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Index

Sr. No.	Title	Page no.
1.	Corporate Governance & its Significance in India - Rupal Arora	01-11
2.	Trends And Progress Of Banking In Indian Scenario - Dashrath B. Bhoite	12-23
3.	A Conceptual Framework of Shopping Orientations, Store Attributes & Patronage Behaviour of Shoppers -Parag S. Shukla and Prof. (Dr.) Parimal H. Vyas	24-40
4.	A Study on the Criteria Adopted by Banks for Sanctioning Educational Loan -N. Panjali and Dr. R. Kasilingam	41-58



A Study on the Criteria Adopted by Banks for Sanctioning Educational Loan

N. Panjali¹ and Dr. R. Kasilingam²

ABSTRACT

Apart from certain non negotiable criteria the banks follow certain other criteria for sanctioning educational loan so that recovery will not be a problem. The beneficiaries always feel that the banks are adopting very stringent norms. This study attempts to find out the criteria adopted by banks for sanctioning educational loan from the perceptive of beneficiaries. The data is collected from 300 educational loan borrowers in Puducherry. The analysis reveals that professional course is the most important criteria followed by amount of loan requested. The difference in perception arises mainly from different social class and different age category people. Amount of loan asked for and course of study and collateral demanded are correlated.

Key words: Educational loan, Criteria considered for educational loan, perception of educational loan beneficiaries

INTRODUCTION

The Government has prescribed certain target on priority sector lending to commercial banks. The banks are not meeting the target in educational loan which is form part of priority sector loan. Banks cite non repayment as a major reason for the reluctance shown towards sanctioning of educational loan. The non repayment may be due poor selection of beneficiaries and not following certain norms in giving loans. The beneficiaries are of the opinion that they are not able to

get adequate loan because the banks adopt very stringent norms in sanctioning loan. There are certain norms which banks do not have any discretion. Apart from that the banks follow certain procedure. The non compromising conditions are the student should be an Indian National, should have secured admission to a higher education course in recognized institutions in India or abroad through Entrance Test/ Merit Based Selection process after completion of HSC (10 plus 2 or equivalent).

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However, entrance test or selection purely based on marks obtained in qualifying examination may not be the criterion for admission to some of the post graduate courses or research programmes. In such cases, banks will have to adopt appropriate criteria based on employability and reputation of the institution concerned. It would be in order for banks to consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under management quota. This study attempts to find out criteria adopted by banks in sanctioning educational loans and these criteria vary according to the nature of the application.

REVIEW OF LITERATURE

R Srinivasan (2011) concluded that a student is more likely to get education loan if he approaches a public sector bank. Additionally if the student has a higher family income and plans to pursue postgraduate professional study from a government owned / approved institution the chances of getting educational loan is phenomenally higher.

Vinayan (2012) has found that majority of the students borrow to pursue career in the field of Nursing especially in private institutions situated outside the state. Majority of them shun repayment for want of proper employment. In view of the

foregoing it may be noted that studies on educational loans are quite scarce in India. Varghese (1991) in his research work stated that the cost-recovery from beneficiaries implies a reduction in the public subsidies to higher education sector and, he suggests that the best way to reduce the public subsidies is to diversify the source of funding for higher education. This could be done by shifting the incidence of financial burden either to the beneficiaries (students) or to their users (employers). Student loans, graduate tax and enhancing fees were other suggestions in this regard.

Tilak (1999) the student loan programme could be an answer to the problem of lack of public funds for higher education. However, he cautioned that student loans were launched in many developing countries with exaggerated expectations. For instance, the experiences of many developing and developed countries in the past have shown that there are elusive gains based on questionable philosophy and unrealistic assumptions of student loans. The experience 70 has also shown that there are serious weaknesses associated with the student loans particularly the low rate of recovery of loan. Several studies of World Bank contained in this study show that the highest rate of recovery was 67 per cent in Barbados, but in many other countries it

was below 40 per cent and in some countries, in fact it was negative. Secondly, the cost of administration of loan is very high. Thirdly, it was guided more by the ability to pay, fourthly, loans are deterrent to women's to access higher education, and finally, psychological factors associated with student loan cannot be ignored.

