

Factors Skulking Educational Loanees In Reaping Loan Utility: Evidences From Kerala

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ABSTRACT

The educational loan landscape in Kerala reflects a complex interplay between rising disbursement statistics, increasing Non-Performing Assets (NPAs), and the imperative of leveraging human resources for economic growth. Despite the potential for remittances and demographic advantages, challenges persist in realizing the full utility of educational loans. This study delves into the problems and prospects faced by loan recipients in commercial banks of Kerala, examining factors such as loan processing time, coverage, lending bank sector, and collateral requirements. Policy discussions center on balancing commercial interests with social responsibility, with calls for revising loan terms and enhancing borrower utility. While policymakers advocate for leniency, banks emphasize stringent monitoring amid rising bad loans and recovery costs. The study aims to reconcile these divergent interests and address socio-economic challenges in higher education financing. By analyzing the association between loan variables, default rates, household dynamics, and alternative finance sources, the study affirms that loan-related factors significantly impact borrower utility. Utilizing basic statistical tools, the paper provides insights into the complexities of educational loan administration and proposes avenues for policy reform to optimize the efficacy of student loan schemes.

Keywords: periodicity of default, alternative financing, loan recovery, loanees associations, higher education financing, deferred financial repayment.

Introduction

Amidst the trajectory of budgetary deficit and user charges for higher education in India, alternative financing methods including a deferred payment plan have come as a boon to the economically ailing meritorious students. However, the ever-increasing rates of non-performing assets in the segment of educational loan triggers skepticism in the economic educational planning premise of the State. Issues and problems of beneficiaries of educational loans claim a focused examination of the counters where loanees experience threats and weaknesses. However, these factors can really mar the sustainability of the scheme. The study also attempts to expose the presence of vital issues with which the loanees may get a different set of priorities for repayment than at the point of availing the loans in general. Problems are the specific areas from which loanees face troubles in yielding loan utility. a factual inquiry with the help of suitable statistical tools on the responses collected from loanees. This paper is posed against the facilitation of analysis of Problems of educational loanees concerning sanctioning, area banker, default, and recovery along with issues of loanees in the form of loanees' association, challenges, and policies of the state in the angularities of loanees. At the outset, the different factors on issues and Problems are sorted with the mean score and SD, and in the continuing sessions the factors are studied against the profiles of 630 loanees drawn across the length and breadth of Kerala

The paper is organized into four sections consisting of methodology, descriptive statistics, problems and issues of loanees in terms of loan variables, weighing against loan utility, ranking the statements, and conclusion

Literature Review and Item Purification

Notwithstanding the flaws in the educational loan schemes, it has a far-reaching impact on the country and its youth (Woodball, 1986). The abundant potential of the Indian young population, with an average age of 29 years and accounting for 28 percent of the global workforce, can have a sustainable 30-year future compared to the rest of the world's aging population (Tapiawalah, 2017). Tilak observes that student loans may indeed be a deterrent to the growth of higher education. Despite the virtues that education loans hold for higher education and youth, loanees often see it as a boon in the early stages and find it as a struggle with a heavy financial burden later (Ufert, 2015). For many, it may appear as an elephant in the room. Looking at the issue with a pragmatic view, awareness, adequacy, utilization, effectiveness, and perception of loan financing: the basic tenants of loan financing bear a positive correlation inter se and are very sensitive to loanees' profile (Jithendran, 2020). The present study addresses issues of loanees and examines how it sulks the loanees in yielding high loan utility in the dimension of their loan variables about the banker. The scale and items for the study have been planted from the literature reviewed.

TABLE 1 Literature Reviewed and Items Selected

	Constructs	Items	Source
1	Repayment options	7	Shen&Ziderman (2008)
2	Default on Repayment	7	Shinde(2014)
3	Recovery of loans	6	Shen&Ziderman(2008)
4	Subsidy of state	6	Shen& Li, (2003)
5	Loan utility	6	Garcia-Penalosa&Walde (2000)

Source; various research journals

Methodology

The study aims to Expose the sacking variables based on the perspectives of educational loanees of commercial banks in Kerala stopping the loanees from yielding loan utility. It also intends to bring out the extent of the effect exerted by these factors on loan utility. By design, the study is descriptive and analytical based on primary data. The study's population is confined to the professional courses of tertiary education and includes educational loanees who availed loans from commercial banks in Kerala and completed their Graduation or Post-graduation studies before the year 2017-18 and elapsed one year. A multi-stage random sampling method was applied to select the samples. In the first stage, the state of Kerala is divided into three zones, grouping 14 revenue districts into North, Central, and South. Based on the State Level Banking Committee (SLBC) reports, selected one district from each zone, and they were Kozhikode from the North, Ernakulum from the Central, and Alappuzha from the South zone. Banks in the public sector, private sector, and new generation sector (New private sector banks) were located based on their distribution. Accordingly, 18 branches of public sector banks, 9 branches of private sector banks, and 3 branches of new generation banks were selected, based on the amount of loan disbursed. Subsequently, 7 loanees were randomly chosen from each of the 30 branches in every selected district, forming 210 loanees for each zone and 630 for Kerala.

