

*Problems of Education Loan
Borrowers*

CHAPTER VI

PROBLEM OF EDUCATION LOAN BORROWERS

6.1 INTRODUCTION

Education is a shrine of learning where an individual inherits the skill and knowledge. Lack of availability of resource for continuing the higher education is always a great challenge as the education expenses are growing at an faster pace. The growing higher education expenses had made the students and their family to depend on the other sources for finance. 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 students with career visions greatly depend on the education loan to fund their higher education dreams. However, the borrowers face certain delinquency on availing the loan from the banks. To identify the major problems the borrowers certain factors were considered and the responses of the borrowers were analysed using ANOVA, Chi-square and Factor Analysis.

6.2 LEVEL OF PROBLEM OF BORROWERS

Level of problem of borrowers in availing education loan is being measured by giving scores to problem related questions. Eight factors related to the Problem of borrowers are incorporated in the questionnaire. Responses to these factors have been rated on a five-point scale rating from Strongly Disagree to Strongly Agree. 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 'Problem Index'. The index ranges between 32.50 and 67.50 and the grand mean of Problem Index is 51.29. Based on the Problem Index, the borrowers have been divided into three groups as borrowers with low, moderate and high level of Problem. In order to classify the borrowers into three such groups, quartiles have been made use of. Consequently, borrowers with Problem Index ranging up to 42.60 are termed as borrowers with low level of problems; those with Index ranging between 42.61 and 59.97 are termed as borrowers with moderate level of problems and those borrowers with Problem Index ranging above 59.97 are termed as

borrowers with high level of Problem. Of the 500 borrowers, 90 (18.80%) are with low level of problem; 281(56.20%) are with moderate level of Problem and the rest 129 (25.80%) extend high level of problem.

6.3 PROBLEMS OF BORROWERS

6.3.1 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 problems 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 problems of 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 problem of borrowers using Analysis of Variance.

H₀: Mean problem does not differ among borrowers classified on the basis of gender

Table 6.1
Gender and Problem of Borrowers

Gender	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Male	360	51.32	8.66	32.50	67.50
Female	140	51.20	8.81	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: :498	Calculated 't' Value: 0.142		At 5% level of significance P Value: 0.887		Not Significant

Source: Computed Data

The table 6.1 portrays the gender wise problem of borrowers in availing the education loan. There are 360 male borrowers and 140 female borrowers in the study. The Mean problem index is high among male borrowers with 51.32 and is low of 51.20 among female borrowers. The calculated P value is 0.887, which is greater than 0.05. Hence, the null hypothesis is accepted. There is no significant difference in the mean

problem and gender of borrowers. The result of ANOVA infers that both male and female have more or less same level of problem in availing the education loan.

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

H₀: Gender is not associated with the Problem of borrowers

Table 6.2
Gender and Level of Problem

Gender	Level of Problem			Total
	Low	Moderate	High	
Male	65 (18.1%)	201 (55.8%)	94 (26.1%)	360 (100.0)
Female	25 (17.9%)	80 (57.1%)	35 (25.0%)	140 (100.0)
Total	90	281	129	500
df: 2	Calculated Chi-square Value: 0.081		At 5 % level of significance P Value: 0.960	Not Significant

Source: Computed Data

The table 6.2 reveals the association between gender and level of problem. The percentage of borrowers with low level of problem is high (18.1 per cent) among male borrowers. The percentage of borrowers with high level of problem is more (26.1 per cent) among male borrowers. The P value 0.960 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 problem.

6.3.2 Age

Age is considered to be yet another important variable socio-economic factor that determines the problems of the borrowers. 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 problem of borrowers using Analysis of Variance.

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

Table 6.3
Age and Problem of Borrowers

Age (Years)	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Up to 19	112	50.96	8.10	32.50	67.50
20 – 22	196	51.49	9.21	32.50	65.00
23 – 25	150	51.13	8.39	32.50	67.50
Above 25	42	51.73	9.05	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: v_1 3, v_2 496		Calculated F Value: 3.140	At 5% level of significance P Value: 0.025		Significant

Source: Computed Data

The table 6.3 depicts that among 42 borrowers who are above the age group of 25 years have high (51.73) mean problem index. The low (55.34) mean problem index with 55.34 is among the borrowers with age up to 19 years. As the calculated P value 0.025 is less than 0.05, there exists a significant mean difference among borrowers classified on the basis of age. Hence, the null hypothesis is rejected. The result of ANOVA infers that the age of borrowers is associated with their level of problem.