M. R. Narayana (2005) has found model educational loan scheme. The Educational Loan Scheme outlined aims at providing financial support from the banking system to deserving/ meritorious students for pursuing higher education in India and abroad. The main emphasis is that every meritorious student though poor is provided with an opportunity to pursue education with the financial support from the banking system with affordable terms and conditions. No deserving student is denied an opportunity to pursue higher education for want of financial support.

Babli Dhiman (2011) stated most loans schemes are built-in government subsidies and, in addition, are subject to repayment default and administrative costs that are not passed on to student borrowers. He probes two issues one is how much of the original loan is an individual student required to repay (the "repayment ratio") and what percentage of the total costs of loans schemes can the lending body expect to receive back in repayments (the

"recovery ration")? The analysis shows considerable variation in the size of the repayment and recovery ratios across schemes. Moreover, many loans schemes exhibit sizeable repayment ratio of 40 percent or less. Overall loans recovery is considerably lower. Policy implications of these findings are discussed together with a consideration of steps that may be taken to improve the financial outcome of loans schemes.

OBJECTIVES OF THE STUDY

To investigate the borrower's opinion on criteria adopted by bankers while sanctioning educational loan in UT of Puducherry.

METHODOLOGY

For the purpose of this study primary data is collected by using a well-structured questionnaire comprising of statements with a five point Likert scale wherein 1= strongly disagree to 5= strongly agree. The questionnaire was administered to 300 borrowers who have availed educational loans in the UT of Puducherry. Multistage random sampling was used to select respondents, at first 55 bank branches were selected at random. Then respondents were selected at random from the list collected from branches. Several statistical techniques such as the factor analysis, cluster analysis, correspondent analysis, discriminate analysis, ANOVA, chi-square, and canonical correlation were

used to augment the borrower's response on the criteria adopted by banks to sanction educational loans.

CRITERIA ADOPTED BY BANKS FOR SANCTIONING EDUCATIONAL LOAN

The banks use several criteria to evaluate borrowers' strength to understand whether the credits availed will be repaid without default. This section contains five statements and the responses are collected from educational loan borrowers through a structured interview schedule.

Table 1: Criteria Adopted by banks for sanctioning educational loan

S. No	Criteria adopted	Mean	S.D	Rank
1.	Professional course	3.45	1.357	I
2.	Parent education	2.99	1.239	V
3.	Parents occupation	3.20	1.167	IV
4	Surety occupation	3.23	1.179	III
5.	Depending on the amount applied	3.25	1.092	II

Table 1 shows the mean-based ranking of the criteria adopted by banks to sanction educational loans. Professionals' course (3.45), loan amount (3.25) and surety occupation (3.23) have been reported as the top three criteria adopted by banks while sanctioning educational loans. Other criteria include; parents' occupation and parent's education. This means that banks adopt several criteria while processing educational loans and most educational loans are provided to those pursuing professional courses.

SEGMENTATION OF EDUCATIONAL LOAN BORROWERS

Educational loan borrowers are segmented based on the criteria adopted by banks while sanctioning loan to borrowers. For this K-means cluster analysis is used to categorize educational loan borrowers into three clusters based on the criteria adopted by banks while sanctioning educational loan for their education.

Table 2: Final Cluster Centers and ANOVA

	Cluster			F	Sig
	1	2	3		
Professional Course	4 (I)	4 (I)	2 (II)	218.111	.000
Parent Education	4 (I)	3 (II)	3 (II)	120.570	.000
Parents Occupation	4 (I)	3 (II)	4 (I)	132.340	.000
Surety Occupation	4 (I)	3 (II)	4 (I)	93.799	.000
Quantum of loan	3 (II)	2 (III)	4 (I)	36.611	.000
Average	3.80	3.00	3.40		
No. of cases	138	80	82		
Percentage	47	26	27		

Table 2 represents the mean scores with regard to criteria adopted by bankers while sanctioning educational loan. The first cluster is named as 'all criteria' because this cluster has high mean score with regard to all five criteria. The second cluster is named as 'professional course' because this cluster has high mean score for professional course. The third cluster is named as 'quantum of loan' of borrowers. Table 2 also indicates that 47 percent of borrowers belong to all criteria cluster, followed by 27 percent of borrowers are in quantum of loan cluster and 26 percent of borrowers are in professional course cluster. Furthermore, the observation of F value reveals that, professional course has (dependent variables) to find out the reliability of cluster classifications.

the highest F value followed by parent's occupation. However, it is important to note that all the five factors are found to be significant at 0.000. This means that all criteria contribute significantly to the segmentation of educational loan borrowers into three clusters.

