 138 borrowers, who studies in unaided colleges have high mean effectiveness index (69.28). Among 304 borrowers, who studies in aided colleges, have low mean effectiveness index (68.61). As the calculated P value 0.411 is

greater than 0.05 at 5% level of significance, there is no significant mean difference among borrowers classified on the basis of nature of institution. Hence, the null hypothesis is accepted. It is clear from the result of ANOVA that nature of institution in which the borrowers are studying have no significant effect on the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether Nature of Institution is associated with the Effectiveness, the following hypothesis is being framed.

H₀: Nature of Institution is not associated with the Effectiveness of Education Loan

Table 5.34
Nature of Institution and Level of Effectiveness of Education loan

Nature of Institution	Level of Effectiveness			Total
	Low	Moderate	High	
Government	8 (13.8%)	36 (62.1%)	14 (24.1%)	58 (100.0)
Aided	65 (21.4%)	172 (56.6%)	67 (22.0%)	304 (100.0)
Unaided	26 (18.8%)	77 (55.8%)	35 (25.4%)	138 (100.0)
Total	99	285	116	500
df: 4	Calculated Chi-square Value: 2.288		At 5 % level of significance P Value: 0.683	Not Significant

Source: Computed Data

The table 5.34 depicts that the percentage of borrowers with high level of effectiveness is high (25.4 per cent) among the borrowers studying in unaided colleges and low (22 per cent) among the borrowers studying in aided colleges. The percentage of borrowers with low level of effectiveness is high (21.4 per cent) among the borrowers studying in aided colleges and low (13.8 per cent) among the borrowers studying in unaided colleges. As the calculated P value 0.683 for chi square is more than 0.05, the null hypothesis is accepted. The chi-square test comprehends that there exists no association between the nature of institution where the borrowers are studying and level of effectiveness.

5.5.8 First Graduation

First graduation borrowers are those students who pursue higher education or graduation for the time in the family which means that there are no graduates in his family including his siblings. First graduation certificate is issued by the Tahsildar of the respective taluk. The first graduates can get the certificate and the benefits of first graduation from the respective taluks. First graduates are generally given scholarship and concession on fees as it helps them to get better access to higher education and their families are assured with good education. Hence, First graduation borrowers is considered as one of the socio-economic factor in knowing the perception of education loan borrowers as the education loan helps them greatly in achieving their higher education dream.

Significant mean difference regarding Effectiveness of Education loan is analysed using ANOVA with a null hypothesis (H_0) to determine the difference in the among the borrowers of first graduates.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of First Graduation

Table 5.35
First Graduation and Effectiveness of Education Loan

First Graduation	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Yes	112	68.77	5.21	43.64	74.55
No	388	68.85	4.88	52.73	80.00
Total	500	68.83	4.95	43.64	80.00
df: :498	Calculated 't' Value: -0.161		At 5% level of significance P Value: 0.872		Not Significant

Source: Computed Data

The table 5.35 reveals that the maximum mean effectiveness index (68.85) is among the 388 borrowers who are not first graduates in the family. Remaining 112 borrowers whose mean effectiveness index is low (68.77) are first graduates in the family. As the calculated P value 0.872 is greater than 0.05, there does not exists any significant mean difference among borrowers classified on the basis of first graduation.

Hence, the null hypothesis is accepted. The result of ANOVA surmises that irrespective of the borrowers who are first graduates in the family has no difference with respect to the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether First Graduate borrowers are associated with effectiveness, the following hypothesis is being framed.

H₀: First graduation borrowers is not associated with the Effectiveness of Education Loan

Table 5.36
First Graduation and Level of Effectiveness of Education loan

First Graduation	Level of Effectiveness			Total
	Low	Moderate	High	
Yes	23 (20.5%)	62 (55.4%)	27 (24.1%)	112 (100.0)
No	76 (19.6%)	223 (57.5%)	89 (22.9%)	388 (100.0)
Total	99	285	116	500
df: 2	Calculated Chi-square Value: 0.159		At 5 % level of significance P Value: 0.924	Not Significant

Source: Computed Data

The table 5.36 shows the association of first graduate borrowers with the level of effectiveness. The percentage of borrowers with low level of effectiveness is more (20.5 per cent) among the borrowers who are not first graduate in their family and less (19.6 per cent) among the borrowers who are first graduate in their family. The percentage of borrowers with high level of effectiveness is more (24.1 per cent) among the borrowers who are not first graduate in their family and less (22.9 per cent) among the borrowers who are first graduate in their family. The calculated P value 0.924 for chi square is greater than 0.05 and thus null hypothesis is accepted. The chi-square test implies that there is no association between first graduation of borrowers and level of effectiveness.