Data were collected using a structured interview schedule with 11 constructs covering statements on a five-point Likert scale after ensuring reliability and validity by piloting among 50 loanees. The Cronbach's alpha values of all the items for various constructs exceeded the recommended threshold of 0.70 and it confirms the reliability of the measurement scale (Nunnally& Bernstein, 1994).

Furtherance of the Educational Loan Scheme is undoubtedly based on its economic viability. Effective administration of the scheme is determined by the ability of the program to realize the objectives and build a sound economic base by the percolation of borrowed funds and their repayment. This paper is organised to analyse the issues and problems of loanees concerning the procedures and policies of banks and the state. The variables in the general profile of the loanees are individually used to study their opinion on sanctioning, area banker, default, recovery, challenges, and activities of the Association. The dispersions in opinions are scaled by taking the standard deviation.

One-way ANOVA is done to bring out the differences in sanctioning time, security required, area banker, and cover of cost. This is done to test the hypothesis that there is no significant difference in the opinions of loanees on the problems and issues about the groupings in the loan profile of the loanees.

As a Post Hoc test, the Duncan Multiple Range Test is done to test the homogenous group among the classification. Further, to check the association of loan utility with the periodicity of default, other loanees at home, and other sources of finance, Chi- square test was performed. To weigh the statements on reasons for default, challenges faced by the loanees, and opinions on policies of the state with the opinions of loanees, a Friedman rank test was done.

Objectives

1. To examine the different factors causing issues and problems to the educational loanees.
2. To analyze the different factors causing issues and problems to the educational loanees against loan variables.
3. To study the association of different problem factors with loan utility.

Null Hypotheses

1. There is no significant difference among Problems and Issues with respect to their time in sanctioning
2. There is no significant difference among Problems and Issues with respect to their Coverage of EL
3. There is no significant difference among Problems and issues with respect to their sector of lending banks
4. There is no significant difference among Problems and Issues with respect to their type of security.
5. There is no association between the level of loan utility and periodicity of default
6. There is no association between the level of loan utility and other loanees at home
7. There is no association between the level of loan utility and othersources of finance

Section 1

Issues and Problems-Descriptive Statistics

In this section an attempt is made to display the different factors of Problems and issues of educational loanees. The means score and SD of the factors is listed from the survey to make the premise a comparable one.

Descriptive Statistics

Table 2 Issues and Problems

Factors	Issues and Problems	Mean score	SD
Sanctioning	Sanctioning as one of the factors in problems of educational loanees points the inputs for getting the loans sanctioned by the banker. In this study, it covers the parental involvement, rapport of the banker, professionalism and quality of discussions with the banker.	18.16	3.63
Area banker	Area banker as one of the factors in Problems of educational loanees points the inputs for getting the loans sanctioned by the particular banker. In this study, area banking, and response of other banks, family banker and ease of dealings with banker.	19.21	6.01
Default	Default in repayment as one of the outcomes of negative turn of events form when the loanees fail to pay the dues more than three months to the banks. This factor covers reasons for default including family issues, low salary, anticipation of a write off, and the element of regret on loan financing.	18.96	7.61
Recovery	Recovery as one of the outcome of default forms the inputs for efforts taken by the banker to recoup the dues from the loanees. In this study, it covers the different means and measures taken by the banker and how it is perceived by the loanees.	15.4	2.55
Challenges	Challenges of loanees, in the course of higher education with the loan financing confront. Which include merit in the qualifying examinations, security demanded, documentations, lack of banking habits marriage and subsequent reallocations	17.16	4.61
Association	Association of loanees, as one of the factors in issues of educational loanees points the inputs for collective forums or association of loanees floated to safe guard the interest of loanees. In this study, it covers the negative campaigns, collective bargaining, its political inclinations and acceptance from loanees.	16.07	5.34
Policies of State	Policies of the state as one of the factors in issues of educational loanees point the inputs for social conditioning through setting timely intervention by the state. In this study, it covers the public investment on education, cost control mechanisms of state, need for specialized banks, grievances hearing mechanisms, attitudes of banks, educational loan products and the terms of loan policy	44.56	7.54

Source; computed from Survey

Table 2 is showing the mean score of different issues and problems and their SD, the table is comparing the mean scores of different factors in problems and the dispersion of opinion with a set of statements in five points scale.

Opinions on Policies of the state measured a maximum mean score of 44.56 with Standard Deviation of 7.54 showing relatively high dispersion. This indicates a commendable preference for policy implications of the state. Sanctioning accords with the mean score of 18.16, this factor in the group with the lowest Standard Deviation of 3.63 indicating a consistency of opinion and comparatively lesser problems. Area banker registers with a mean score of 19.21, this factor is the second highest in the group with a Standard Deviation of 6.01 showing a relatively high scatter. This highlights the opinion of loanees on the ease access of formal credit market. Default of loanees comes up with a mean score of 18.96. In this segment, it is the lowest in the group with the highest Standard Deviation of 7.61 showing a high scatter of opinion. This shows a passive response to the reasons for default by the loanees. Regarding the Recovery of loan, the opinion backs a mean score of 15.40 on this issue. It is the lowest in the group with the highest Standard Deviation of 2.55 showing a distributed opinion favoring moral suasion. The opinions on Association of loanees scale up with a mean

score of 16.07, this factor is the second highest in the group with a Standard Deviation of 5.34 showing a relatively high scatter. This indicates a disapproval of loanees on the role of the association. The opinions on the Challenges of loanees mark a mean score of 17.16 on these issues in the group with a Standard Deviation of 4.61 showing relatively less gravity.