RELIABILITY OF SEGMENTATION

Reliability of the cluster classification and its stability across the samples is verified using discriminant analysis. The five factors (Professional Course, Parent Education, Parents Occupation, Surety Occupation and Quantum of loan) are taken as independent variables and the cluster classification is taken as grouping variables

Table 3: Eigenvalues and Wilks' Lambda

Function	Eigen value	Canonical Correlation	Wilks' Lambda	Chi-square	Df	Sig.
1	1.972	0.815	0.145	570.404	10	.000
2	1.326	0.755	0.430	249.044	4	.000

Table 3 indicates the extraction of two discriminant functions from the three clusters. From the two function extracted, all function have Eigen value more than one, which represents the maximum spread of the groups 'means. This implies that there is a good difference among the clusters. The canonical correlation helps to

measure the association between functions and factors. Function one has high canonical correlation. Wilks' lambda for the first function is at 0.145 and for the second function is 0.755, which also indicates that the group means are different for both the functions.

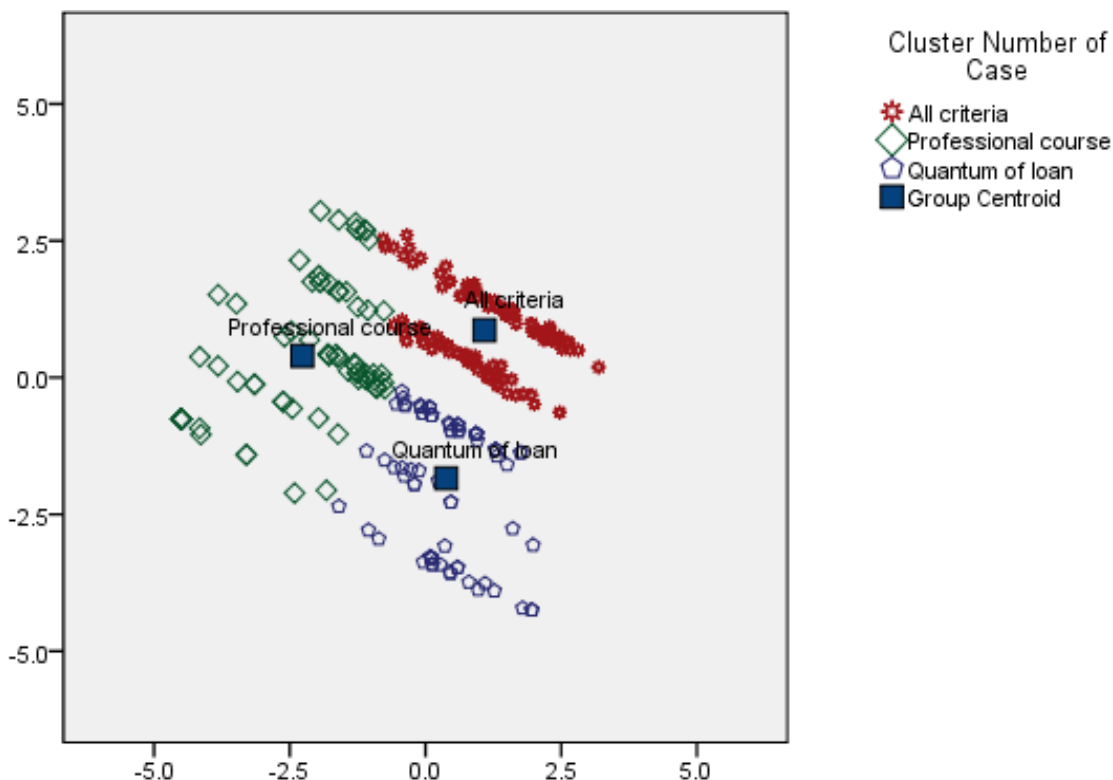
Table 4: Structure Matrix

	Function	
	1	2
Parents Occupation	.667*	-.102
Parent Education	.609*	-.245
Surety Occupation	.563*	-.075
Depending on the Quantum of loan	.307*	-.214
Professional Course	.484	.872*