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

H_0 : Age of the respondents is not associated with the Problem of Borrowers

Table 6.4
Age and Level of Problem of Borrowers

Age (Years)	Level of Problem			Total
	Low	Moderate	High	
Up to 19	21 (18.8%)	70 (62.5%)	21 (18.8%)	112 (100.0)
20 – 22	39 (19.9%)	95 (48.5%)	62 (31.6%)	196 (100.0)
23 – 25	23 (15.3%)	93 (62.0%)	34 (22.7%)	150 (100.0)
Above 25	7 (16.7%)	23 (54.8%)	12 (28.6%)	42 (100.0)
Total	90	281	129	500
df: 6	Calculated Chi-square Value: 20.288		At 5 % level of significance P Value: 0.002	Significant

Source: Computed Data

The table 6.4 evidences that, among the education loan borrowers with high level of problem is high (31.6 per cent) for the age group between 20 to 22 years and high level of problem is low (18.8 per cent) for the age group Up to 19 years. Among the 90 borrowers with low level of problem, it is high (19.9 per cent) for the age group between 20 to 22 and low (15.3 per cent) for the age group between 23 to 25 years. The chi-square test construes that there exists association between age and level of problem as the calculated P value 0.002 for chi square is less than 0.05 and there by null hypothesis is rejected.

Inference: The problem of the borrowers differs with age group as the age group up to 19 years who have just joined the college have pre loan sanction problems like inaccessibility to bank managers, preference to students seeking admission in premier institution and procedural delays and complicated documentation. The other age group of borrowers face the post-sanction problems like high transaction cost of borrowing, inadequacy of moratorium period, borrowers are compelled to take insurance.

6.3.3 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 problems of the borrowers. 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 problem of borrowers using Analysis of Variance.

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

Table 6.5
Place of Residence and Problem of Borrowers

Residence	Numbers	Problem	Standard Deviation	Minimum	Maximum
Rural	56	51.03	8.03	32.50	65.00
Urban	278	51.12	8.78	32.50	67.50
Semi urban	166	51.64	8.81	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
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 6.5 reveals that the mean problem index (51.64) is among the borrowers whose place of residence is from semi-urban areas. Among the borrowers whose mean problem index is low (51.03) are from rural area. 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 residents the borrowers have no difference with respect to the problem.

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

H₀: Place of Residence is not associated with the Problem of Borrowers

Table 6.6
Place of Residence and Level of Problem of Borrowers

Residence	Level of Problem			Total
	Low	Moderate	High	
Rural	8 (14.3%)	34 (60.7%)	14 (25.0%)	56 (100.0)
Urban	53 (19.1%)	156 (56.1%)	69 (24.8%)	278 (100.0)
Semi urban	29 (17.5%)	91 (54.8%)	46 (27.7%)	166 (100.0)
Total	90	281	129	500
df: 4	Calculated Chi-square Value: 11.242		At 5 % level of significance P Value: 0.024	Significant

Source: Computed Data

The table 6.6 shows the association between place of residence and level of problem. The percentage of borrowers with low level of problem is high (19.1 per cent) among the borrowers belonging to urban areas and is low (14.3 per cent) among the borrowers whose residence in rural areas. The percentage of borrowers with high level of problem is also more (27.7 per cent) from semi urban areas and low (24.8 per cent) from urban areas. The calculated P value 0.024 for chi square is less than 0.05. Thus null hypothesis is rejected. The chi-square test infers that there exists association between the place of residence and level of problem of education loan among the borrowers.

6.3.4 Occupation of Parent

Occupation of Parents is considered to be one of the socio-economic features in analysing the problems of the borrowers. 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 tested to find out the significant mean difference between the occupation of parent and problems of borrowers using Analysis of Variance.

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

Table 6.7
Occupation of Parents and Problem of Borrowers

Occupation of Parents	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Business	153	51.00	8.86	32.50	67.50
Agriculture	73	50.99	8.58	32.50	62.50
Salaried	195	51.44	8.76	32.50	67.50
Professional	79	51.74	8.43	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: v_1 3, v_2 496		Calculated F Value: 0.175	At 5% level of significance P Value: 0.914		Not Significant

Source: Computed Data

The table 6.7 depicts that among borrowers, whose parents are professionals have high mean problem (51.74). The low mean problem index (50.99) is among the borrowers, whose parents occupation is agriculture. As the calculated P value 0.914 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 evident from the result of ANOVA that the occupations of the parent of the borrowers have no significant effect on the level of problem of borrowers in availing their education loan.

Chi-Square Test is being used to determine whether Occupation of Parent is associated with Problem of borrowers the following hypothesis is being framed.

H_0 : Occupation of Parent is not associated with the Problem of Borrowers

Table 6.8
Occupation of Parent and Level of Problem of Borrower

Occupation of Parent	Level of Problem			Total
	Low	Moderate	High	
Business	31 (20.3%)	83 (54.2%)	39 (25.5%)	153 (100.0)
Agriculture	12 (16.4%)	41 (56.2%)	20 (27.4%)	73 (100.0)
Salaried	37 (19.0%)	109 (55.9%)	49 (25.1%)	195 (100.0)
Professional	10 (12.7%)	48 (60.8%)	21 (26.6%)	79 (100.0)
Total	90	281	129	500
df: 6	Calculated Chi-square Value: 2.419		At 5 % level of significance P Value: 0.877	Not Significant

Source: Computed Data

The table 6.8 scrutinises the association between the parent occupation of the borrower and level of problem. The percentage of borrowers with low level of problem is high (20.3 per cent) among the borrowers whose parents are doing business and is low (12.7 per cent) among the borrowers whose parents are professionals. The percentage of borrowers with high level of problem is high (27.4 per cent) among the borrowers of education loan whose parents are agriculturist and low (25.1 per cent) for borrowers whose parents are salaried people. Thus null hypothesis is accepted as the calculated P value 0.877 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 problem.

