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International Journal on Research and Development - A Management Review

ISSN: 2319–5479
Volume 14 Issue 01, 2025

A Comparative Study of Education Loan Scheme of Punjab National Bank and ICICI Bank, Nagpur 2021-2024

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Peer Review Information

Submission: 27 Jan 2025
Revision: 28 Feb 2025
Acceptance: 30 March 2025

Keywords

Educational Loans
Public Sector Banks
Private Sector Banks

Abstract

The main purpose of the study is to find out best possible rate of interest for Education loans in order to attract the customers for Education loans. Financial management is one of the most important and integral part of any company understanding the financial of the company is necessary for the stake holder's financial position deals with knowing the liquidity, profitability, solvency and leverage that is risk involved in the company. At the end of this project I will try to find of all the problem which affects the profitability of the company and I will try to provide best solution to increase profitability of both the companies. The rate of interest on loan is the major factor of preference for availing education loans from PNB Bank and ICICI Bank. Special scheme for non-professional student as well as for professional student should be increased. PNB and ICICI Bank should introduce some new model keeping in mind the loan suitable for the medium income group customer. In this age of information, the customer before taking loans collected all the information about various brands. The banks should a combined booklet of the product range in order to upgrade the knowledge of future taking of loans. Presence of some famous Education in Advertisement or in Pamphlet's insuring better retention in the mind of customers.

Introduction

Making education loans accessible to a wide section of students has been one of the priority areas of Government of India. Today around 18lakh students all over India are enjoying benefits of education loans and education loans worth Rs. 16000crore have been disbursed to the needy students, according to the Finance Ministry. Forty percent of total advances of the commercial banks are advanced to the priority sectors like agricultural loans, small scale industry, etc. Education loans also form a part of these priority sector advances of the Public Sector Banks, as higher education has gained significance all across the world in the knowledge era and in these times of globalization. Moreover, India has comparative advantage in the higher education field.

Therefore, the responsibility of the Government of India becomes larger as user charges in higher education have been increasing in the postreforms era especially due to mushrooming growth of higher education institutions in the private sector and cut in the government finances going to higher education. Also that the access ratio in higher education in India is merely 12% against the world average of 23%. Higher education is seen as an instrument of upward mobility and still more than a quarter of population lives below poverty line.

Student loan financing is not a new phenomenon in India. Just after independence, a scheme of student loans was started under which educational loans were advanced to displaced students from East and West Pakistan through the Social Welfare and Rehabilitation Directorate, New Delhi. Another such scheme was the interest-free scheme of educational loans i.e. National Loan Scholarship Scheme introduced long back in 1963. This National Loan Scholarship Scheme was run through the state governments. Under this scheme, interest free loans were provided to meritorious students for pursuing post-Matrix education. But the scheme had to be stopped in the year 1991 due to bad recovery of loans and economic crisis facing Government of India at that time. The rate of return of this government-sponsored Indian scheme of educational loans was minimal (merely 6%) and it had to be discontinued. Indian experience is not different from the world. During the period 1977-78 and 1990-91, the recovery rate of student loans varied between 8 percent and 15 percent for India as a whole. The rate of recovery across states varied with less than one percent in Assam to 50 percent in Tripura in the year 1987-88; while the overall average stood at 6 percent for India during the same year.

Literature Review

1.Ravi F. H., (1960)1 had examined the pattern of expenditure on higher education against the backdrop of economic development and opined that the proportion for total expenditure allocated to higher education was much below the expected level of investment and concluded that under financing create burden to the government and higher education beneficiary groups.

2. Pillai and Nair (1962)2 made an attempt to study the history and problems of educational finance in Kerala state. The study suggested that additional public resources should be generated on large scale in order to finance the continuously rising demands for the education in the state at all levels. Even, the Education Commission (1964-66) had strongly argued for devoting 6 per cent of GNP to the education sector by taking into account the numerous parameters like cost of education, teacher-student ratio, educational requirements of the country and financing policies adopted in other countries.

3. Panchamukhi's (1965)3 study estimated the total cost of education for the period 1950-51 to 1959-60 and concluded that total cost of education constituted 6.2 per cent of GNP in 1959-60. The study also calculated the various components of private and institutional costs of education, foregone earnings for males and females, village and town pupil separately. The study estimated that foregone earnings constituted major proportion of total factor cost of education. The total cost of education was found to be between 5 per cent and 6.5 per cent of national income in 1960-61.

