**Abstract**

Education is central to the Human capitals improvement and empowerment in any country. The success of any nation depends on the skill and competence of its human resources. With nearly 30 per cent of India’s population are young, educational industry in India provides great growth opportunity and scope for higher education has widened. In India, It has one of the largest pools of talent with excellent educational background, qualifying them for numerous higher educational programs in India. The cost of education is rising. With the increasing cost of higher education, the students who want to satisfy their higher education dreams For achieving their objectives, they are ready to stretch beyond their capacities and means. When their personal financial resources do not provide them with sufficient support, they go for external finance. This is where the role of financial institutions assumes great importance. In India, though finance of education is provided by the Government, commercial banks and other private institutions. Education loan supported through bank could prove to be the best unconventional channel for funding higher education. The banks play a predominant role in financing the education loan in India and in the state. With the high cost of education and the need of education loan, it is necessary to evaluate the bank-wise performance of public sector banks providing education loan in Tamil Nadu. The bank-wise distribution of education loan were analyzed by collecting secondary data for a period of five years (2013-2017) from the various annual reports of State Level Banker’s committee and various banks. The percentage analysis of setting out of bank wise education loan had resulted that, public sector banks had contributed more in the disbursement of education loan in the state of Tamil Nadu. Though private sector and regional rural banks are also giving their contribution in imparting education finance, steps would be taken by RBI and State Level Banker’s committee along with the State Government to distribute the education loan scheme by all the banks evenly so that the maximum number of students in Tamil Nadu would be benefited by the education loan scheme.