

# A STUDY ON STUDENT SATISFACTION TOWARDS EDUCATIONAL LOAN FROM COMMERCIAL BANKS WITH SPECIAL REFERENCE TO THANJAVUR CITY

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## **Abstract**

The growth of education plays a vital role in Indian Economic growth. The scope for higher education increases with the newer technological growth. Higher education increases the intellectual growth of human power and there should be no level of degradation in the quality of education offered. The students are suffering with different fee structures followed by different institutions. The problem of finance for higher education is met by nationalized and the commercial banks through educational loan systems. The present study analyses the student satisfaction of banking services provided by commercial banks in the city of Thanjavur. It also aims to derive the relationship between service, quality, customer satisfaction and loyalty. The study also reveals the factors that induce the students to avail loans from commercial banks.

## **Introduction**

Education is vital to human resource and their empowerment in any country. National and state level policies are framed to ensure that the basic need of the population is met through appropriate public and private sector institution. While government endeavors to provide primary education to all on a universal basis, higher education is getting more and more costly and hence the need for intuitional funding in this area.

Education is derived from the Latin word Educate which means to nourish or to raise. Education is a basic human right and a significant factor in the development of children, communities and countries. The educational systems are used to promote doctrines or ideals as well as knowledge.

Education affects the life of individuals, their participation in economic activities, and overall economic development in various ways. Since a person without basic literacy and numerary skills as in a difficult situation to master everyday life, the lack of basic education

has always been accepted as one of the major components of multidimensional concept of poverty. Moreover education is strongly linked to the notion of empowerment. A general or liberal education can be defined as “a curriculum aiming at imparting knowledge and developing general intellectual capacities in contrast to a professional or technical curriculum”. It is characterized by its focus in the whole development of an individual, apart from his occupational training.

### **Importance of Education**

In the modern era, the importance of highly specialized scientific and technical education is well recognized. A higher education system should meet many different goals. Those include

- Satisfying demand from students for an increasingly sophisticated and rewarding education.
- Training the people needed to run a modern society and contribute to its further advance care.
- Providing a forum in which a society can examine its problem and identify appropriate solution.
- Offering a setting in which a society's culture and the values can be studied and developed.

A general education is an excellent forum of preparation for the flexible, knowledge based careers that increasingly dominate the upper tiers of the modern labor force. The ability to learn will provide valuable insurance against the vagaries of a rapidly changing environment.

Education is often the best tool for creating wealth and happiness. It plays an important role in shaping an individual's career. The level of education helps people to earn Recognition and respect in the society. Undoubtedly education is both socially and personally an indispensable part of human life. Though education plays a major role in shaping our society still on an average it is seen that the education is not the same in different areas. Every year the government is taking huge efforts and plan strategies to maintain the quality of education everywhere because the development of nation is dependent directly upon the standard of its education. Hence it is the prime duty of mankind to try education available in every part of the world.

The problem of financing education is a matter of importance. It is now achieved through nationalized and commercial banks by the means of educational loan system.

Nowadays banks play a major role in our life. The banks now offer access to even a common man and their activities extend to areas hitherto untouched. The financing of higher education is a matter of great theoretical and empirical debate. The nature, extent and mode of participation of public funds in the education sector involve a long list of arguments put forward by individual scholars and institutions and hence this study.

### **Scope of the study**

This study reveals the fact about the educational loans provided by the various commercial banking institutions in Thanjavur district to the students for pursuing higher education like engineering, management and other professional specified courses. The attitude of the banks towards the students and the satisfaction level of the students towards the banks are the part of this study. This incorporated the perspective of the student towards funding agency.

### **Significance of the study**

This will bring a promotion of a good environment in the field of educational financing. Both the students and the financing institutions (i.e.) the commercial banks are benefited by this study. Since it outcomes the major factors of educational loans. The results would act as a feed back to the regulators so that they can connect the pitfalls in implementing the educational loan scheme without hurting the interest of the students/parents.