6.3.5 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 amount sanctioned 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, monthly household income of the borrower is considered to be one of the significant aspects for measuring problems of the borrowers.

The Null hypothesis (H_0) is being framed to find out the significant mean difference between the household income of the borrowers and their mean problem using Analysis of Variance.

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

Table 6.9
Household Income and Problem of Borrowers

Household Income (Per Month)	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Up to Rs. 10,000	82	50.12	7.91	32.50	65.00
Rs. 10,000 Rs. 20,000	170	51.15	9.30	32.50	67.50
Rs. 20,001-Rs. 30,000	162	51.22	8.95	32.50	67.50
Rs. 30,001-Rs. 40,000	56	51.61	7.72	32.50	67.50
Above Rs. 40,000	30	55.00	6.70	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: ν_1 4, ν_2 495		Calculated F Value: 3.780	At 5% level of significance P Value: 0.014		Significant

Source: Computed Data

It is proven from the table 6.9 that among the 30 education loan borrowers having a monthly household income above Rs.40,000 have high mean problem Index (55.00). Among borrowers whose mean problem index is low (50.12) have monthly household income up to Rs10,000. As the calculated P value 0.014 is less than 0.50, there exist significant mean differences among students classified on the basis of their household income. Hence, the null hypothesis is rejected. The result of ANOVA surmises that mean

problem differ among borrowers classified on the basis of monthly household income at 5% level of significance.

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

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

Table 6.10
Household Income and Level of Problem of Borrowers

Household Income (Per Month)	Level of Problem			Total
	Low	Moderate	High	
Up to Rs.10,000	17 (20.7%)	50 (61.0%)	15 (18.3%)	82 (100.0)
Rs.10,000- Rs.20,000	36 (21.2%)	84 (49.4%)	50 (29.4%)	170 (100.0)
Rs.20,001- Rs.30,000	29 (17.9%)	91 (56.2%)	42 (25.9%)	162 (100.0)
Rs.30,001- Rs.40,000	7 (12.5%)	37 (66.1%)	12 (21.4%)	56 (100.0)
Above Rs.40,000	1 (3.3%)	19 (63.3%)	10 (33.3%)	30 (100.0)
Total	90	281	129	500
df: 8	Calculated Chi-square Value: 16.516		At 5 % level of significance P Value: 0.035	Significant

Source: Computed Data

From the table 6.10 it is evident that the percentage of borrowers with high level of problem is high (33.3 per cent) among the borrowers whose monthly household income is Above Rs.40,000 and low (18.3 per cent) among the borrowers whose monthly household income is up to Rs.10,000. The percentage of borrowers with low level of problem is more (21.2 per cent) among the borrowers whose monthly household income between Rs.10,000 to Rs.20000 and less (3.3 per cent) among the borrowers whose monthly household income is Above Rs.40,000. The calculated P value 0.035 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 problem of education loan.

6.3.6 Status of Parent as Assessee

The status of parent as assessee is taken as a factor for assessing the problems of the borrowers in availing the education loan. It is necessary to know whether the problems of borrowers in availing the loan differ among the borrowers whose parents are assessee and file their income tax return regularly. Hence in order to analyse the problems 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 Problem of Borrowers loan among the borrowers using Analysis of Variance.

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

Table 6.11
Status of Parent as Assessee and Problem of Borrowers

Status of Parent as Assessee	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Yes	144	51.51	8.17	32.50	67.50
No	356	51.19	8.90	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: :498	Calculated 't' Value: 0.368		At 5% level of significance P Value: 0.713		Not Significant

Source: Computed Data

The table 6.11 portrays that among 144 student borrowers, whose parent is an Income Tax Assessee has high mean problem index (51.51). Among the remaining 356 borrowers, whose parent is not an Income Tax Assessee, have low mean problem index (51.19). As the calculated P value 0.713 is greater than 0.05, there does not exist a

significant mean difference among borrowers classified on the basis of parent occupation. Hence, the null hypothesis is accepted. It is vibrant from the result of ANOVA that borrowers, whose parent is an Income Tax Assessee, have no significant effect on the problems of borrowers.

Chi-Square Test is being used to determine whether borrowers' Status of Parent as Assessee is associated with problem the following hypothesis is being framed.