Table 4 presents the structure matrices. It can be inferred that two functions can be formed from the three clusters. These two domain functions can be used separately, to describe the characteristics of population. The two domain functions are

$Z_1 = 0.667 * \text{Parents occupation} + 0.609 * \text{Parents education} + 0.563 * \text{Surety occupation} + 0.307 * \text{Depending on the quantum of loan}$
 $Z_2 = 0.484 * \text{Professional course} + 0.872 * \text{Professional course}$

Fig 1: Group Centroids for Criteria adopted by educational loan



The group centroids diagram shows that all the three clusters are significantly different cluster having different group centroids and different mean values. The cluster members are aligned separately

from other group members. This shows that there is no error in the classification. This indicates that there exists a good variation among the three discriminant groups.

Table 5: Classification Results

	Criteria adopted	Predicted Group Membership			Total
		All criteria	Professional course	Quantum of loan	
Count	All criteria	138	0	0	138
	Professional course	0	79	1	80
	Quantum of loan	0	0	82	82
%	All criteria	100.0	.0	.0	100.0
	Professional course	.0	98.8	1.2	100.0
	Quantum of loan	.0	.0	100.0	100.0

99.7% of original grouped cases correctly classified.

Table 5 presents the extent of success of the classification of cluster based on criteria adopted by banks for sanctioning

educational loan. The number and percentage of cases classified correctly and wrongly are displayed in the table. Almost

100 percent of the respondents in all criteria adopted cluster are correctly classified and the quantum of loan cluster is also correctly classified by 100 percent. In the professional course segment, 98 percent (79 cases) are correctly classified and only one 1 case is included in the quantum of loan segment. Therefore, it can be concluded that the segmentation of educational loan borrowers based on the criteria adopted by banks for sanctioning educational loan has been correctly done by more than 99 percent.

RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND CRITERIA ADOPTED BY BANKS

In this section the relationship between the demographic variables and the criteria adopted by banks for sanctioning educational loan to borrowers is analyzed. For this purpose, chi-square tests, independent sample-test and analysis of variance are used. For easier understanding, demographic variables are categorized into two groups such as personal profile and loan profile.

Table 6: Relationships between Profile Variable and Criteria adopted by bankers for Education Loans

S.NO	Particulars	Chi-square	D.F	Sig
1	Gender	4.734	2	.094
2	Age	2.623	2	.269
3	Social class	10.502	6	.105
4	Education	7.889	6	.246
5	Percentage of mark	11.018	8	.201
6	Nature of institute	2.630	2	.201
7	Type of institute	14.713	10	.143
8	Place of Institute	.804	4	.938
9	Course studied	12.813	8	.118
10	Duration of Course	9.213	4	.046*
11	Hostetler	1.210	2	.546
12	Present status	4.021	4	.403
13	Parent Education	11.108	8	.196
14	Occupation of Parent	4.398	8	.148
15	Family Income	12.072	8	.148
16	Sources of family Income	3.441	8	.904

Table 6 shows the chi-square results with chi-square values and their level of significance. If the significant p value is less than 0.05 which means the variables are associated. It is clear that the majority of the combinations of profile variable are

insignificantly associated with each other and only one variable is significant. It means that duration of course is associated with the criteria adopted by bankers while sanctioning educational loan.

Fig 2: Correspondence diagram for duration of course and Criteria adopted by bankers



Diagram 3 reveals that loan borrowers with duration of course 2 years are associated of with all criteria adopted. Furthermore borrowers with 4 years duration course are associated with the

professional course and quantum of loan. People pursuing 4 years course will be doing only professional course and they may require higher amount of loan.

Table 7: Relationships between Profile Variable and Criteria adopted by bankers for Education Loans (ANOVA)