### **Review of Literature**

Amarjit Singh Lall (1999) an official said in his article, lending public sector banks here started effective floating interest rates on loans to the infrastructure sector to pledge against the long tenure of these loans. Bank officials said banks continue of follow this practice in most sectors. But within fracture loans extended for long tenures lenders are more comfortable with the floating interest rate commercial lending at floats help a bank maintain spreads in times of interest rate volatility.

Nagaraj Mylandla (2001) in his article “Corporate Reports” stated we have slogged for a decade in developing the market. Now that most private banks have computer networks and an increasing number of nationalized banks are getting computerized, our business will grow faster in the coming years.

S.S.Kohli (2004) concluded in his study bank can revised their fixed rate loans higher; this is a risk management exercise to safeguard their asset, liability management. But a

firming up to lending rates can only be witnessed of the RBI increases the bank rate.

National Development – our Hon’ble president A.P.J.Abdul Kalam<sup>4</sup> rightly said at the U.G.C. Golden Jubilee Celebration function in Delhi on 28<sup>th</sup> December 2003, any country’s development depends on the development of education in the country. The greatest impact of WTO control over higher education would occur in developing countries need for academic in situations that contribute to national development, produce research relevant to local needs and participate in the strengthening of civil society.

### Objectives of the Study

- To study about the personal details of the students.
- To examine the satisfaction level of the students in availing educational loans from commercial banks.

### Research Methodology

#### Sample Size:

The sample size is 100. The questionnaire was administered to students between 1the ages 19 and 25 living in Thanjavur district.

#### Sampling technique

The sampling used in this survey is random sampling considering the scope and size of the survey.

#### Primary Data:

The data that is used in this survey is primary data that is collected by administering a questionnaire to the students of Thanjavur district. The questionnaire was administered electronically.

#### Secondary Data:

Secondary data was collected for the purpose of Review of Literature where data from previous studies were collected for the purpose of reference and framing the survey outline.

### Formulas:

#### Mean:

$\sum Xi / N$  where  $X_i$  is the observation series

N = Sample Size

#### Standard Deviation:

$\sqrt{\sum (Xi - \bar{Xi})^2 / (N - 1)}$  where  $X_i$  is the observation series;

N – Sample Size

Standard Error:

$$\text{Standard Error (SE)} = \sqrt{S_1^2/n_1 + S_2^2/n_2}$$

Degrees of Freedom:

$$\text{Degree of Freedom} = \frac{(S_1^2/n_1 + S_2^2/n_2)^2}{((1/n_1 - 1) * ((S_1^2/n_1)^2)) + ((1/n_2 - 1) * ((S_2^2/n_2)^2))}$$

**Limitations of the research**

The research is limited to the information collected by administering a questionnaire to the students of Thanjavur district. The research sample size is 100.

**Data Analysis and Interpretation.**

Table 1 shows the distribution of the respondents based on age, number of the family members, number of earning members in the family, occupational status of the father, and monthly income

**Table 1.** Student's Profile

		No.	%
Age	21 yrs	40	20
	21-23 yrs	74	37
	23-25 yrs	56	28
	Above 25 yrs	30	15
Number of family members	3 members	26	13
	4 members	60	30
	5 members	68	34
	More than 5 members	46	23
Occupational status of the father	Profession	22	11
	Employed	60	30
	Business	40	20
	Agriculture	78	39
Monthly income of the family	Less than 3000	64	32
	Rs.3001 – Rs.6000	50	25
	Rs.6001 – Rs.9000	48	24
	Above Rs.9001	38	19

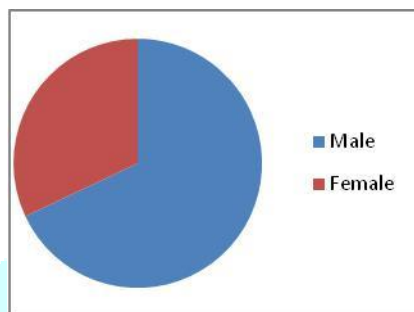
Sources: Primary Data

From the above table various tables are framed according to the primary data obtained for the students and it is used for illustration below.