H₀: Status of Parent as Assessee is not associated with the Problem of Borrowers

Table 6.12
Status of Parent as Assessee and Level of Problem of Borrowers

Status of Parent as Assessee	Level of Problem			Total
	Low	Moderate	High	
Yes	24 (16.7%)	85 (59.0%)	35 (24.3%)	144 (100.0)
No	66 (18.5%)	196 (55.1%)	94 (26.4%)	356 (100.0)
Total	90	281	129	500
df: 2	Calculated Chi-square Value: 0.663		At 5 % level of significance P Value: 0.718	Not Significant

Source: Computed Data

From the above table 6.12 it is clear that the percentage of borrowers with high level of problem is high (26.4 per cent) with the borrowers of parents who is not an Income tax assessee. The percentage of borrowers with low level of problem is more (18.5 per cent) with the borrowers whose parent is not an Income tax assessee. As the P value 0.718 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 parent's income tax assessment and level of problem.

6.3.7 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 problems of the borrowers 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 where the borrowers are studying and Problem of Borrowers using Analysis of Variance.

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

Table 6.13
Nature of Institution and Problem of Borrowers

Nature of Institution	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Government	58	51.64	8.59	32.50	67.50
Aided	304	50.86	8.56	32.50	67.50
Unaided	138	52.07	9.02	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: $\therefore v_1 2, v_2 497$		Calculated F Value 2.961	At 5% level of significance P Value: 0.049		Significant

Source: Computed Data

The table 6.13 depicts that among 138 borrowers, who studies in unaided colleges have high mean problem index (52.07) in availing education loan. Among 304 borrowers, who study in aided colleges, have low mean problem index (50.86). As the calculated P value 0.049 is less than 0.05 at 5% level of significance, there is 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 where the borrowers are studying have significant effect on the problem of borrowers of education loan.

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

H₀: Nature of Institution is not associated with the Problem of Borrowers

Table 6.14
Nature of Institution and Level of Problem of Borrowers

Nature of Institution	Level of Problem			Total
	Low	Moderate	High	
Government	9 (15.5%)	34 (58.6%)	15 (25.9%)	58 (100.0)
Aided	58 (19.1%)	175 (57.6%)	71 (23.4%)	304 (100.0)
Unaided	23 (16.7%)	72 (52.2%)	43 (31.2%)	138 (100.0)
Total	90	281	129	500
df: 4	Calculated Chi-square Value: 13.332		At 5 % level of significance P Value: 0.009	Significant

Source: Computed Data

The table 6.14 depicts that the percentage of borrowers with high level of problem is high (31.2 per cent) among the borrowers studying in unaided colleges and low (23.4 per cent) among the borrowers studying in aided colleges. The percentage of borrowers with low level of problem is high (19.1 per cent) among the borrowers studying in aided colleges and low (15.5 per cent) with the borrowers studying in Government colleges. As the calculated P value 0.009 for chi square is less than 0.05, the null hypothesis is rejected. The chi-square test comprehends that there exists association between the nature of institution where the borrowers are studying and level of problem.

***Inference:** The borrowers studying in unaided colleges and aided colleges are in need of education loan to go ahead with their studies. The borrowers may have a problem in availing the education loan as the preference is given to the borrowers who are seeking admission in reputed institution.*

6.3.8 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 problems of education loan borrowers as the education loan helps them greatly in achieving their higher education dream .

Significant mean difference regarding Problem of Borrowers is analysed using ANOVA with a null hypothesis (H_0) to determine the difference in the first graduate among the borrowers.

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

Table 6.15
First Graduation and Problem of Borrowers

First Graduation	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Yes	112	51.52	8.37	32.50	67.50
No	388	51.22	8.79	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
Df: :498	Calculated 't' Value: 0.322		At 5% level of significance P Value: 0.748		Not Significant

Source: Computed Data

The table 6.15 reveals that the maximum mean problem index (51.52) is among the 122 borrowers who are first graduates in the family. Among the 388 education loan borrowers whose mean problem index is low (51.22) are not first graduates in the family. As the calculated P value 0.748 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 problem of borrowers.

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

H₀: First graduation borrowers is not associated with the Problem of Borrowers

Table 6.16
First Graduation and Level of Problem of Borrowers

First Graduation	Level of Problem			Total
	Low	Moderate	High	
Yes	19 (17.0%)	63 (56.2%)	30 (26.8%)	112 (100.0)
No	71 (18.3%)	218 (56.2%)	99 (25.5%)	388 (100.0)
Total	90	281	129	500
df: 2	Calculated Chi-square Value: 0.140		At 5 % level of significance P Value: 0.932	Not Significant

Source: Computed Data

The table 6.16 shows the association of first graduation borrowers with the level of problem. The percentage of borrowers with low level of problem is more (18.3 per cent) among the borrowers who are not first graduate in their family and less (17.0 per cent) among the borrowers who are first graduate in their family. The percentage of borrowers with high level of problem is more (26.8 per cent) among the borrowers who are first graduate in their family and less (25.5 per cent) with the borrowers who are not first graduate in their family. The calculated P value 0.932 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 problem.