The issues and problems of educational loanees are identified from the review of literature and the context of study Hereafter these factors will be called as issues and problems of educational loanees.

Section 2

Issues and Problems with reference to the loan variables

Issues and problems of educational loanees are examined in the light of their financing variables. The section is focusing issues and problems against loan details in order to verify the influence of loan profile categorization.

2.1 Sector of lending banks and problems and issues of educational loanees

Management and administration of banks decides its involvement in socially significant schemes. Sector of banks, in this regard is a major financial variable that can influence the Issues and Problems of educational loanees. To examine the presence of Sector banks -wise difference of opinions among the loanees, one way ANOVA test was performed using mean score and SD of loans from public sector banks, private sector banks, and new generation banks on Sanctioning, Area Banker, default, recovery, Association, challenges and policies of the state as issues and problems. To check the similarity between the sample groups Duncan Multiple Range Test was done.

Null hypotheses:

There is no significant difference among **Sector Banks** with respect to Issue and Problems of Educational Loan

Table 3O utput of one-way ANOVA test on Issues and problems - Sector of Bank -wise

Problems and issues	Sector of Bank			F	P value
	Public	Private	New		
	Sector Bank	Sector Bank	Generation Bank	value	
Sanctioning	18.2	18.43	17.19		
	-3.14	-4.44	-3.51	3.134	0.044
Area banker	20.45 ^b	17.22 ^a	18.00 ^a		
	-5.75	-5.64	-6.65	20.844	<0.001**
Default	16.23 ^a	22.99 ^b	22.51 ^b		
	-6.42	-7.46	-7.6	70.914	<0.001**
Recovery	15.61	15.07	15.14		
	-2.46	-2.65	-2.66	3.199	0.041
Association	17.64 ^b	12.65 ^a	16.85 ^b		
	-5.29	-3.36	-5.74	66.631	<0.001**
Challenges	18.06 ^b	15.03 ^a	18.01 ^b		
	-4.58	-3.87	-4.75	31.07	<0.001**
Policy of State	45.53 ^b	42.75 ^a	44.28 ^{ab}		
	-7.89	-7	-6.08	8.722	<0.001**

Source; computed from Survey

Note: 1. the value within bracket refers to SD 2. * * denotes significant at 1% level. 3. Different alphabet among Sector of Bank denotes significance level using Duncan Multiple Range Test (DMR)

The Table 3 depicts issues and problems such as sanctioning, area banker, default, association, and policies of the state about their sector of the lending bank. The mean score and SD are displayed with their respective test statistics

Since the *p* value is less than 0.01, null hypothesis is rejected at 1% level with regard to default, Association, challenges and policies of the state. It is indicating very significant difference in the opinion of loanees from sector of lending bank, from public sector banks, private sector banks, and new generation banks on issues and problems of educational loanees.

Based on the mean score, loanees who have taken loans from private sector banks have maximum problems and issues with Sanctioning and default. Meanwhile, loanees who have taken loans from the public sector have maximum issues and problems in area banker, associations, challenges, and policy of the state. Based on the

Duncan Multiple Range Test (DMRT), Public sector banks significantly differ from the other groups in all the issues and problems of educational loanees.

2.2 Types of security and problem and issues of educational loanees

Null hypotheses: There is no significant difference among Type of security with Respect to Issues and Problems of Educational loanees

Table 4 One way ANOVA test on Issues and problems - Type of Security

Type of security				F Value	P value
Issues and Problems	Deposit of title Deed	Third party guaranty	No security		
Sanctioning	20.15 ^c (2.41)	18.29 ^b (2.81)	17.09 ^a (3.97)	46.102	<0.001**
	17.42 ^a	21.02 ^c (4.94)	19.45 ^b (6.78)		
Area banker	-4.47			14.159	<0.001**
	18.13	18.04	19.73		
Default	-5.13	-7.25	-8.67	3.651	.027 *
	15.25	14.53	15.8		
Recovery	-1.39	-2.9	-2.78	12.14	<0.001**
Association	13.06 ^a (2.93)	17.60 ^b (6.17)	17.04 ^b (5.37)	42.844	<0.001**
Challenges	16.80 ^a (3.44)	18.67 ^c (5.27)	16.77 ^a (4.75)	8.651	<0.001**
Policy of State	42.52 ^a (6.77)	44.17 ^b (10.83)	45.75 ^c (6.03)	10.939	<0.001**

Source; computed from Survey

Note: 1. the value within bracket refers to SD 2. * * denotes significant at 1% level. 3. Different alphabet among Type of security denotes significance level using Duncan Multiple Range Test (DMR).