S. NO	Particulars	Professional Course F value (Sig. Value)	Parent Education F value (Sig. Value)	Parents Occupation F value (Sig. Value)	Surety Occupation F value (Sig. Value)	Quantum of loan F value (Sig. Value)
1	Social class	3.637(.013)*	2.764(.042)*	.266(.850)	.322(.810)	.276(.843)
2	Education	1.375(.251)	.547(.650)	.366(.778)	.375(.771)	1.330(.265)
3	Percentage of mark	.441(.779)	1.111(.351)	.193(.942)	1.672(.156)	.137(.969)
4	Type of institute	3.929(.002)*	.964(.440)	1.257(.283)	.779(.566)	.663(.652)
5	Place of Institute	1.228(.294)	.097(.908)	.215(.807)	.471(.625)	1.344(.263)
6	Course studied	2.340(.055)*	2.025(.091)	.819(.514)	.859(.489)	2.016(.092)
7	Duration of Course	5.233(.006)*	306(.737)	2.515(.083)	.630(.533)	.783(.458)
8	Present status	4.299(.014)*	1.408(.246)	3.300(.038)*	.870(.420)	2.615(.075)
9	Parent Education	1.370(.244)	1.838(.122)	.826(.509)	2.310(.068)	2.134(.077)
10	Occupation of Parent	.366(.833)	1.784(.132)	.591(.669)	.580(.677)	.683(.604)
11	Family Income	1.441(.221)	2.649(.064)	1.212(.306)	1.103(.355)	.517(.723)
12	Sources of family Income	.241(.915)	1.941(.104)	.924(.450)	.538(.708)	.993(.412)

ANOVA test is done to test the relationship between demographic variable and the criteria adopted by bankers while sanctioning educational loan to the borrowers. Among 12 demographic variables, only 5 variables such as social

class, family income, course studied, duration of course and present status are significantly related with the criteria adopted by bankers while sanction educational loan to the borrowers at 5 percent level of the significance.

Table 8: Duncan Analysis for Social status of the Respondents

Social Status	Professional (Mean Values)	Social Status	Parent Education (Mean Values)
General	3.17 (I)	SC	2.76 (I)
OBC	3.33 (I)	OBC	2.93(I)
MBC	3.68 (I)	MBC	3.09(I)
SC	3.81 (II)	General	3.31 (II)

Table 8 shows the post-hoc Duncan analysis results examining the relationship between social class and criteria adopted

by banks. To give educational loan to SC category people the banks will see whether they are intended to do professional course

or not. To give educational loan to general category people maximum importance is given to parents educational qualification.

Table 9: Duncan table for Type of Institution

Type of Institution	Professional (Mean)
State university	2.92 (I)
Central University	3.08 (I)
Aided college	3.17 (I)
Deemed university	3.55 (II)
Government College	3.64 (II)
Private College	3.90 (II)

To give educational loan to students who are studying in private colleges the banks give more importance to professional courses.

Table 10: Relationship between Profile Variables and Criteria adopted for educational loan (Independent T-test)

S.No	Particulars	Professional Course T value (Sig. Value)	Parent Education T value (Sig. Value)	Parents Occupation T value (Sig. Value)	Surety Occupation T value (Sig. Value)	Quantum of loan T value (Sig. Value)
1	Gender	-.429(.670)	.459(.646)	-1.808(.072)	-.848(.397)	.529(.597)
2	Age	2.630(.009)*	-.662(.508)	1.225(.221)	.307(.772)	.353(.019)*
3	Hostel	.404(.686)	-1.664(.097)	.623(.534)	-.923(.357)	-.582(.561)

Independent sample t-test confirms the significant relationship between only one demographic variables age, with criteria adopted by bakers of while sanctioning educational loan to borrowers.

RELATIONSHIP BETWEEN LOAN VARIABLES AND CRITERIA ADOPTED BY BANKS.

To study the relationship between the loan variables and the criteria adopted by banks while sanctioning educational loan to the borrowers chi-square tests, analysis of variance and independent sample-test are used.