5.5.9 Types of Banks

It is necessary to analyse the effectiveness of education loan scheme among the borrowers of select public sector banks namely State Bank of India, Canara Bank, Indian Overseas Bank, Indian Bank and Punjab National Bank as these are the major public

sector banks in lending the education loan to the borrowers. Hence various factors regarding the effectiveness of the loan scheme among the borrowers of these banks are considered for analysing the effectiveness of loan scheme.

Significant mean difference regarding the Effectiveness of loan scheme is analysed using ANOVA with a null hypothesis (H_0) to determine the difference in types of banks among the borrowers.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Types of banks

Table 5.37
Types of Banks and Effectiveness of Education Loan

Types of Banks	Numbers	Effectiveness	Standard Deviation	Minimum	Maximum
State Bank of India	100	69.20	5.24	52.73	80.00
Canara Bank	100	68.53	5.28	43.64	74.55
Indian Overseas Bank	100	68.16	4.76	60.00	74.55
Indian Bank	100	69.22	4.61	61.82	74.55
Punjab National Bank	100	69.06	4.84	54.55	74.55
Total	500	68.83	4.95	43.64	80.00
df: ..v₁ 4, v₂ 495		Calculated F Value: 0.891	At 5% level of Significance P Value: 0.469		Not Significant

Source: Computed Data

The table 5.38 reveals that the maximum mean effectiveness index (69.22) is among the borrowers of Indian bank. The mean effectiveness index is low (68.16) among the borrowers of Indian Overseas Bank. As the calculated P value 0.469 is greater than 0.05, there does not exist any mean difference among the borrowers classified based on types of banks. Hence, the null hypothesis is accepted. The result of ANOVA surmises that the borrowers of different banks do not make any significance differences in the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether borrowers of various banks are associated with effectiveness, the following hypothesis is being framed.

H₀: Borrowers of various banks is not associated with the Effectiveness of Education Loan

Table 5.38

Types of Banks and Level of Effectiveness of Education loan

Types of Banks	Level of Effectiveness			Total
	Low	Moderate	High	
State Bank of India	18 (18.0%)	56 (56.0%)	26 (26.0%)	100 (100.0)
Canara Bank	22 (22.0%)	57 (57.0%)	21 (21.0%)	100 (100.0)
Indian Overseas Bank	25 (25.0%)	55 (55.0%)	20 (20.0%)	100 (100.0)
Indian Bank	17 (17.0%)	59 (59.0%)	24 (24.0%)	100 (100.0)
Punjab National Bank	17 (17.0%)	58 (58.0%)	25 (25.0%)	100 (100.0)
Total	99	285	116	500
df: 8	Calculated Chi-square Value: 3.896		At 5 % level of significance P Value: 0.866	Not Significant

Source: Computed Data

The table 5.38 shows the association between the borrowers of various banks with the level of effectiveness. The percentage of borrowers with low level of effectiveness is more (25.0 per cent) among the borrowers of Indian Overseas Bank. The percentage of borrowers with high level of effectiveness is more (26.0 per cent) among the borrowers of State Bank of India and less (20.0 per cent) among the borrowers of Indian Overseas Bank. The calculated P value 0.866 for chi square is greater than 0.05 and thus null hypothesis is accepted. The chi-square test implies that there is no association between the borrowers of different types of banks and level of effectiveness.

5.5.10 Security Pledged

In general practice security pledged for loan is considered to be one of the major criteria for any loan amount. But Education Loan is exceptional to these criteria. No loan is given without any security. Hence security pledged to the bank for the loan amount is considered to be the one of the factor for analysing the effectiveness of education loan. Depending on the loan amount, the security pledged by the borrowers differs.

The security pledged for Education loan is classified as per the directives of RBI and is classified as ‘NO’ security for loan amount up to Rs.4 Lakh, Third party guarantee for loan amount between Rs.4,00,001 to Rs.7,50,000, pledge of property for the loan amount above Rs.7,50,000 and any other security as demanded by the managers of the bank.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the securities pledged by the borrowers for education loan and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Security pledged.