6.3.9 Types of Banks

It is necessary to analyse the problems in availing the education loan 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 problems faced by the borrowers of these banks are considered for analysing the problem of the borrowers in availing the education loan.

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

H₀: Mean problem does not differ among borrowers classified on the basis of Types of banks

Table 6.17
Types of Banks and Problem of Borrowers

Types of Bank	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
State Bank of India	100	52.28	8.68	32.50	67.50
Canara Bank	100	50.78	9.12	32.50	67.50
Indian Overseas Bank	100	49.95	9.06	32.50	67.50
Indian Bank	100	51.53	8.70	32.50	67.50
Punjab National Bank	100	51.90	7.82	32.50	65.00
Total	500	51.29	8.69	32.50	67.50
df: ..v₁ 4, v₂ 495		Calculated F Value: 1.146	At 5 % level of significance P Value: 0.334		Not Significant

Source: Computed Data

The table 6.17 reveals that the maximum mean problem index (52.28) is among the borrowers of State Bank of India. The mean problem index is low (49.95) among the borrowers of Indian Overseas Bank. As the calculated P value 0.334 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 problem of borrowers.

Chi-Square Test is being used to determine whether a borrower of different types of banks is associated with problem, the following hypothesis is being framed.

H₀: Borrowers of various banks is not associated with the Problem of Borrowers

Table 6.18
Types of Banks and Level of Problem of Borrowers

Types of Banks	Level of Problem			Total
	Low	Moderate	High	
State Bank of India	16 (16.0%)	56 (56.0%)	28 (28.0%)	100 (100.0)
Canara Bank	22 (22.0%)	51 (51.0%)	27 (27.0%)	100 (100.0)
Indian Overseas Bank	23 (23.0%)	55 (55.0%)	22 (22.0%)	100 (100.0)
Indian Bank	16 (16.0%)	59 (59.0%)	25 (25.0%)	100 (100.0)
Punjab National Bank	13 (13.0%)	60 (60.0%)	27 (27.0%)	100 (100.0)
Total	90	281	129	500
df: 8	Calculated Chi-square Value: 5.899		At 5 % level of significance P Value: 0.659	Not Significant

Source: Computed Data

The table 6.18 shows the association of various bank borrowers with the level of problem. The percentage of borrowers with low level of problem is more (23.0 per cent) among the borrowers of Indian Overseas bank and less (13.0 per cent) among the borrowers of Punjab National Banks. The percentage of borrowers with high level of problem is more (26.0 per cent) among the borrowers of State Bank of India and less (20 per cent) among the borrowers of Indian Overseas bank. The calculated P value 0.659 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 problem.

6.3.10 Security Pledged

In general practice security pledged for loan is considered to be one of the major criteria for any loan amount. No loan is given by the banks without any security. But Education Loan is exceptional to these criteria. 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 Rs7,50,000, 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 security pledged and Problem of Borrowers using Analysis of Variance.

H₀: Mean problem does not differ among borrowers classified on the basis of Security pledged

Table 6.19
Security Pledged and Problem of Borrowers

Security Pledged	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
No Security	84	51.34	9.57	32.50	65.00
Third Party Guarantee	237	51.14	8.80	32.50	67.50
Pledge of Property	153	51.45	8.17	32.50	67.50
Others	26	51.44	8.13	32.50	62.50
Total	500	51.29	8.69	32.50	67.50
df: ∴v₁ 3, v₂ 496		Calculated F Value: 0.045	At 5% level of significance P Value: 0.987		Not Significant

Source: Computed Data

The table 6.19 illustrates that among 153 borrowers, who has borrowed education loan with pledge of property have high mean problem index (51.44) towards education loan. Among 237 borrowers, who has given Third Party guarantee as the security for education loan, have low mean problem index (51.14) towards education loan. As the calculated P value 0.987 is greater than 0.05 at 5% level of significance, there exist no significant mean difference among borrowers classified on the basis of securities offered for availing the loan. Hence, the null hypothesis is accepted. It is clear from the result of ANOVA that securities offered by borrowers for education loan have no significant effect on the problem of borrowers.

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

H₀: Types of security pledged is not associated with the Problem of Borrowers

Table 6.20
Security Pledged and Level of Problem of Borrowers

Security Pledged	Level of Problem			Total
	Low	Moderate	High	
No Security	18 (21.4%)	42 (50.0%)	24 (28.6%)	84 (100.0)
Third Party Guarantee	43 (18.1%)	133 (56.1%)	61 (25.7%)	237 (100.0)
Pledge of Property	25 (16.3%)	90 (58.8%)	38 (24.8%)	153 (100.0)
Others	4 (15.4%)	16 (61.5%)	6 (23.1%)	26 (100.0)
Total	90	281	129	500
df: 6	Calculated Chi-square Value: 22.159		At 5 % level of significance P Value: 0.001	Significant

Source: Computed Data

The table 6.20 shows the association the types of security offered by the borrowers to the bank for education loan with the level of problem. The percentage of borrowers with low level of problem is more (21.4 per cent) among the borrowers who

have not given any security for their loan and less (15.4 per cent) with the borrowers who have given other securities like pledge of Fixed Deposit, Share Certificates, etc. The percentage of borrowers with high level of problem is more (28.6 per cent) among the borrowers who have not given security for their education loan they have borrowed and less (23.1 per cent) who have given other securities like pledge of Fixed Deposit, Share Certificates, etc. The calculated P value 0.001 for chi square is less than 0.05 and thus null hypothesis is rejected. The chi-square test implies that there is an association between the various securities pledged by the borrowers for education loan and level of problem.