The Table 4 exhibits Issues and Problems as Sanctioning, Area Banker, default, recovery, Association, and policies of the state of problems and prospects of educational loanees with regard to their Type of security. The mean score and SD are displayed with their respective test statistics.

Since the p-value is less than 0.01, the null hypothesis is rejected at the 1% level with regard to Issues and Problems of Sanctioning, Association, challenges, and policies of the state with regard to the type of security. It indicates a very significant difference in the opinion of loanees regarding the Deposit of title deed, Third-party guaranty, and No security on issues and problems of educational loanees.

Based on the mean score, loanees who have taken loans by the security of title deed have maximum issues with sanctioning of the loan. In the case of challenges and area banker the loanees who have security as a third-party guarantee have the maximum problems. The loanees who availed loan without any security have issues and problems on default and policies of the state.

Based on Duncan Multiple Range Test (DMRT), on sanctioning and access each group is different, in other cases there is no specific pattern.

2.3 Sanctioning time and problems and issues of educational loanees

At the phase of admission of loanees, sanctioning time is a major financial variable that can influence the Issues and Problems of educational loanees. To examine the presence of sanctioning time-wise differences of opinions among the loanees, a one-way ANOVA test was performed using the mean score and SD of loans in time for sanctioning as below 10 days, 10 -20 days, 20-30 days, and above a month on Sanctioning, Area Banker, default, recovery, Association, challenges and policies of the state as issues and problems. To check the similarity between the sample groups Duncan Multiple Range Test was done.

Hypotheses: There is no significant difference among Sanctioning time with respect to Issues and Problems of Educational loan

Table 5 Output of one-way ANOVA test on Issues and problems – sanctioning Time -wise

Number of days for sanctioning						
Issues and Problems	Below 10 Days	Oct-20	20-30	Above month	F value	P value
		Days	Days			

Sanctioning	19.18 ^{bc}	18.5 ^b	9.63 ^c	15.93 ^a	36.212	.<0.001**
	-3.82	-3.22	-1.66	-3.65		
Area banker	16.09 ^a	20.3 ^b	22.5 ^c	19.30 ^b	30.28	.<0.001**
	-5.21	-6.08	-3.34	-6.35		
Default	18.91 ^b	14.8 ^a	16.0 ^a	25.48 ^c	93.81	<0.001**
	-6.19	-5.39	-5.23	-7.87		
Association	14.44 ^a	18.5 ^b	15.0 ^a	15.23 ^a	24.841	.<0.001**
	-5.16	-5.28	-4	-5.18		
Challenges	17.85	16.8	17.7	16.51	3.18	.024*
	-4.96	-4.32	-3.85	-4.83		
Policy of State	47.36 ^c	47.7 ^c	41.3 ^b	39.50 ^a	66.622	.<0.001**
	-5	-5.59	-6.64	-8.72		

Source; computed from Survey

Note: 1. the value within bracket refers to SD 2. ** denotes significant at 1% level. 3. Different alphabet among sanctioning time denotes significance level using Duncan Multiple Range Test (DMR).

Table 5 shows the Issues and Problems as Sanctioning, Area Banker, default, Association and policies of the state in problems and prospects of educational loanees with regard to Sanctioning time. The mean score and SD are displayed with their respective test statistics.

Since the p-value is less than 0.01, the null hypothesis is rejected at the 1% level with regard to Issues and problems of sanctioning, area banker, default, association and policies of the state. It indicates a very significant difference in the opinion of loanees from sanctioning time on issues and problems of educational loanees.

Based on the mean score, loanees who got their loan sanctioned within 20-30 days have maximum issues with sanctioning and area banker (access). Problems and issues of default are more for loanees who took maximum sanctioning time. Policies of the state and association of loanees are posing issues for loaners who took 10-20 days for sanctioning. Loanees who took less time in sanctioning had maximum challenges. It also indicates a longer sanctioning time for default scores endorsing the bankers approach to the potential default.

Based on the Duncan Multiple Range Test (DMRT), loanees who took a long time in sanctioning loans differed significantly from other groups in the sanctioning procedure, A distinct formation is seen differing significantly from others in 20-10 days group in issues of association.

2.4 Cover of loan and issues and problems of educational loanees

Coverage of EL on the cost of education is another important financial variable that implies a mix of loan and other funds. Coverage of EL on the cost of education is denoted as 'cover of loan'. To examine the presence of a cover of loan-wise difference of opinions among the loanees, One-way ANOVA test was performed using the mean score and SD on the cover below 41-50 percent, 51-60 percent, 61-70 percent, 81-90 percent, and 91-100 percent on sanctioning, area banker, default, recovery, association, challenges and policies of the state as issues and problems. To check the similarity between sample groups, the Duncan Multiple Range Test was done.

Null hypotheses: There is no significant difference among Coverage of EL with respect to the Issues and Problems of Educational loanees.