Table 5.39
Security Pledged and Effectiveness of Education Loan

Security Pledged	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
No Security	84	68.77	5.20	52.73	74.55
Third Party Guarantee	237	68.57	5.09	43.64	74.55
Pledge of Property	153	69.15	4.69	61.82	80.00
Others	26	69.58	4.41	61.82	74.55
Total	500	68.83	4.95	43.64	80.00
df: v_1 3, v_2 496		Calculated F Value: 2.635	At 5% level of significance P Value: 0.049		Significant

Source: Computed Data

The table 5.39 illustrates that among 26 borrowers, who have borrowed education loan with other securities such as fixed deposit receipt, share documents, etc., have high mean effectiveness index (69.58). Among 237 borrowers, who has given Third Party guarantee as the security for education loan, have low mean effectiveness index (68.57). As the calculated P value 0.049 is less than 0.05 at 5% level of significance, there exists no significant mean difference among borrowers classified on the basis of nature of institution. Hence, the null hypothesis is rejected. It is clear from the result of ANOVA that securities pledged by borrowers for education loan have significant effect on the mean effectiveness of education loan.

Chi-Square Test is being used to determine whether Security pledged is associated with effectiveness, the following hypothesis is being framed.

H₀: Security Pledged is not associated with the Effectiveness of Education Loan

Table 5.40
Security Pledged and Level of Effectiveness of Education loan

Security Pledged	Level of Effectiveness			Total
	Low	Moderate	High	
No Security	20 (23.8%)	41 (48.8)	23 (27.4%)	84 (100.0)
Third Party Guarantee	49 (20.7%)	133 (56.1%)	55 (23.2%)	237 (100.0)
Pledge of Property	26 (17.0%)	93 (60.8%)	34 (22.2%)	153 (100.0)
Others	4 (15.4%)	18 (69.2%)	4 (15.4%)	26 (100.0)
Total	99	285	116	500
df: 6	Calculated Chi-square Value: 15.107		At 5 % level of significance P Value: 0.019	Not Significant

Source: Computed Data

The table 5.40 shows the association between the types of security pledged by the borrowers with the level of effectiveness. The percentage of borrowers with low level of effectiveness is more (23.8 per cent) among the borrowers who have not given any security to the bank for their loan and less (15.4 per cent) among the borrowers who have given other securities like pledge of Fixed Deposit, Share Certificates, etc. The percentage of borrowers with high level of effectiveness is more (27.4 per cent) among the borrowers who have given nil security to the bank for their education loan they have borrowed and less (15.4 per cent) among the borrowers who have given other securities like pledge of Fixed Deposit, Share Certificates, etc. The calculated P value 0.019 for chi square is less than 0.05 and thus null hypothesis is rejected. The chi-square test implies that there is association between the various securities pledged by the borrowers for education loan and level of effectiveness.

Inference: The borrowers who have borrowed loan without any security perceive education loan scheme is highly effective as they have received the loan amount without security as per the security policies and procedures and vice versa.

5.5.11 Loan Amount Borrowed

The Model Education Loan Scheme framed by IBA has certain limit regarding the loan amount to be lent to the borrowers of Education Loan in India. Generally the maximum loan amount for pursuing higher education in India is Rs.7.5 lakhs. But in certain condition education loan amount can be extended above Rs 7.5 lakhs depending on the course and the institution where they are learning their course. The loan amount borrowed which is taken for analysing the effectiveness of education loan is based on the category of loan amount as specified by the RBI in the Model Education Loan Scheme. The loan amount that can be borrowed as education loan are classified as loan amount up to Rs.4 Lakh, loan amount between Rs.4,00,001 to Rs7,50,000 and the loan amount above Rs.7,50,000.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the Loan amount borrowed by the borrowers and Effectiveness of Education Loan scheme among the borrowers using Analysis of Variance.

H_0 : Mean effectiveness does not differ among borrowers classified on the basis of Loan amount borrowed

Table 5.41
Loan Amount Borrowed and Effectiveness of Education loan

Loan Amount Borrowed	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Up to Rs.4,00,000	95	68.84	5.06	52.73	74.55
Rs.4,00,001 – Rs.7,50,000	239	68.70	5.13	43.64	74.55
Above Rs.7,50,000	166	69.03	4.64	61.82	80.00
Total	500	68.83	4.95	43.64	80.00
df: v_1 2, v_2 497		Calculated F Value: 0.216	At 5% level of significance P Value:0.805		Not Significant

Source: Computed Data

The table 5.41 illustrates that among 166 borrowers, who have borrowed amount above Rs.7,50,000 have high mean effectiveness index (69.03). Among 239 borrowers, who have borrowed amount between Rs.4,00,001-Rs.7,50,000, have low mean effectiveness index (68.70). As the calculated P value 0.805 is greater than 0.05 at 5% level of significance, there is no significant mean difference among borrowers classified on the basis of loan amount borrowed. Hence, the null hypothesis is accepted. It is clear from the result of ANOVA that loan amount borrowed for their education has no significant effect on the effectiveness.