Table 11: Relationships between loan Variable and Criteria adopted for Education

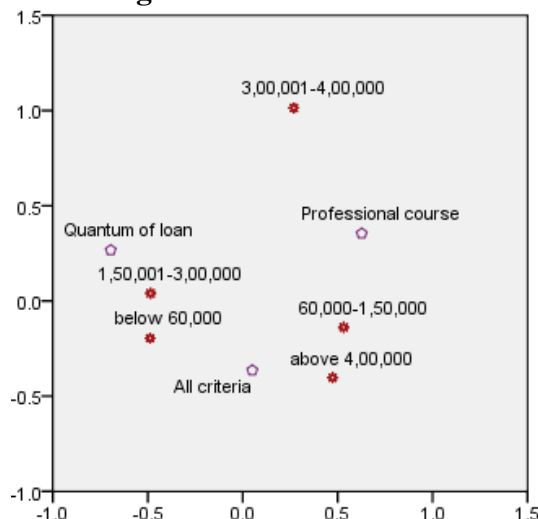
Loans

S.No	Particulars	Chi-square	D.F	Sig
1	Bank branches	6.897	4	.167
2	Name of the bank	13.188	20	.869
3	Total loan applied	12.196	8	.143
4	Total amount Sanctioned	20.901	8	.007*
5	Interest rate	5.375	8	.717
6	Margin paid	2.891	2	.236
7	Collateral security	1.650	2	.438
8	Surety	2.047	8	.980
9	Year availing loan	8.884	8	.352
10	Recommendation	.954	2	.621
11	Getting the total amount	3.649	2	.161
12	Education expenditure	2.448	2	.294
13	Sanctioning time	8.923	4	.063
14	Disbursement time	14.731	4	.005*
15	Eligible for scholarship	1.242	2	.537
16	Repayment started period	6.585	4	.159
17	Portion completed	10.494	16	.840
18	Repayment person	12.388	6	.064
19	Level of satisfaction	5.906	8	.658
20	Overall perception	18.201	8	.020*

From Chi-square results it clear that the majority of the loan variable are not significantly associated with criteria adopted by banks in sanctioning educational loan and only three variables are significantly related. Loan variables

such as total amount sanctioned, disbursement time and overall awareness of educational loan are associated with the criteria adopted by bankers while sanctioning educational loan.

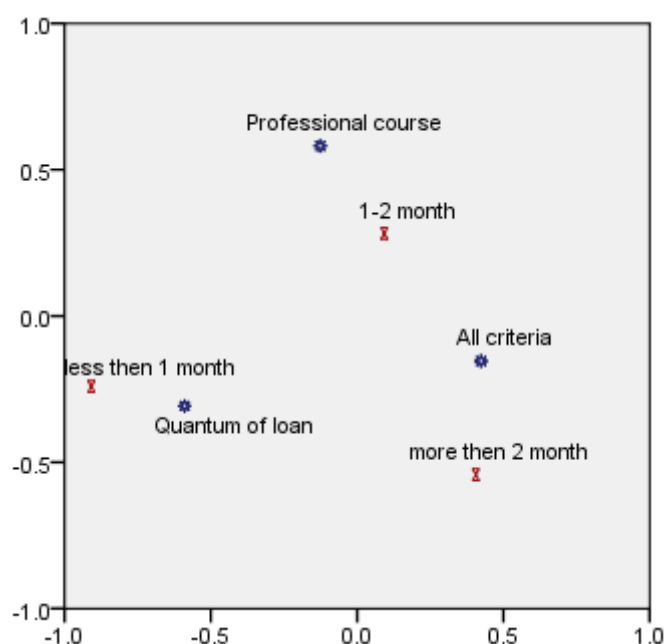
Fig. 3 Correspondence diagram for loan Sanctioned and criteria adopted



The correspondence diagram depicts the association between the total amount sanctioned and criteria adopted by bankers for educational loan. From the diagram it is clear that above 4,00,000 loan sanctioned borrowers are closely associated with all criteria cluster and 1,50,001-

3,00,000 loan availed borrowers are associated with the quantum of loan. Up to a certain limit the banks consider only nature of course mainly they prefer professional course and after that they look into many factors before deciding to give loan.

Fig. 4 Correspondence diagram for Disbursement time and criteria adopted



The correspondence diagram explains the association between loan disbursement time and criteria adopted by bankers for educational loan. Loan borrowers with disbursement time less than 1 month are associated with the quantum of loan cluster. Furthermore borrowers with disbursement time 1-2 month are

associated with professional course and borrowers with disbursement time more than two months are associated with all criteria. If the loan amount is less than disbursement will take place immediately and if they consider many criteria then disbursement will take longer duration.