Table 6 Output of one way ANOVA test on Issues and problems – Loan cover -wise

Issues and Problems	Percentage of Loan cover						F Value	P value
	91-100	81-90	71-80	61-70	51-60	41-50		
Sanctioning	15.22 ^a	19.56 ^c	19.38 ^c	19.12 ^c	17.68 ^b	15.72 ^a	29.974	.<0.001**
	-4.5	-3.42	-2.68	-2.84	-3.76	-3.5		
Area banker	14.22 ^a	18.25 ^b	19.61 ^{bc}	21.43 ^c	18.07 ^b	18.46 ^b	10.845	.<0.001**
	-4.77	-6.04	-6.54	-3.97	-7.2	-6.18		
Default	21.22 ^b	16.58 ^a	17.80 ^a	16.34 ^a	17.64 ^a	25.29 ^c	33.743	.<0.001**
	-6.37	-5.44	-7.25	-5.58	-6.67	-8.59		
Association	17.22 ^c	16.16 ^b	17.96 ^c	15.05 ^a	17.63 ^c	14.72 ^a	7.681	.<0.001**
	-5.26	-4.53	-4.83	-5.06	-6.12	-5.61		

						17.51^c		
Challenges	10.89 ^a (.75)	16.97 ^b (3.79)	15.82 ^b (4.16)	17.87 ^c (4.60)	19.35 ^d (4.69)	-4.63	18.541	.<0.001**
Policy of State	44.48 ^a (6.53)	49.01 ^b (4.24)	43.44 ^a (10.30)	42.12 ^a (7.43)	49.03^b	42.62 ^a (5.65)	21.865	.<0.001**
					-5.25			

Source; computed from Survey

Note: 1. the value within bracket refers to SD 2. * * denotes significant at 1% level. 3. Different alphabet among Type of security denotes significance level using Duncan Multiple Range Test (DMR).

The Table 6 shows the Issues and Problems as Sanctioning, Area Banker, default, Association, and policies of the state with regard to their Coverage of EL. The mean score and SD are displayed with their respective test statistics. Since the p-value is less than 0.01, the null hypothesis is rejected at 1% level with regard to issues and problems of sanctioning, recovery, association, default, challenges, and policies of the state. It is indicating a highly significant difference in opinion of Loan cover on issues and problems of educational loanees.

Based on the mean score, the loanees with a cover of 81-90 percent have maximum issues and problems with sanctioning. 70-80 percent group has issues with area banker. In the case of default, policies of the state and challenges issues are high for loanees with the lowest cover.

Based on the Duncan Multiple Range Test (DMRT), certain homogenous subsets were located along the classifications. The 81- 60 percent (three groups) deferred significantly from others. In the issues of default, loanees with maximum cover are a standalone group

Section 3 Association of loan utility and educational and loan variables

Utility in fetching a career and standard of life- being the ultimate objective of an education loan scheme, loanees' issues can always be related to the utility of the loan. This section of the analysis checks other sources of finance than EL, periodicity of default, and other loanees at home with the level of loan utility

Periodicity of default and level of loan utility

The section is cross-examining the association of default and level of loan utility. Default on loans is the major issue of educational loanees, loanees make defaults for different reasons. Is there any association between the level of loan utility and the periodicity of default? The answer to this question is arrived at by a Chi-square test in Table 7.

Null Hypothesis: There is no association between Periodicity of default and Level of Loan Utility in issues and problems of educational loanees

Table 7 Output of Chi-square test for association between Periodicity of default and Level of Loan Utility

	Level of Loan Utility				Chi-Square	P value
Periodicity of default	Low	Moderate	High	Total		
	24	6	33	63		
Premature close	-38.1	-9.5	-52.4	-100		
	[13.7]	[2.2]	[17.7]	[100]		
	0	9	0	9		
3-6 months	. (0)	-100	0	-100		
	[.0]	[3.3]	[.0]	[1.4]		
	18	54	0	72		
6 months – 1 year	-25	-75	0	-100		
	[10.3]	[20.1]	. [0]	[11.4]		
More than a year	9	9	6	24		
	-37.5	-37.5	-25	-100	105.766	<0.001**
	[5.1]	[3.3]	[3.2]	[3.8]		
	91	106	67	264		
Never paid	-34.5	-40.2	-25.4	-100		

	[52.0]	[39.4]	[36.0]	[41.9]		
	33	85	80	198		
Never defaulter	-16.7	-42.9	-40.4	-100		
	[18.9]	[31.6]	[43.0]	[43.0]		
	175	269	186	630		
Total	-27.8	-42.7	-29.5	-100		
	[100.0]	[100.0]	[100.]	[100.]		

Source; computed from Survey

Note: 1. the value within () refers to Row Percentage 2. The value within [] refers to Column Percentage 3. * * Denotes significant at 1% level.

Table shows level of loan utility and periodicity of default in rows and columns with their respective percentages. Since the p value is less than 0.01% at 1% level of significance, the null hypotheses are rejected pointing good association between level of utility and periodicity of default.