**Table 2.** Gender of the Students

Gender	Number	Percentage
Male	68	68%
Female	32	32%

Sources: Primary Data



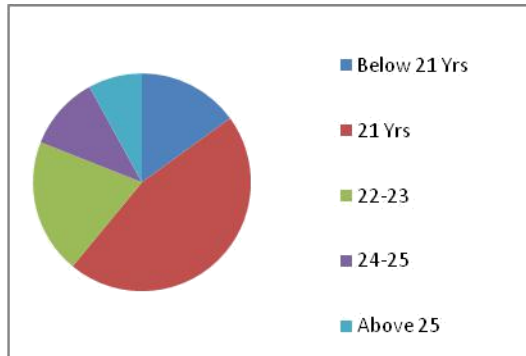
### Interpretation

From the above table it is known that among the 100 students 68% of the students are male and 32% of the students are female. It is inferred that majority of the students are male.

**Table 3.** Age of the Students

Group	Number	Percentage
Below 21 Yrs	15	15
21 Yrs	46	46
22-23	20	20
24-25	11	11
Above 25	8	8

Sources: Primary Data



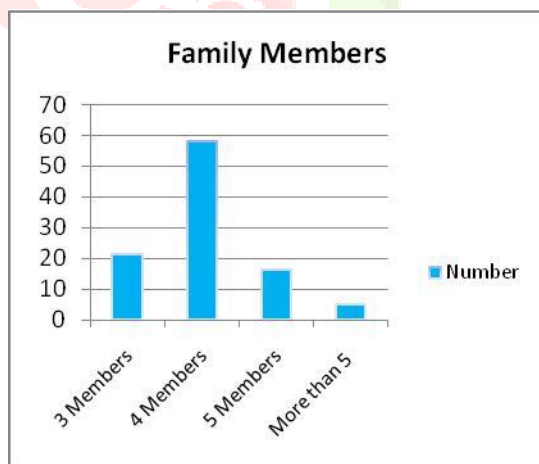
### Interpretation

From the above table it is known that among the 100 students 15% of the students are below 21 years and 46% of the students belong to the age group of 21 and 20% of the group 23-24 and 11% of the group 24-25 and 8% of the students above 25. It is inferred that the students who are getting educational loans mostly belong to the age group of 21.

**Table 4.** Number of Family Members

Members	Number	Percentage
3 Members	21	21
4 Members	58	58
5 Members	16	16
More than 5	5	5

Sources: Primary Data



### Interpretation

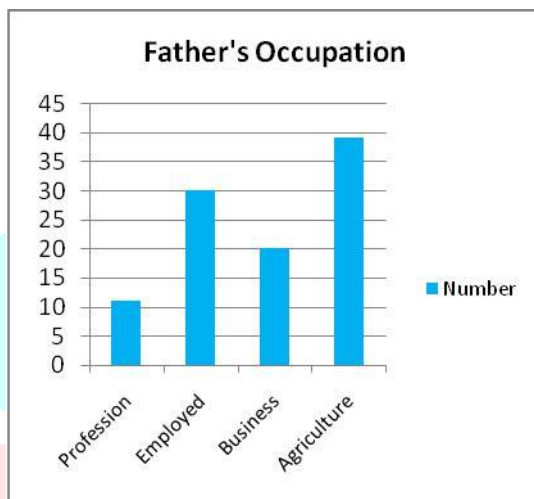
From the above table it is known that among the 100 student's family 21% has three members and 58% has four members and 16% had five members and 5% of the family

has more than 5 members. It is inferred that the students who are getting educational loans mostly belong to the family having 4 members.

