

A Study on Education Loan System in Ambikapur Chhattisgarh

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Abstract:-

The most significant tool for bringing about social, economic, and political change is education. It is essential to the empowerment of every citizen, especially the young, and to the development of human resources in every nation. In the federal structure of the Indian Constitution, the concurrent list includes education, allocating duties equally to the Central and State governments. Therefore, national and state policies are designed to make sure that this population's basic need is satisfied through suitable public and private sector activities. The right to education has been elevated to a fundamental right, making it necessary for the government to offer primary education to everyone on a universal basis. However, further education is considered as gradually shifting to the purview of private institutions. As a result, government support for higher education has been gradually reduced, increasing the cost of attending college. Accessibility, affordability, and equity have been regarded as the three guiding principles for educational policy, but the rising expense of higher education has become a significant obstacle for decision-makers. As a result, there is an increasing awareness of the urgent need for institutional funding in this field. Higher education is crucial to provide the necessary skills and knowledge required to remain competitive in the current globalised environment governed by the market economy, in addition to the paramount need for developing human capital and promoting equity in a developing society like India.

Key word: education loan, growth rate.

Introduction

Education is said to be most important for an individual. It prepares a man for a better future. Still many individuals are not aware about this initiative which is taken by the government. It's very important for students because Students after completing their Secondary Education desire to work in many fields but due to lack of money they are not able to afford those. That's why while introducing many schemes, the Government introduced this scheme too.

It is difficult to find out when actually Education loans started in India. First time Education loan was started in 1963 by Government so that students can pursue in whatever field they want for higher studies. But the scheme was discontinued in 1991 due to low recovery rate. Later State bank of India started this loan in a more structured way.

Significance Of The Study

Commercial banks in Ambikapur's education loan programmes are the target of harsh criticism from a variety of quarters, particularly the borrower's perspective. Although it was intended to be a benefit for the education sector, it ended up being a curse for regular students who took out college loans and for banks as a result of the rising NPA. The many players tried to determine what went wrong with the Ambikapur education loan programme in order to take the necessary corrective action. A thorough analysis of the school loan programme can reveal the true problems facing this industry, relieving both borrowers and banks. Therefore, in the context of Ambikapur, the current study assumes significance.

The study provides insights into the different dimensions of education loan scheme, it acts as a torch-

bearer for both central and state governments and RBI to take appropriate measures, either by way of creating and implementing new policies and programmes or revamping the existing education loan scheme which in turn would be beneficial to both the borrowers and the banks.

Body Of Paper

Education loan objectives to give financial aid to students who are not able to afford expenses for their studies. Students who are willing to study and want to achieve something in future but are not able to do so because of expenses which are very high. Government always believe that each and every student should be given complete freedom so that they can go for their desired field in education and that's why they introduced Education loan.

Objectives Of The Study

- To look into the design, implementation, and efficiency of the educational loan programmes offered by Ambikapur's commercial banks.
- To understand the borrowers' issues with the student loan programme.
- To determine how happy commercial bank managers are with the existing Ambikapur commercial bank education loan plan.

Research Methodology

The present study attempts to evaluate in detail the education loan scheme of commercial banks in Ambikapur from borrower's and bank manager's perspective by using both primary and secondary data. The secondary data is sourced from books, journals, websites and official publications of Government of India, RBI, IBA, State Level Bankers Committee (SLBC) and commercial banks in Ambikapur. The primary data was collected from education loan borrowers and bank managers through structured and pre-tested questionnaires.

Research Findings

At Present there are many banks who are offering education loans at different rates of interest. At present Central Bank of India which gives the lowest

rate for Education loan that is 6.85%, They also provide concessions for ST/SC's and Women in the Rate of interest.

Different rates of interest

- ✓ Union bank of India- 8.20% onwards
- ✓ State bank of India- 8.20 % onwards
- ✓ Punjab National Bank- 8.55 % onwards
- ✓ Bank of Baroda- 9.15% onwards
- ✓ Canara Bank- 9.25%
- ✓ Axis bank- 13.70%-15.20%

Education loan is provided to the students for Diploma course, Graduate course, Post Graduate course etc. Education loans are available to students in a easy way just there are some factors which are required while applying for Education loan they are:

1. **Eligibility-**
 - (a) Indian citizen
 - (b) Age limit- Employed individuals- up to 34 years ; Unemployed individuals- up to 45 years.
 - (c) Academic Performance – more than 50%
 - (d) Proof of admission certificate of the recognized university
 - (e) If in abroad- Passport/visa
2. **Courses-**
 - (a) Undergraduate courses
 - (b) Diploma courses
 - (c) Post Graduation Courses
 - (d) Ph.D courses
 - (e) Certified courses
3. **Requirement of Collateral** – Property like house, flat, land, Fixed deposit, Life Insurance Policy, Bonds. This is taken because of a secured loan from the bank.
4. **Requirement of Guarantor** – A guarantor is required for a loan but even if guarantor is not there then also it is acceptable.
5. **Interest rate-** Different banks have different rates starting from 6%.
6. **Loan Amount-**

In India- Maximum- Rs.125 lakh

In Abroad- Rs. 150 lakh

7. Repayment Period- 12-15 years from the moratorium period.
- ❖ In Education loan up to Rs. 4 lakh no third party is required. But if there is more than Rs. 4 lakh then a guarantor is required.

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Conclusion

Government is making many schemes for the education of students. Many schemes are launched so that students can study without any worries of education expenses. Through this education loan students can go for higher studies outside India which is very important for the development of an individual as well as for India.

The evaluation of education loan scheme of commercial banks in Ambika from the perspective of borrowers shows that the borrowers hailing from the urban area are significantly more aware of education loan than borrowers from rural area. It is also found that borrowers belonging to low, medium and high intensity districts do not differ significantly regarding the different aspects of education loan such as awareness, eligibility, adequacy, affordability and acceptability of education loan. Moreover, the 'repeated visit to bank' has been identified as the most prominent problem encountered by borrowers during the sanction and disbursement of loan.

In short, the tapping of tremendous potential of education loan, through effective implementation, monitoring and follow up we will be able to cater to the mounting financial needs of students for pursuing their studies. Education loan scheme can provide a more promising tomorrow by educating the masses leading to the creation of a highly enlightened future generation. The problem encountered by borrowers and managers of commercial banks need to be addressed proactively. Certainly, education loan will be a true contribution to the social and economic development of the country in general and education sector in particular.

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