Out of loanees only ten percent opted for the premature close of which 38.1 percent had low utility, 9.5 percent had moderate and 52.4 percent had high utility. A part of loanees (3.8 %) defaulted for over a year of which 37.5 percent derived a low utility, 37.5 percent moderate and 25.0 percent is of high utility. Another portion of loanees (1.4 %) made default for 3-4 months of which cent percent has moderate utility. Another group of loanees (11.4 %) has defaulted for 6 months- 1 year of which 25.0% have low utility, rest all have moderate utility. There are loanees (41.9%) who have never paid the EMI of which 34.5 percent have low utility, 40.2 percent have moderate and 25.5 percent have high utility A chunk (31.4) of the loanees belongs to the 'never a defaulter' category of which 16.7 percent has low, 42.9 percent has moderate and 40.4 percent are high utility. It requires a special mention that the loanees who were never a defaulter has the highest in the high utility category

3.2 Other Loanees for Education at home and level of loan utility:

Other loanees of Education at home reflect the pattern of family financing education of their children and an experience of past financing. More than one loanee at home can indicate higher financial liability and vouch for the merits of an education loan scheme as a source of finance from the loanees perspective. The section examines the association of loan utility and the presence of other loanees at home as an issue of the problems and prospects educational loanees. A Chi-square test is done to find the association.

Null Hypothesis: There is no association between other loanees at home and Level of Loan Utility in issues and problems of educational loanees

Table 8 Output of Chi-square test for association between other loanees at home and Level of Loan Utility

Other Loans of EL at home	Level of Loan Utility			Total	Chi-Square	P value
	Low	Moderate	High			
Yes	79 (21.7) [45.1]	193 (53.0) [71.7]	92 (25.3) [49.5]	364 (100.0) [57.8]		
No	96 (36.1) [54.9]	76 (28.6) [28.3]	94 (35.3) [50.5]	266 (100.0) [42.2]	38.242	.<0.001**
Total	175 (27.8) [100.0]	269 (42.7) [100.0]	186 (29.5) [100.0]	630 (100.0) [100.0]		

Source; computed from Survey

Note: 1. The value within () refers to Row Percentage 2. The value within [] refers to Column Percentage 3. * * Denotes significant at 1% level

Table 8 shows the level of loan utility and loanees with and without other educational loans with their respective percentages.

As the p -value is less than .001 at a 1% level of significance the null hypothesis is rejected, which indicates a high association between other loans of EL at home and utility. There are 57.8 percent of loanees have other educational loans for their siblings, of which 21.7 percent have low loan utility 53.0 percent have moderate utility and 25.3 percent have high loan utility. There are 42.2 percent of loanees with no other educational loans at home, of which 36.1 percent have low loan utility 28.6 percent have moderate utility and 35.3 percent have high loan utility.

The loanees who do not have other EL at home are slightly above of the loanees with loans in terms of loan utility.

3.3 Other sources than EL with level of loan utility

In this segment of analysis, loan utility is checked with the other financing methods for higher education. Generally, parents' resort to investments earmarked for higher education, financing from relatives, gold and landed property, Chitty or Self-Help Groups (SHG), and other loans from lending agencies. In this regard, it is relevant to study the extent of other financing methods and the association of loan utility. A Chi- square test is performed for the statistical estimation in Table 9

Null Hypothesis: There is no association between the different sources of finance and Level of Loan Utility from educational loan

Table 9Output of Chi-square test for association between Level of Loan Utility and other sources

Other sources than EL	Level of Loan Utility				Chi square	P value
	Low	Moderate	High	Total		
Investments	71	67	45	183		
	(38.8)	(36.6)	(24.6)	(100)		
	[40.6]	[24.9]	[24.2]	[29.0]		
Relatives	22	27	38	87	57.166	<0.001**
	(25.3)	(31)	(43.7)	(100)		
	[12.6]	[10.0]	[20.4]	[13.8]		
Gold and land	6	39	3	48		
	(12.5)	(81.3)	(6.3)	(100)		
	[3.4]	[14.5]	[1.6]	[7.6]		
Chitty and SHG	71	112	81	264		
	(26.9)	(42.4)	(30.7)	(100)		
	[40.6]	[41.6]	[43.5]	[41.9]		
Other loans	5	24	19	48		
	(10.4)	(50)	(39.6)	(100)		
	[2.9]	[8.9]	[10.2]	[7.6]		
Total	175	269	186	630		
	(27.8)	(42.7)	(29.5)	(100)		
	[100.0]	[100.0]	[100.0].	[100.0]		

Source; computed from Survey

Note: 1. The value within () refers to Row Percentage 2. The value within [] refers to ColumnPercentage 3. * * Denotes significant at 1% level

The table books the different sources of financing other than educational loans in rows and the level of loan utility levels as low, moderate, and high with their respective percentage. Since the value is less than 0.01 at a 1% level of significance, the null hypothesis is rejected. This indicates the existence of a high association between the level of utility and alternate financing of higher education. More than a quarter (29%) of loanees.