Chi-Square Test is being used to determine whether the loan amount borrowed for education loan is associated with effectiveness, the following hypothesis is being framed.

H₀: Loan amount borrowed is not associated with the Effectiveness of Education Loan

Table 5.42
Loan Amount Borrowed and Level of Effectiveness of Education loan

Loan Amount Borrowed	Level of Effectiveness			Total
	Low	Moderate	High	
Up to Rs.4,00,000	20 (21.1%)	50 (52.6%)	25 (26.3%)	95 (100.0)
Rs.4,00,001– Rs.7,50,000	52 (21.8%)	131 (54.8%)	56 (23.4%)	239 (100.0)
Above Rs.7,50,000	27 (16.3%)	104 (62.7%)	35 (21.1%)	166 (100.0)
Total	99	285	116	500
df: 4	Calculated Chi-square Value: 3.757		At 5 % level of significance P Value: 0.440	Not Significant

Source: Computed Data

The table 5.42 shows the association of loan amount borrowed with the level of effectiveness. The percentage of borrowers with low level of effectiveness is more (21.8 per cent) among the borrowers who have borrowed loan amount between Rs.4,00,001 to Rs.7,50,000 and less (16.3 per cent) among the borrowers who have borrowed loan amount above Rs.7,50,000. The percentage of borrowers with high level of effectiveness is more (26.3 per cent) among the borrowers who have borrowed loan

amount up to Rs.4,00,000 and less (21.1 per cent) among the borrowers who have borrowed loan amount above Rs.7,50,000. The calculated P value 0.440 for chi square is greater than 0.05 and thus null hypothesis is accepted. The chi-square test implies that there is no association between loan borrowed and level of effectiveness.

5.5.12 Loan Amount Demanded

The requirement of loan amount differs in accordance with the course they have taken and the total course fees. The borrowers usually demand for the loan amount which will be equal to the total amount of expenses spent for their courses. But in reality all the borrowers cannot get the loan amount demanded as the banks has certain restriction regarding the expenses spent for the course that can be lent as the loan amount. Henceforth, it is all more important to examine the effectiveness of education loan among the borrowers who have received the loan amount demanded or not.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the Loan amount demanded by the borrowers and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H₀: Mean effectiveness does not differ among borrowers classified on the basis of Loan amount demanded

Table 5.43
Loan Amount Demanded and Effectiveness of Education loan

Loan Amount Demanded	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Yes	328	4.98	0.28	43.64	80.00
No	172	4.89	0.37	56.36	74.55
Total	500	68.83	4.95	43.64	80.00
df: :498	Calculated 't' Value: 1.053		At 5% level of significance P Value: 0.293		Not Significant

Source: Computed Data

The table 5.43 depicts that among 328 borrowers, who have received the loan amount demanded, have high mean Effectiveness index (4.98) towards education loan.

Among the 172 borrowers, who have not received the loan amount demanded; have low mean effectiveness index (4.89) towards education loan. As the calculated P value 0.411 is greater than 0.05 at 5% level of significance, there is no significant mean difference among borrowers classified on the basis of loan amount demanded. Hence, the null hypothesis is accepted. It is clear from the result of ANOVA that borrowers who have received the loan amount demanded have no significant effect on the mean effectiveness index.

Chi-Square Test is being used to determine whether demanded loan amount is received is associated with effectiveness, the following hypothesis is being framed.

H₀: Loan amount demanded is not associated with the Effectiveness of Education Loan

Table 5.44
Loan Amount Demanded and Level of Effectiveness of Education loan

Loan Amount Demanded	Level of Effectiveness			Total
	Low	Moderate	High	
Yes	65 (19.8%)	191 (58.2%)	72 (22.0%)	328 (100.0)
No	34 (19.8%)	94 (54.7%)	44 (25.6%)	172 (100.0)
Total	99	285	116	500
df: 2	Calculated Chi-square Value: 0.895		At 5 % level of significance P Value: 0.639	Not Significant

Source: Computed Data

The table 5.44 shows the association of loan amount demanded with the level of effectiveness. The percentage of borrowers with low level of effectiveness is equal (19.8 per cent) among the borrowers who have received the loan amount demanded and who have not received the loan amount demanded. The percentage of borrowers with high level of effectiveness is more (25.6 per cent) among the borrowers who have not received the loan amount demanded and less (22 per cent) among the borrowers who have received the loan. The calculated P value 0.639 for chi square is greater than 0.05 and thus null hypothesis is accepted. The chi-square test implies that there is no association between loan amount demanded and level of effectiveness.