Table 12: Relationship between the Loan Variables and Criteria adopted (ANOVA)

S.No	Particulars	Professional Course F Value (Sig. Value)	Parent Education F Value (Sig. Value)	Parents Occupation F Value (Sig. Value)	Surety Occupation F Value (Sig. Value)	Quantum of loan F Value (Sig. Value)
1	Bank branches	.646(.586)	.880(.452)	.529(.662)	.085(.968)	.859(.463)
2	Name of the bank	1.152(.323)	.567(.841)	.334(.971)	.488(.897)	.544(.858)
3	Total loan applied	2.284(.060)	1.383(.240)	2.178(.071)	.971(.424)	1.555(.186)
4	Amount Sanctioned	1.731(.143)	2.281(.061)	2.847(.024)*	1.731(.143)	1.498(.203)
5	Interest rate	1.011(.402)	.368(.832)	.846(.497)	.309(.872)	2.416(.046)*
6	Surety	.126(.973)	1.021(.397)	.569(.685)	.391(.815)	1.643(.163)
7	Year availing loan	2.259(.063)	.279(.891)	.422(.793)	1.374(.243)	2.583(.037)*
8	Sanctioning time	8.584(.000)*	1.486(.228)	5.753(.004)*	10.253(.000)*	.516(.597)
9	Disbursement time	5.552(.004)*	.961(.384)	5.250(.006)*	6.377(.002)*	1.293(.276)
10	Repayment period	2.131(.093)	2.220(.086)	3.686(.012)*	1.049(.371)	1.049(.003)*
11	Portion completed	.260(.978)	1.706(.097)	1.374(.208)	.477(.872)	.577(.797)
12	Repayment person	2.659(.048)*	1.605(.188)	.691(.558)	1.638(.181)	1.395(.244)
13	Level of satisfaction	2.099(.081)	.152(.962)	.762(.551)	.390(.816)	3.122(.065)
14	Overall perception of awareness	3.069(.017)*	2.212(.068)	2.637(.034)*	2.136(.076)	.162(.957)

ANOVA test is done to test the relationship between demographic variable and the criteria adopted by bankers for educational loan. Among the 14 demographic variables, only 7 variables such as total amount sanctioned, interest

rate, loan sanctioned time, disbursement time, repayment period and overall perception of awareness are significantly related with the criteria adopted by banks at 5 percent level of the significance.

Table 13: Duncan table for Amount Sanctioned, interest rate

Amount Sanctioned	Parents Occupation (Mean)	Interest rate	Quantum of loan (Mean)
3,00,001-4,00,000	2.93 (I)	9-12%	2.99 (I)
60,000-1,50,000	2.98 (I)	6-9%	3.16 (I)
1,50,001-3,00,000	3.35 (I)	1-3%	3.34 (I)
below 60,000	3.37 (I)	12-15%	3.44 (I)
above 4,00,000	3.77(II)	3-6%	3.48 (II)

Table 13 presents the post-hoc duncan results for amount sanctioned and interest rate of educational loan which play a dominant role on the criteria adopted by

banks while sanctioning educational loan to the borrowers. If the amount sanctioned is above 4, 00,000 then banks give more importance to parent's occupation.

Table 14: Duncan table for Disbursement time

Disbursement time	Professional course Mean (Group)	Disbursement time	Parents Occupation Mean (Group)	Disbursement time	Surety Occupation Mean (Group)
Less than 1month	2.90 (I)	1-2 month	3.06(I)	less than 1 month	3.08 (I)
1-2 month	3.51 (I)	less than 1 month	3.16 (I)	1-2 month	3.11 (I)
More than 2 month	3.69 (II)	More than 2 month	3.58 (II)	More than 2 month	3.69 (II)

From the Duncan table 14 it is clear that the banks are taking more time for disbursement because they consider

parents occupation, surety occupation and nature of course.

**Table 15: Relationship between loan variable and criteria adopted by banks
(Independent sample T-test)**

S.No	Particulars	Professional Course t-value (Sig. Value)	Parent Education t-value (Sig. Value)	Parents Occupation t-value (Sig. Value)	Surety Occupation t-value (Sig. Value)	Quantum of loan t-value (Sig. Value)
1	Margin paid	.043(.965)	-.123(.898)	1.742(.082)	1.512(.132)	-.002(.999)
2	Collateral security	3.220(.001)*	-.743(.458)	1.173(.242)	1.326(.186)	- 2.191(.029)*
3	Recommendation	.333(.739)	-.324(.746)	-.169(.866)	.139(.890)	1.178(.252)
4	Total amount	3.263(.001)*	1.350(.178)	.516(.606)	1.011(.131)	-.535(.593)
5	Education expenditure	.287(.774)	1.479(.140)	1.670(.096)	.661(.509)	.867(.386)
6	Scholarship	1.559(.120)	- 2.298(.022)	-.793(.428)	.194(.846)	-.259(.196)

Independent sample t-test shows that only two loan variables such as collateral security and the total amount by borrowers are significantly associated with the criteria adopted by banks at 5 percent level of significance.