Resorted earmarked investments to finance higher education other than educational loans, of which 38.85 percent have derived low utility, 36.6 percent moderate utility and 24.6 percent got high utility. A fraction (13.8%) of loanees have depended on relatives for the funds of which 25.3 percent secured low utility, 31 percent moderate and 43.7 percent took high utility. There is a group of loanees who resorted to gold or land for funding the higher education counting 7.6 percent of the total loanees, of which 12.5 percent have low utility, 81.3% moderate, and 6.3% with high utility. The largest in the group (41.9%) resorted to chitty or SHG for financing higher education, out of which 26.9 percent low, 42.4 percent moderate, and 30.7 percent derived high utility. Another small portion (7.6%) depended on other loans for financing their education of which 10.4 percent were low 50.0 percent moderate and 39.6 percent scored high utility. The role of SHG is highlighted in other financing sources along with the earmarked investments for higher education.

Section 4

4.1 Priorities of loanees – Friedman Test on Default, Challenges and policies of State

There are many issues where the opinions of loanees are sought. The statements under these factors throw light

on the state of affairs and the priorities of loanees. Hence the Friedman rank test has been performed with the highest mean rank as rank one. Further, it depicts the weightage of each statement in the context of research. Friedman Rank Test on reasons for default

In this group of statements, the statements pertaining to the reasons for default are listed. It includes Family issues often stops me from repayment,, Waiting for a waiver through a policy change, loanees loan for education is a poor decision without proper consultation, Political hold is the reason for default and Non placement is the reason for default.

Table 10 Friedman Test for rank on statements on reasons of Default

Sl. No	Statements	Mean rank	Rank
1	Family issues often stops loanees from repayment	4.59	2
2	With Low salary loanees are struggling for their basic Needs	4.38	3
3	Waiting for a waiver through a policy change	4.83	1
4	loanees loan for education is a poor decision without proper consultation	4.09	4
5	Political hold is the reason for default	2.85	7
6	I went for this course because of loanees parents Pressure	3.49	6
7	Non placement is the reason for default	3.76	5

Test statistics

N	630
Chi-Square	498.520
Df	6
Asymp. Sig.	.000

Source; computed from Survey a Friedman Test

The table shows the relative weights of statements on the reasons for default by the defaulted loanees. The statement with the highest mean rank is Waiting for a waiver through a policy change with 4.83 followed by Family issues often stop loanees from payment with a mean rank of 4.59 which shows that loanees are expecting a loan waiver by the state intervention and the same time they are perturbed by the family and personal issues. Loanees do not hold the reason of political inclinations as the reason for default as it is carrying the least mean ranks among the statements.

4.2 Friedman Rank Test on challenges faced by the loanees

During the entire span of time of creditor ship of loanees, they came across a number of challenges, it will yield valuable insights, if the statements in this construct are weighed. The statements include Merit in qualifying examination is a prerequisite for EL, Bank count Security is a prerequisite for EL, loanees have faced lot of inconvenience from Documentation, loanees have faced lot of inconvenience from Documentation, loanees struggled mainly because loanees have no banking habits or an account before, loanees marriage ,other loans and relocation of loanees residence/job/decision making and The attitude of bank manager posed many issues throughout the course.

Table 11Friedman rank Test - Challenges of loanees

Sl. No	Statements	Mean rank	Rank
1	Merit in qualifying examination is a prerequisite for El	3.99	1
2	Bank count Security is a prerequisite for el	3.09	5
3	loanees have faced lot of of inconvenience from Documentation	3.30	4
4	loanees struggled mainly because loanees have no banking habits or an account before	3.66	3
5	loanees marriage ,other loans and relocation of loanees residence/job/decision making	3.97	2
6	The attitude of bank manager posed many issues throughout the course	3.00	6

Test Statistics (a)

N	630
Chi-Square	212.507
Df	5
Asymp. Sig.	.000

*a Source; computed from Survey
a Friedman Test*

Table 11 shows the order of statements as per the weightage, the statements with heavy response from the statement as Merit in qualifying examination is a prerequisite for EL with the mean 3.99 followed by loanes marriage, other loans and relocation of loanes residence/job/decision making with mean of 3.97. The lighter statement in terms of the scaling is the attitude of bank managers posed many issues throughout the course with a mean of 3.00 which shows that the attitude of the banks is not counted at 5% level of significance,

4.3 Friedman Rank Test on policy of state

Policies of the state are responsible for the social conditioning in which meritorious students can opt for higher education comfortably either with supply-side financing or demand-side financing. How the loanes of education perceive the policies of the state as social conditioning is very relevant in a study covering the issues and problems of educational loanes. Hence, the loanes are provided with statements on the policies of the state covering Less investment in the public education sector by the state, Lack of cost control/monitoring mechanisms in higher education, Absence of effective regulating Agency in higher education, Poor and inconsistent subsidy practice of state in higher education financing, E l is a welfare scheme not business product, stringent financial/banking practice is inappropriate, Lack of specialized bank branches as in the other priority sectors, Terms of repayment are not student friendly or impractical, Poor attitude of banks managers and they are reluctant in explaining the scheme, Low Range of products from banks in EL category, I don't think' More EL more and No Grievances hearing mechanism and redressed unemployment are the statements, They are real- time concerns of the demand side financing of Higher education prevailing in the arcade the loanes as a challenge in this span of time . The test statistics signifies it,