***Inference:** The level of problem and security pledged by the borrowers are associated as the borrowers who have sufficient security demanded by the bank for education loan faces less problem in availing the loan than that of the borrowers with insufficient securities.*

6.3.11 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 classified for analysing the problems of the borrowers in availing the 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 borrower and Problem of Borrowers using Analysis of Variance.

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

Table 6.21
Loan Amount Borrowed and Problem of Borrowers

Loan Amount Borrowed	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Up to Rs.4,00,000	95	51.53	9.26	32.50	65.00
Rs.4,00,001 – Rs.7,50,000	239	51.07	8.75	32.50	67.50
Above Rs.7,50,000	166	51.46	8.31	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: :v₁ 2, v₂ 497		Calculated F Value: 0.145	At 5% level of significance P Value:0.865		Not Significant

Source: Computed Data

The table 6.21 illustrates that among 166 borrowers, who have borrowed amount above Rs.7,50,000, have high mean problem index (51.46) in availing the education loan. Among 239 borrowers, who have borrowed amount between Rs.4,00,001 Rs.7,50,000, have low mean problem index (51.07). As the calculated P value 0.865 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 have no significant effect on the problem of borrowers.

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

H₀: Loan amount borrowed is not associated with the Problem of Borrowers

The table 6.22 shows the association of loan amount borrowed for education loan with the level of problem. The percentage of borrowers with low level of problem is more (19.2 per cent) among the borrowers who have borrowed loan amount between Rs. 4,00,001 to Rs.7,50,000 and less (15.7 per cent) among the borrowers who have borrowed loan amount above Rs.7,50,000.

Table 6.22
Loan Amount Borrowed and Level of Problem of Borrowers

Loan Amount Borrowed	Level of Problem			Total
	Low	Moderate	High	
Up to Rs.4,00,000	18 (18.9%)	50 (52.6%)	27 (28.4%)	95 (100.0)
Rs.4,00,001 – Rs.7,50,000	46 (19.2%)	132 (55.2%)	61 (25.5%)	239 (100.0)
Above Rs.7,50,000	26 (15.7%)	99 (59.6%)	41 (24.7%)	166 (100.0)
Total	90	281	129	500
df: 4	Calculated Chi-square Value: 11.700		At 5 % level of significance P Value: 0.019	Significant

Source: Computed Data

The percentage of borrowers with high level of problem is more (28.4 per cent) among the borrowers who have borrowed loan amount up to Rs.4,00,000 and less (24.7 per cent) among the borrowers who have borrowed loan amount above Rs.7,50,000. The 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 loan amount borrowed and level of problem.

***Inference:** The loan amount borrowed and problem of borrowers is associated as the borrowers are compelled to provide security even for the amount less than Rs.4,00,000 because of fear of NPA. In line with increase in loan amount other allied borrowing charges like processing fee, documentation charges, etc. also increases with the loan amount.*

6.3.12 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 problems in availing the 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 Problem of Borrowers using Analysis of Variance.

H_0 : Mean problem does not differ among borrowers classified on the basis of Loan amount demanded

Table 6.23
Loan Amount Demanded and Problem of Borrowers

Loan Amount Demanded	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Yes	328	50.89	8.63	32.50	67.50
No	172	52.03	8.79	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
df: :498	Calculated 't' Value: 1.398		At 5% level of significance P Value: 0.163		Not Significant

Source: Computed Data

The table 6.23 depicts among 172 borrowers, who have not received the loan amount demanded, have high mean problem index (52.03) in availing the education loan. Among the 328 borrowers, who have received the loan amount demanded; have low mean problem index (50.89). As the calculated P value 0.163 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 problem index.

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

H_0 : Loan amount demanded is not associated with the Problem of Borrowers

Table 6.24**Loan Amount Demanded and Level of Problem of Borrowers**

Loan Amount Demanded	Level of Problem			Total
	Low	Moderate	High	
Yes	62 (18.9%)	189 (57.6%)	77 (23.5%)	328 (100.0)
No	28 (16.3%)	92 (53.5%)	52 (30.2%)	172 (100.0)
Total	90	281	129	500
df: 2	Calculated Chi-square Value: 2.771		At 5 % level of significance P Value: 0.250	Not Significant

Source: Computed Data

The table 6.24 shows the association of loan amount demanded with the level of problem. The percentage of borrowers with low level of problem is more (18.9 per cent) among the borrowers who have received the loan amount demanded and less (16.3 per cent) among borrowers who have not received the loan amount demanded. The percentage of borrowers with high level of problem is more (30.2 per cent) with the borrowers who have not received the loan amount demanded and less (23.5 per cent) with the borrowers who have received the loan amount demanded. The P value 0.250 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 problem.

