



ANALYSIS OF EDUCATION LOAN IN SYNDICATE BANK: A CASE STUDY WITH REFERENCE TO UDUPI DISTRICT

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Abstract

Education loan is a special purpose loan given by banks and financial institutions to cover the cost of any higher degrees or specialized courses. The education loan provided by banks in India cover the fee Payable to the College, School or Hostel. It also covers the examination fee, library fee, lab fees, caution deposits, refundable deposit asked by the institution. Building fund supported by Institution bills or receipts, Purchase of Books, Equipments, instruments, uniforms, Travel expenses/passage money for studies abroad, purchase of computers - essential for completion of the course and any other expense required to complete the course - like study tours, project work, thesis, etc. are also covered. Thus, finding finances for student's dream course has been made extremely simple by the educational loans. Hence, researcher made an attempt analyze the education loan of Syndicate Bank with reference to Udupi District for a period of past 3 years.

Keywords: *SyndVidya, Syndicate bank, Awareness, Education Loan.*

INTRODUCTION

Every student has dream to acquire meaningful, valid and completely good education in their life. Education is an important and necessary step, since this communicates knowledge and skills, so each and every one can think for a stable and secure future. There is no doubt that education is the backbone of a civilized society, but now days, education has become more commercial and in an effort to ensure the best possible, for the continuation of the training is an expensive affair. But there come some questions about "what about those who want to have a university degree, but do not have the finances to spend for the degree?" To assist pupils and parents like this, lenders have the education loans plan to provide financial help who wants to borrow and to achieve university education and want to fulfill their dream or desire. These education loans take care of all spending on education, on behalf of students and too easily facilitate to the upcoming conditions. The education loans are easy to reach and are far in the credit market. With these loans you can actually derive the funds for the cost of registration, inspection costs, and the hostel fees, expenses for the library, purchase of books, equipment and computers, and personal expenses. Moreover, these loans are open to everyone and can be used by the students from the good credit and bad credit. Education loans are intended for those people whose income is not high enough to go to school and afford the school or college fees. Kinds of education loans are different depending on sponsor of the education loans, beneficiary of the education loans, and the courses that the students choose. There are also career loans for people who follow graduate education or graduate education on a part to full-time basis. Today, obtaining education loans has become very easy. The education loans program is available in real-time applications as well as phone applications. The conditions are often simple – issue of social security, birth date, name of employer, telephone number, years of employment, gross annual income (adjusted gross income for individuals self-employed) and payment of monthly rent or mortgage. There are many loan options to choose from. The repayment options are also various. They include the standard repayment, graduated repayment, the income-sensitive repayment, consolidation, and payment in advance.

OBJECTIVES

- To analyze the Education Loan over the past three years in Syndicate Bank.
- To know the Fast moving Retail loans offered by the Syndicate Bank.
- To understand the awareness level of Education loan among the customer

RESEARCH METHODOLOGY

Primary data as well as secondary data were relied upon to gather information. Survey method was used as a means to collect and questionnaire was used as a medium to record the information. Company brochures, article, reports and other published material available in Annual Reports and web-sites of Syndicate bank, Reserve Bank have been utilized. The study is confined to the borrowers of educational loans from Syndicate Bank, Udupi District from the year 2010-11 to 2012-13. The random sampling of 50 customer (students) and 30 bank managers in Udupi region was considered.

FINDINGS OF THE STUDY

Table -1, Fast moving Retail loan

Year	Retail Loan	No. of Students	Percentage (%)
2010-11	SyndNivas	15	30
	SyndVidya	10	20
	SyndVahan	14	28
	SyndSaral	11	22
2011-12	SyndNivas	16	32
	SyndVidya	12	24
	SyndVahan	12	24
	SyndSaral	10	20
2012-13	SyndNivas	17	34
	SyndVidya	13	26
	SyndVahan	10	20
	SyndSaral	10	20

Source: Field Survey Data

During the year 2010-11, 20% of borrowers borrowed education loan and 24% of borrowers borrowed in 2011-2012 like that the education loan borrowers flows upward i.e. 26% of borrowers in the year 2012-13

Table- 2, Awareness level of Education loan among the customer

Year	Place	No. of Students	Percentage (%)
2010-11	High	25	50
	Average	18	36
	Low	7	14
2011-12	High	26	52
	Average	19	38
	Low	6	10
2012-13	High	28	56
	Average	15	30
	Low	7	14

Source: Field Survey data

During the year 2010-11, the high awareness level of Education Loan among the customer is 50% and in 2011-12 is 52% and the importance of education loan is flows top to 54% in 2012-13

Table – 3, Place of study of Respondents

Year	Place	No. of Students	Percentage
2010-11	India	27	54
	Abroad	23	46
2011-12	India	24	48
	Abroad	26	52
2012-13	India	14	28
	Abroad	36	72

Source: Field Survey data

During 2010-11, 54% of students obtained education loan to study in India and 46% of students obtained education loan to study abroad. Similar trend was observed during 2011-12. However, during 2012-13, among the total borrowers, over 72% students went abroad for higher studies.

Table: 4: Gender Profile of Students who have taken Education Loan

Year	Sex	No. of students	Percentage
2010-11	Male	32	64
	Female	18	36
2011-12	Male	32	64
	Female	18	36
2012-13	Male	26	52
	Female	24	48

Source: Field survey data

The number of male students borrowing educational loans has shown a declining trend over the period under consideration. As against to this the percentage of female students who had taken Education Loan during this period has increased continuously from 36 % in 2010-11 to 48 % in 2012-2013. The directive of the government to grant an additional 1% concession in interest rate to female students may be responsible for this.