5.5.13 Percentage of Loan

The loan amount of borrowers will generally be the total fees spent on the course. But in practice the bank does not disburse the loan amount equal to the total expenses spent by the borrowers for pursuing the course. The borrowers will cover only those expenses that are actually spent, other expenses like college welfare fund, and electricity fees for hostel, will not be covered and treated as expenses of course fee for the loan amount. The borrowers will get only certain percentage on total fees as loan. Hence percentage of loan is considered as important variable for analyzing the effectiveness of loan Scheme.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the Percentage of loan borrowed on total fees and Effectiveness of Education loan among the borrowers using Analysis of Variance.

H₀: Mean effectiveness does not differ among borrowers classified on the basis of Percentage of loan borrowed on total fees.

Table 5.45
Percentage of Loan and Effectiveness of Education loan

Percentage of Loan on Total Fees	Number of borrowers	Effectiveness Index	Standard Deviation	Minimum	Maximum
Up to 25	4	66.37	6.03	61.82	74.55
25 – 50	77	69.73	4.87	61.82	74.55
50 – 75	162	68.75	5.00	43.64	80.00
Above 75	257	68.65	4.92	52.73	80.00
Total	500	68.83	4.95	43.64	80.00
df: ∴v₁ 3, v₂ 496		Calculated F Value: 3.304	At 5% level of significance P Value:0.020		Significant

Source: Computed Data

The table 5.45 illustrates that among 77 borrowers, who have received 25% to 50% of loan on total fees have high mean effectiveness index (69.73). Among 4 borrowers, who have received up to 25% of loan on total fees, have low mean effectiveness index (66.37). As the calculated P value 0.020 is less than 0.05 at 5% level of significance,

there exists significant mean difference among borrowers classified on the basis of percentage of loan borrowed on total fees. Hence, the null hypothesis is rejected. It is clear from the result of ANOVA that percentages of loan borrowed on total fees by the borrowers have significant effect on the mean effectiveness.

Chi-Square Test is being used to determine whether percentage of loan on total fees is associated with effectiveness, the following hypothesis is being framed.

H₀: Percentage of loan is not associated with the Effectiveness of Education Loan

Table 5.46
Percentage of Loan and Level of Effectiveness of Education loan

Percentage of Loan on Total Fees	Level of Effectiveness			Total
	Low	Moderate	High	
Up to 25	2 (50.0%)	1 (25.0%)	1 (25.0%)	4 (100.0)
25 – 50	15 (19.5%)	40 (51.9%)	22 (28.6%)	77 (100.0)
50 – 75	27 (16.7%)	103 (63.6%)	32 (19.8%)	162 (100.0)
Above 75	55 (21.4%)	141 (54.9%)	61 (23.7%)	257 (100.0)
Total	99	285	116	500
df: 6	Calculated Chi-square Value: 17.307		At 5 % level of significance P Value: 0.038	Significant

Source: Computed Data

The table 5.46 shows the association of percentage of loan borrowed on the total fees borrowers with the level of effectiveness. The percentage of borrowers with low level of effectiveness is more (50 per cent) among the borrowers who have got loan amount up to 25 per cent on the total fees and less (16.7 per cent) among the borrowers who have got loan amount between 50 per cent to 75 per cent on the total fees. The percentage of borrowers with high level of effectiveness is more (28.6 per cent) among the borrowers who have got loan amount up to 25 per cent to 50 per cent on the total fees and less (19.8 per cent) among the borrowers who have got loan amount up to

50 per cent to 75 per cent on the total fees. The calculated P value 0.038 for chi square is less than 0.05 and thus null hypothesis is rejected. The chi-square test implies that there is association between percentage of loan on total fees and level of effectiveness.

***Inference:** The borrowers who have received high percentage of loan amount on total fees feels that the scheme is more effective towards the various factors of effectiveness of education loan scheme.*

5.6 CONCLUSION

The evaluation in respect of borrowers' preference for banks to get their education loan reveals that the borrowers prefer only those banks that provide wide choices of education loan scheme, better customer service and loan with low interest rate. Almost all the borrowers prefer the banks that provide wide variety of scheme and better customer service because the borrowers are in need of loan for the particular course they would like to persuade with timely information and service. The analysis was efficacious in identifying significant difference between preference factors and socio-economic factors like Parent Occupation, Household Income, Income assessment of parents and Nature of Institution where the borrowers are studying. The assessment of effectiveness of education loan replicates that the primary efficacy of education loan is development of weaker society and to render financial support for persuading higher education as this forms a core feature of education loan scheme. Thus the bank has to design customised education loan product with essential features to make their loan more competitive and effective to the borrowers.