6.3.13 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 analysing the problem of borrowers in availing the education loan.

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 Problem of Borrowers using Analysis of Variance.

H_0 : Mean problem does not differ among borrowers classified on the basis Percentage of loan borrowed on total fees

Table 6.25
Percentage of Loan and Problem of Borrowers

Percentage of Loan on Total Fees	Number of Borrowers	Problem Index	Standard Deviation	Minimum	Maximum
Up to 25	4	44.38	12.97	32.50	60.00
25 – 50	77	52.27	9.08	32.50	65.00
50 – 75	162	51.76	7.86	32.50	67.50
Above 75	257	50.80	8.98	32.50	67.50
Total	500	51.29	8.69	32.50	67.50
Df: ν_1 3, ν_2 496		F Value: 2.710	P Value:0.044		Significant

Source: Computed Data

The table 6.25 illustrates that among 77 borrowers, who have received 25 per cent to 50 per cent of loan on total fees have high mean problem index (52.27) in availing education loan. Among 4 borrowers, who have received up to 25 per cent of loan on total fees, have low mean problem index (44.38) towards education loan. As the calculated P value 0.044 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 problem of borrowers.

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

H_0 : Percentage of loan is not associated with the Problem of Borrowers

Table 6.26
Percentage of Loan and Level of Problem of Borrowers

Percentage of Loan on Total Fees	Level of Problem			Total
	Low	Moderate	High	
Up to 25	2 (50.0%)	1 (25.0%)	1 (25.0%)	4 (100.0)
25 – 50	14 (18.2%)	37 (48.1%)	26 (33.8%)	77 (100.0)
50 – 75	23 (14.2%)	100 (61.7%)	39 (24.1%)	162 (100.0)
Above 75	51 (19.8%)	143 (55.6%)	63 (24.5%)	257 (100.0)
Total	90	281	129	500
df: 6	Calculated Chi-square Value: 18.809		At 5 % level of significance P Value: 0.004	Significant

Source: Computed Data

The table 6.26 shows the association of percentage of loan borrowed on the total fees borrowers with the level of problem. The percentage of borrowers with low level of problem is more (50 per cent) among the borrowers who have got loan amount up to 25 per cent on the total fees and less (14.2 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 problem is more (33.8 per cent) among the borrowers who have got loan amount between 25 per cent to 50 per cent on the total fees and less (24.1 per cent) among the borrowers who have got loan amount between 50 per cent to 75 per cent on the total fees. The P value 0.004 for chi square is less than 0.05 and thus null hypothesis is rejected. The chi-square test implies that there is no association between percentage of loan on total fees and level of problem.

***Inference:** The borrowers who have got less percentage of loan on their total fees might have more problem in availing the loan as they would not have received the sufficient loan amount for the actual amount spent on the course.*

6.3.14 Effectiveness on Problem of Borrowers

The null hypothesis is being edged to find the significant mean difference between effectiveness of education loan and problems of the borrowers in education loan using Analysis of Variance.

H₀: “Mean effectiveness of education loan does not differ significantly among borrowers on the basis of problem of borrowers in availing education loan”.

Table 6.27
Effectiveness of Education Loan and Problem of Borrowers

Effectiveness	Number of Borrowers	Problem	Standard Deviation	Minimum	Maximum
Low	99	39.17	6.96	32.50	65.00
Moderate	285	51.28	4.38	32.50	62.50
High	116	61.64	2.14	55.00	67.50
Total	500	51.29	8.69	32.50	67.50
df: ∴v₁ 2, v₂ 497		Calculated F Value:624.427	At 5% level of significance P Value: 0.000		Significant

Source: Computed Data

It is detected in the table 6.27 that, borrowers, mean problem index is high (61.64) with high mean effectiveness of education loan and is low (39.17) with low mean effectiveness of education loan. As the calculated P value 0.000 is less than the 0.05 and 0.01, there exist significant mean differences on effectiveness on problem of borrowers. Hence the null hypothesis is rejected for the effectiveness on problem of borrowers both at 5% and 1% level of significance. The ANOVA result spectacles that there exists an association between the mean effectiveness of education loan and the mean problem of borrowers in availing the education loan.

Chi-Square Test is being used to determine whether Effectiveness of education loan is associated with problem of borrowers, the following hypothesis is being framed.