Table -5, Amount of loan that is availed by the Students

Year	Limit	No. of borrowers	Percentage
2010-11	Upto 4 lacs	24	48
	< 4 lacs& upto 7.50 lacs	3	6
	Above 7.50 lacs	23	46
2011-12	Upto 4 lacs	21	42
	< 4 lacs& upto 7.50 lacs	3	6
	Above 7.50 lacs	26	52
2012-13	Upto 4 lacs	13	26
	< 4 lacs& upto 7.50 lacs	3	6
	Above 7 lacs	34	68

Source: Field survey data

Percentage of students who had availed education loan above Rs. 7.50 lacs was more in all the three years. This shows that students going abroad prefer to borrow educational loans to finance their studies. Higher cost of foreign education and greater employability of foreign education may be cited as the contributory factors for this trend.

Table – 6, Profile Showing Course wise Distribution of Education Loan

Years	Course name	No. of Students	Percentage
2010-11	Management	7	14
	Medicine	8	16
	Technical	31	62
	General	4	8
2011-12	Management	13	26
	Medicine	7	14
	Technical	26	52
	General	4	8
2012-13	Management	5	10
	Medicine	8	16
	Technical	30	60
	General	7	14

Source: Field survey data.

Above table shows that percentage of students who have taken education loan for technical course in all the three years are more when compared to Management / Medicine / General Courses. Technical courses generally have better job prospectus and hence banks feel comfortable in extending loans for technical courses.

Table 7: Employment Profile of the Parents/ Guardian of the Respondents

Year	Employment	No. of P/G	Percentage
2010-11	Self employed	5	10
	Service	32	64
	Business	7	14
	Professional	2	4
	Others	4	8
2011-12	Self employed	1	2
	Service	28	56
	Business	8	16
	Professional	3	6
	Others	10	20
2012-13	Self employed	1	2
	Service	24	48
	Business	7	14
	Professional	6	12
	Others	12	24

Source: Field survey data

It is observed that majority of the parents or guardians of the students who have borrowed educational loans were employed in the service fields. Though their percentage is declining during the successive years, they still continued to be major borrowers when compared to other sector people. It is to be noted that majority of the borrowers were from urban areas where service sector activities predominate other sectors. Hence it is quite natural that they are employed in the service sector.

Table 8: Profile showing number of borrowers who have availed the loan with/ without Security

Year	Security	No. of borrowers	Percentage
2011	With security	25	50
	Without security	25	50
2012	With security	27	54
	Without security	23	46
2013	With security	37	74
	Without security	13	26

Source: Field Survey data

It has been observed that more and more students have taken over Rs. 7.5 lakhs loan for the studies at abroad over the past three years. Accordingly the percentage of borrowers who had availed the education loan with security over the past three years has increased continuously from 50% to 74% during the period.

SUGGESTIONS

1. Effective marketing strategies are to be adopted to popularize the various education loan schemes. In this regard, bank should use all the modes of modern media such as news papers, electronic media, internet, and phones, mobile in addition hoarding carrying information about the Education Loan should be placed in prominent areas. Besides, mass promotional programmes are to be arranged in schools and colleges with the cooperation of the heads of the institute.
2. The practice of giving an additional concession of 1% reduced interest rate should be continued indefinitely to encourage more and more female students to avail education loan. Enough publicity should be given in this regard by making use of all the available information channels.
3. Bank should maintain the cordial and informal relation with the borrowers. They should establish counseling facilities to educate the prospective borrowers and also to guide them once they avail the loan this would certainly reduce the defaults.
4. Before granting loan bank must verify all the documents submitted by the prospective buyers. This will enable them to reduce the incidents of defaults.



5. In view of the increasing cost of living as well as escalation of expenses of higher education the maximum ceiling limit has to be increased this will enable more and more students to go for education loan to finance their higher studies particularly of those who are intended to study at abroad.

CONCLUSION

Syndicate has been remarkable over the years and even today. Syndicate Bank strength is its geographic reach, the historic presence and large customer base. Syndicate Bank is one of the few banks in the country which always had this benefit of a forward looking and progressive leadership. Syndicate Bank pioneer education loan. The disbursement of education loan has been increasing year by year at a satisfaction rate. The customers of the Syndicate Bank are satisfied with services provided by the bank to a greater extent and majority was aware of terms and conditions. But they are not happy with the interest rate charged by bank. So should focus on that along with more promoting SyndVidya. Equitable Access to quality higher education has been a concern in the background of increased cost of higher education in India. To this purpose educational loan scheme has been developed by the Government in association with the Reserve Bank of India (RBI). Guidelines have been issued by the RBI in this regard to all commercial banks. Accordingly a large number of banks have launched educational loan schemes. Since then educational loans from banks have become a preferred way of financing higher education in India. Banks have also become more market-oriented, making it convenient to extend such loans. Syndicate Bank, being one of the leading Public Sector Banks, is continuing its commitment to aspiring students. The bank has been actively cooperating with the Government in implementing the scheme. It has developed an online medium of downloading and filling the loan application. This would help the applicants to apply online and also keep a track of the status of their application form.

REFERENCES

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