**Table 5.**Occupational status of the father

Occupation	Number	Percentage
Profession	11	11
Employed	30	30
Business	20	20
Agriculture	39	39

Sources: Primary Data



### Interpretation

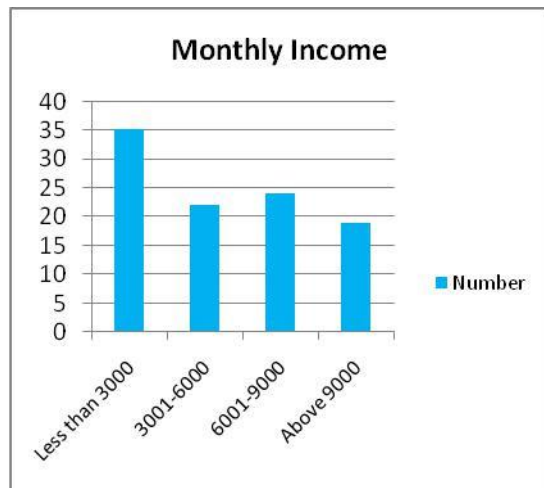
From the above table it is known that among the 100 students occupation of their father 11% of them are professionals and 30 % of them are employed and 20% of them are doing business and 39% of them are farmers. It is inferred that majority of them's father are farmers.

**Table 6.**Monthly income of the family

	Number	Percentage
Less than 3000	35	35
3001-6000	22	22
6001-9000	24	24
Above 9000	19	19



Sources: Primary Data



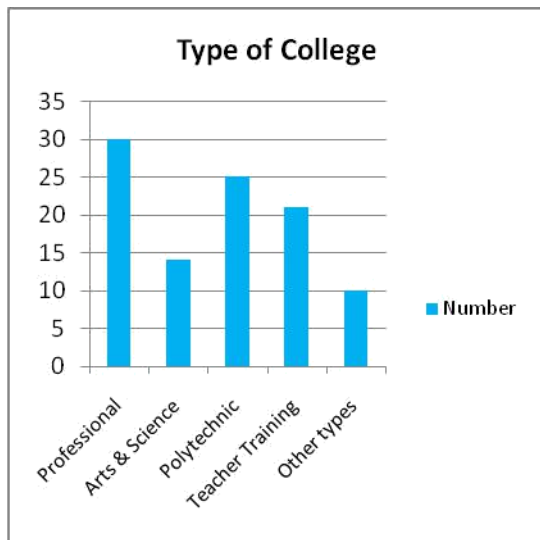
### Interpretation

From the above table it is known that among the 100 students, 35% of them family are getting the monthly income less than 3000 and 22% of them are having their monthly income as 3001-6000 and 24% as their monthly income in the range of 6001-9000 and 19% of them have their income more than 9000. It is inferred that majority of their family earn less than 3000.

**Table 7.** Type of college

Type of College	Number	Percentage
Professional	30	30
Arts & Science	14	14
Polytechnic	25	25
Teacher Training	21	21
Other types	10	10

Sources: Primary Data



### Interpretation

From the above table it is known that among the 100 students, 30% of them are educated in professional colleges and 14% of them are having their education in arts and science colleges and 25% of them are in polytechnic colleges and 21% of them in teacher training college and 10% in other type of colleges. It is inferred that majority of the students who get educational loans are professional college students.

### Findings

#### Percentage Analysis

- Most of the students belong to the age group of 21-23 years.
- Most of the respondents come under the category of 4 members in their family.
- Most of the respondents have two earning members in their family.
- Most of the respondents have a monthly family income less than Rs.3000.
- Most of the students are studying in self-finance colleges
- Most of the students are studying in professional colleges.
- It is inferred that majority of the students are male.
- It is inferred that majority of them's father are farmers.

### Recommendations

- Students of self-financing college have got the highest benefit when compared to the students of Government and Aided colleges. Hence it is suggested that is necessary for creating awareness and providing services about Educational Loan for Aided and Government college students.

- The students studying in the professional colleges avail the highest amount of the Educational Loan. Therefore the bank should make some new initiatives for providing loans for the other courses.
- The banker should maintain their service, dealing with their customer and period for loan repayment.

## Conclusion

The education is important for everyone nowadays and so it plays a vital role in shaping the human behavior. It has become now become too costly since the government, aided and self-financing colleges follow different level of fees structure among students. The difference in fees structure is met through educational loan systems. This study helps both the students and the bankers by providing valuable suggestions to both of them to improve their level of satisfaction.

## References

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2. Nagaraj Mylandla, "Corporate Reports", Business India, No.603, April 16th to 29th 2001, P.No.73.
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