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

Table 6.28**Effectiveness of Education Loan and Level of Problem of Borrowers**

Effectiveness	Level of Problem			Total
	Low	Moderate	High	
Low	87 (87.9%)	8 (8.1%)	4 (4.0%)	99 (100.0)
Moderate	3 (1.1%)	270 (94.7%)	12 (4.2%)	85 (100.0)
High	0 (0.0)	3 (2.6%)	113 (97.4%)	116 (100.0)
Total	90	281	129	500
df: 4	Calculated Chi-square Value: 810.595		At 5 % level of significance P Value: 0.000	Significant

Source: Computed Data

It is detected in the table 6.28 that, among the borrowers, level of problem is high (97.4 per cent) with high level of effectiveness of education loan and level of problem is low (87.9 per cent) with low level effectiveness of education loan. As the calculated P value .000 is less than the 0.05 and 0.01, there exist significant mean differences on effectiveness on problem of borrowers. Hence the null hypothesis is rejected for the effectiveness chi-square result evidences that there exist an association between the effectiveness of education loan and the problem of borrowers in availing the education loan.

The benefit of the education loan scheme is not effective up to the expectation of the borrowers of education loan hence he borrowers with fewer problems feel that the education loan is more effective and the borrower who faces more problems in availing the education loan feels that the effectiveness of education loan scheme is low.

6.4 PROBLEMS OF BORROWERS - FACTOR ANALYSIS

To ascertain prominent problems faced by borrowers on availing education loan factor analysis is employed. In order to ascertain whether the data is valid for employing factor analysis, Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity have been employed. The result of KMO and Bartlett's Test is found greater than 0.70. Hence, the collected data is fit for employing the factor analysis. Further, the large values of Bartlett's sphericity test (3910.885, df: 28 Sig = 0.000) and KMO statistics (0.771) indicated the appropriateness of factor analysis.

Table 6.29
KMO and Bartlett's Test for Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
Bartlett's Test of Sphericity	Approx. Chi-Square	3910.885
	df	28
	Sig.	.000

Source: Computed Data

The Kaiser-Meyer-olkin (KMO) test is a measure to indicate how well the sample data is suitable to carry out the factor analysis. The test is used to measure the sampling adequacy for each variable in the model. Bartlett's test is used to determine the matrix of the sum of products and cross products (S) from which the inter correlation matrix is arrived which is converted into chi-square test and tested for significance. From the KMO and Bartlett's test, it is found that the KMO measure of sampling adequacy is 0.771, Bartlett's Test of Sphericity is 3910.885, and it is significant both at 5% and 1% level. This shows that the sample size is adequate to reduce the 8 variables as the KMO value is greater than 0.6. Hence these variables are used for factor analysis and are classified as predominant factors. The factors derived would explain the characteristic features of the grouped underlying variables.

Table 6.30
Factors Analysis- Factors Influencing the Problems of the Borrowers

Problems	1	2	3
Inaccessibility to bank manager / repeated visits to the bank	.970		
Preference to students seeking admission in premier institutions	.966		
High transaction cost of borrowings		.807	
Bank manager demand payment of EMI during the holiday / moratorium period		.762	
Procedural delays and complicated documentation		.727	
Inadequacy of moratorium / holiday period			.861
Borrowers are compelled to take Insurance			
Bank demand collateral even for amount below 4 lakhs			
Eigen Values	2.858	2.079	1.093
Percentage of Variance	35.725	25.988	13.664
Cumulative Percentage of Variance	35.725	61.713	75.377

Source: Computed Data

The table 6.30 clearly States that the three factors are identified by locating Eigen values greater than unity. Problems which have a component loading of 0.7 and above are said to be vital problems faced by students on availing education loan. From the rotated component matrix, it can be seen that Inaccessibility to bank manager / repeated visits to the bank and Preference to students seeking admission in premier institutions are found to be significant in factor one. In the second factor, High transaction cost of borrowings, Bank manager demand payment of EMI during the holiday / moratorium period and Procedural delays and complicated documentation are found to be significant. In the third factor, Inadequacy of moratorium / holiday period is found to be significant. Factor one contributes to a tune of 35.725 per cent towards borrowers' problem on availing education loan. The other factor contributes namely, 25.988 and 13.664 towards the problems on availing education loan. The total cumulative percentage of problem contributed by these three factors is 75.377 per cent.

6.5 CONCLUSION

The borrowers are experiencing several problems in the process of availing the Education loan. The problem of borrowers differs with their personal and socio-economic factor. Some problems like preference to students seeking admission in reputed institution and high cost of borrowings are specific among the borrowers with low house hold income the loan amount of the borrowers and certain problems like repeated visits to the bank are common among all the borrowers of education loan. Hence an attempt has been made identify the problems associated with the process of education loan. The assessment of various factors influencing the problem of borrowers has come out with the prime output that Inaccessibility to bank manager / repeated visits to the bank and Preference to students seeking admission in reputed institutions are found to be the major problem the borrowers undergo on availing the loan. The evaluation of socio-economic factors like age, residence, household income, nature of institution, security offered, loan amount borrowed, percentage of loan borrowed and effectiveness of loan have significant difference with the problems of borrowers which proves that these factors have impact on the problem of the borrowers. The bank can take appropriate action to overcome the identified problems and thereby making loan feasible to all the borrowers.