4. Pandit (1969)4 measured the unit cost of education and efficiency of educational expenditure. The study illustrated the total cost of education into three categories such as institutional cost, students' cost and opportunity cost.

Objectives Of The Study

- To know the information about education loan provided by PNB and ICICI Bank.
- To know about response of person for services which PNB and ICICI Bank provide.
- To know about schemes and the programs introduced by PNB and ICICI Bank.
- To know the procedure and the eligibility parameter for getting educational loan.
- To know the amount of loan sanction by the bank to student

Hypothesis

H0:- The rate of interest on loan is not the major factor of preference for availing education loans from PNB Bank and ICICI Bank.

H1:- The rate of interest on loan is the major factor of preference for availing education loans from PNB Bank and ICICI Bank.

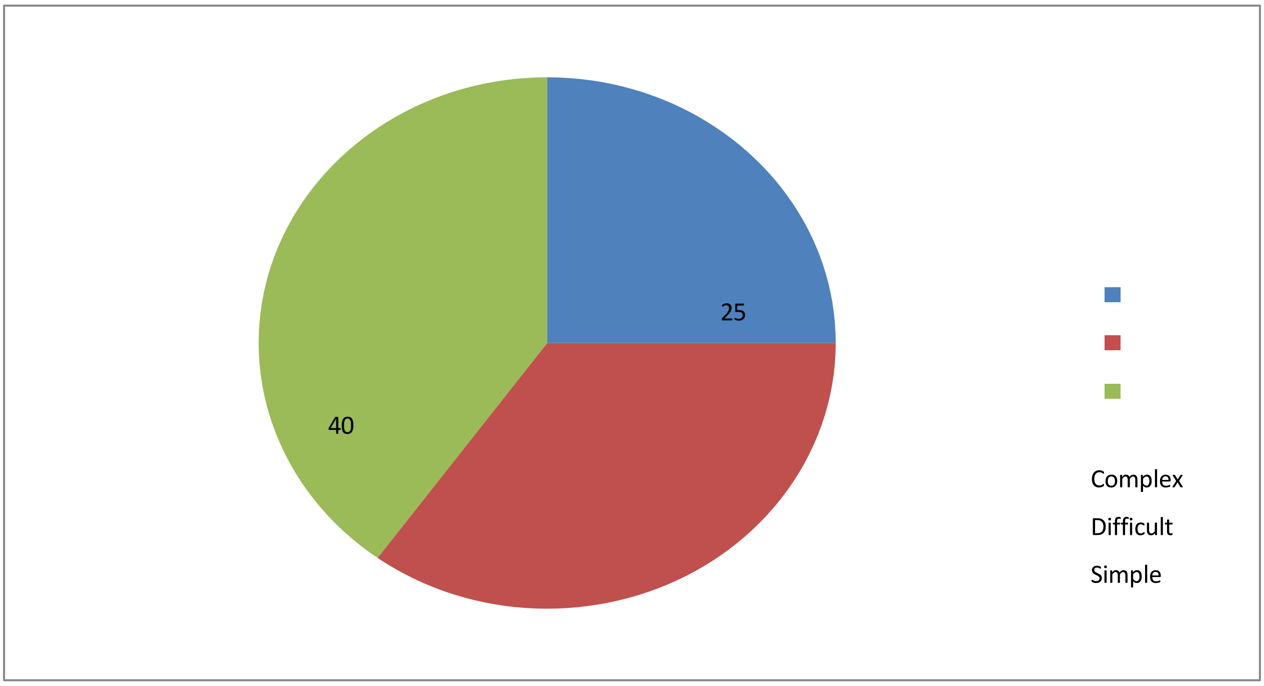
Research Methodology

Meaning Of Definition

Research methodology is away to systematically solve the research problem, as to how research is done scientifically. It is generally adapted by researcher to study his research problem along with logic behind them. It is necessary for the researcher to develop certain tests. This also clarify time, scope, data, sources etc. of proposed study. Another significant aspect is tools and techniques which are used for the study.

Research Method

A research is using quantitative research method for the research.



Sample Design
Researcher is using sampling method in which some elements of the population are include in sample.

Sample Method
Probability sampling is based on the fact that every member of a population has a know and equal chance of being selected.