Table 12 Friedman rank Test – Policies of State

Sl. No	Statements	Mean rank	Rank
1	Less investment in public education sector by the govt.	7.68	2
2	Lack of cost control /monitoring mechanisms in higher education	6.95	5
3	Absence of effective regulating Agency in higher Education	7.31	3
4	Absence of central fund in higher education Financing	6.30	9
5	Poor and inconsistent subsidy practice of state in higher education financing	6.51	7
6	E l is a welfare scheme not business product, stringent financial/banking practice is Inappropriate	6.25	10
7	Lack of specialized bank branches as in the other priority sectors	7.77	1
8	Terms of repayment are not student friendly or Impractical	3.38	12
9	Poor attitude of banks managers and they are reluctant in explaining the scheme	6.40	8
10	Low Range of products from banks in EL Category	7.06	4
11	I don't think' More EL more unemployment	5.48	11
12	No Grievances' hearing mechanism and Redressal	6.91	6

Test Statistics (a)

N	630
Chi-Square	967.843
Df	11
Asymp. Sig.	.000

*Source; computed from Survey
a Friedman Test*

From the Table 12. statement with maximum weight and rank ranked first is the Lack of specialized bank branches as in the other priority sectors with a mean weight of 7.7, for catering educational loans. It is followed by a statement - Less investment in the public education sector by the government with a mean weight of 7.68. The lightest statement in this category is -Terms of repayment are not student-friendly or impractical with a mean weight of 3.38. This shows that in terms of lending student pro behavior is not counted by the loanees. The test statistics signify it at a 5% level of significance, which means the loanees would have certainly appreciated a specialized branch.

Table 13 Test at a Glance

Sl. No	Hypothesis	Tool	Results
1	There is no significant difference among problems and Issues with respect to their time in sanctioning	<i>One way ANOVA</i>	Rejecting the null hypotheses for all problems and issues except challenges
2	There is no significant difference among problems and Issues with respect to their Coverage of EL	<i>One way ANOVA</i>	Rejecting the null hypotheses for all problems and issues
3	There is no significant difference among problems and issues with respect to their sector of lending banks	<i>One way ANOVA</i>	Rejecting the null hypotheses for all problems and issues except for challenges
4	There is no significant difference among problems and Issues with respect to their type of security.	<i>One way ANOVA</i>	Rejecting the null hypotheses for all problems and issues except for sanctioning and Recovery
5	There is no association between the level of loan utility and periodicity of default	Chi-Square Test	Rejecting the null hypotheses, holding significant association between periodicity of default and level of loan utility
6	There is no association between the level of loan utility and other loanees at home	<i>Chi-Square Test</i>	Rejecting the null hypotheses , holding significant association between loan utility and other loanees at home
7	there is no association between the level of loan utility and other sources of finance	<i>Chi-Square Test</i>	Rejecting the null hypotheses, holding significant association between loan utility and other sources of finance.

Source; computed from Survey

Conclusion

The present paper has been examining issues and problems of educational loanees. Issues or problems are the specific counters at which loanees can be possibly challenged in yielding the full utility of a loan. Sanctioning, area banker, associations, default, challenges, and policies of the state are listed as issues and problems. Different factors are sorted using mean scores and standard deviations at the outset. Subsequently, using loanees were separately analyzed. Gender, religion, community, region, parental income, occupation, nature of college, type of course, location, place of study, and sector of banks were used for classifications, and one-way ANOVA was performed. Barring Region in all other classifications held significant. Challenges of loanees remained indifferent to many classifications. Later certain variables are taken to establish the extent of association in periodicity of default, other sources than educational loans, and other loanees of EL at home and are compared with the level of loan utility. A chi-square test has been performed to check the association and all the tests proved a significant association. In all the analysis, the insights on the problems highlighted very glaring patterns and combinations of relationships between variables. The Friedman rank test portrayed the priorities and preferences of loanees.

After exploring the lurking factors of educational loanees of commercial banks in Kerala empirically with the 630 sample respondents drawn from the three regions of Kerala, it is given to understand that Loanees face a plethora of issues and problems in their entire term of creditor ship. Problems and prospects of loanees are manifested in the backdrop of general, educational, and loan dimensions. The null hypotheses on issues and problems of educational loanees- there is no significant difference between the classification of loanees in terms

of their general, educational, and loan profile on the factors of issues and problems are rejected except for the regional differences. Similarly, the association of loan variables and default is also proven. The factors of default, challenges of loanees, and policies of the state signify certain priorities and it throws light on the exceptional pattern among loanees in these variables.

Implications

The study is very significant in Kerala as the state features itself at the count of education and special demographical attire in the Indian Union. The different stakeholders of educational loans like banks, policymakers, and loanees will get a clear insight into the core problems of demand-side financing of higher education. A clear insight into the problems of loanees in their loan profile can improve the operational and administrative systems of lending agencies and their financing decisions. The scope of the study is confined to higher education (tertiary Education) in Kerala and the loanees who have taken loans from commercial banks for their studies.

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