Sample Size
The Sample Size chosen for this study is 100 Respondents
(50 Respondents of Punjab National Bank and 50 Respondents of ICICI Bank)

Interpretation
Among 100 respondents, 25% persons think that the Education loan availing procedure is complex,35% persons believe that it is difficult (requires own safety),40% persons think that it is simple. The hypothesis is Accepted.

Q.2 Which bank easily provide Education loan?

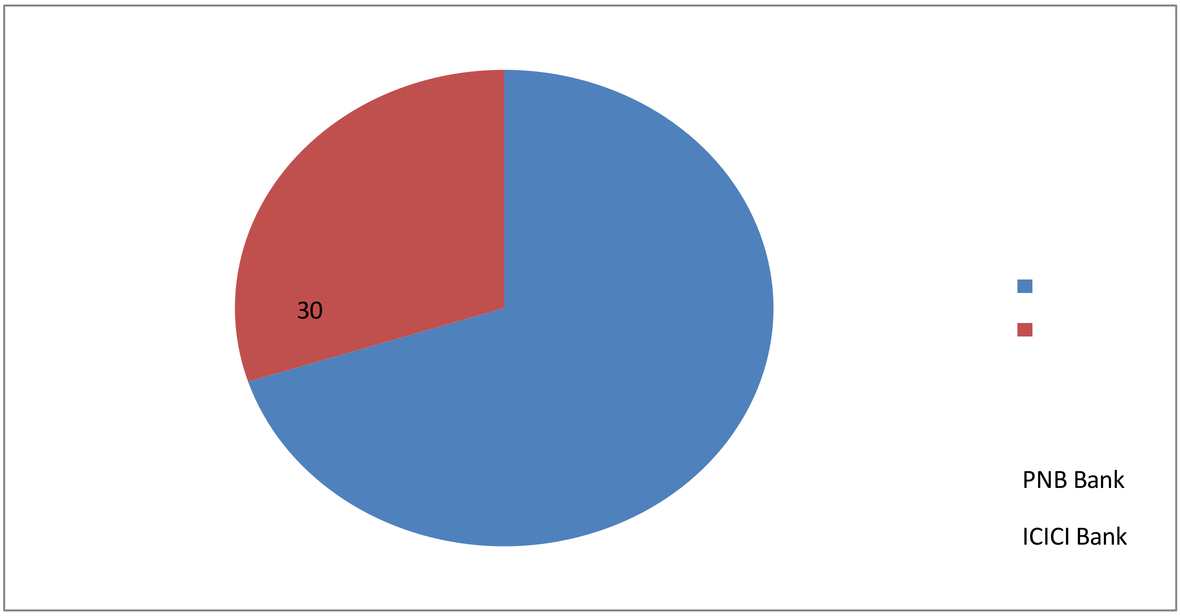
Sample Area

The sampling area is Nagpur.

Data Analysis & Interpretation
Q.1.What is your opinion regarding the Education loan procedure?

Opinion	**Respondents**	**Percentage**
Complex	25	25%
Difficult	35	35%
Simple	40	40%
Total	100	100%

Bank	**Respondents**	**Percentage**
PNB Bank	70	70%
ICICI Bank	30	30%
Total	100	100%



Interpretation

Among 100 respondents, 70% persons say that PNB Bank easily provide Education loan and 30% persons says that ICICI banks easily provide Education loan.

Conclusion

- It is clear that the research presents some important points about the customer's views, problems and perceptions about the Education loan facility of PNB Bank has special Education loan schemes for women which are unaware among the customers.
- Proper advertisement of the schemes may attract more girls customers to avail Education loan from PNB Bank.
- Majority of the respondents face the problem in filling the application form. The application form may also be in regional language.
- PNB Bank may make necessary arrangements to help the customers in filling the loan application form.
- Documents given as security are not returned immediately after the final settlement of loan. There is a time gap between the final settlement and returning of documents.
- So the documents given as securities may be handed over to the customers as early as possible. In order to enhance the confidence level among customers, PNB Bank may consciously cultivate the habit of treating their customer as king.
- This would include provision of more and more customized services that are perfect to suit their individual needs.
- Customers are always looking for individual care in their service, so that they remain satisfied and pleased.
- This may also motivate the other customers for prompt repayment. To avoid the default in repayment of loan, soft repayment facilities 5 may be 8 provided i.e. to extend the period of repayment with reduced EMI.

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