FACTORS INFLUENCING CRITERIA ADOPTED BY BANKS FOR EDUCATIONAL LOAN

The chi-square analysis reveals that duration of course, total amount sanctioned, disbursement time and borrowers overall perception are having significant association with criteria adopted by banks give to the educational

loan to borrowers. Now there is necessity to find out the order of influence of those variables. For this purpose canonical correlation is used. Canonical correlation is the examination of the relationship between two set of variables. The first set contains five variables such as Professional Course, Parent education, Parents occupation, Surety occupation and Quantum of loan. The second contains the significant chi-square variables such as duration of course, age social class, type of institution, collateral security, time taken for sanctioning loan, disbursement time and total amount.

Table 16: Canonical Correlation of Criteria adopted by bankers of Educational loans

Linear combinations for canonical correlations		Number of obs = 300				
	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
u1						
Profession~e	-.6536367	.1109701	-5.89	0.000	-.872018	-.4352554
Parentsedu~n	-.1894757	.1398685	1.35	0.177	-.0857757	.4647271
Parentsocc~n	-.1189027	.167721	-0.71	0.479	-.4489658	.2111603
Suretyoccu~n	-.1157434	.1531825	-0.76	0.450	-.4171958	.185709
Quantumofl~n	.2601305	.1360583	1.91	0.057	-.0076227	.5278837
v1						
Age	.5118028	.305565	1.67	0.095	-.0895277	1.113133
Socialclass	-.3269219	.1611745	-2.03	0.043	-.6441021	-.0097418
Typeofinst~e	-.1197641	.0793654	-1.51	0.132	-.2759495	.0364214
Sanctionin~t	.2735246	.1454824	1.88	0.061	-.0127746	.5598238
Collateral~y	1.057837	.3142797	3.37	0.001	.4393568	1.676317
Totalamoun~g	1.146999	.4163869	2.75	0.006	.3275788	1.966419
Disburseme~e	-.6647841	.2206796	-3.01	0.003	-1.099066	-.2305023
u2						
Profession~e	-.244082	.2320359	-1.05	0.294	-.7007122	.2125483
Parentsedu~n	-.0457913	.2924618	-0.16	0.876	-.6213356	.5297529
Parentsocc~n	.8190927	.3507006	2.34	0.020	.1289386	1.509247
Suretyoccu~n	-.4253525	.3203011	-1.33	0.185	-1.055683	.2049775
Quantumofl~n	-.6424126	.2844947	-2.26	0.025	-1.202278	-.082547
v2						
Age	-1.122693	.6389293	-1.76	0.080	-2.380061	.1346746
Socialclass	-.2645928	.3370122	-0.79	0.433	-.927809	.3986234
Typeofinst~e	.2839154	.1659511	1.71	0.088	-.0426647	.6104956
Sanctionin~t	.4822789	.3042004	1.59	0.114	-.116366	1.080924
Collateral~y	-.0083608	.6571515	-0.01	0.990	-1.301589	1.284867
Totalamoun~g	.5930869	.8706552	0.68	0.496	-1.120301	2.306475
Disburseme~e	-.4848186	.4614358	-1.05	0.294	-1.392892	.4232546
u3						
Profession~e	.1466058	.2597502	0.56	0.573	-.3645642	.6577759
Parentsedu~n	-.5775033	.3273934	-1.76	0.079	-1.22179	.0667838
Parentsocc~n	-.0757274	.3925882	-0.19	0.847	-.8483134	.6968586
Suretyoccu~n	-.3858207	.3585578	-1.08	0.283	-1.091437	.3197957
Quantumofl~n	.0441818	.3184747	0.14	0.890	-.5825541	.6709176
v3						
Age	-.2389864	.7152429	-0.33	0.739	-1.646534	1.168561
Socialclass	.8879513	.3772648	2.35	0.019	.1455207	1.630382
Typeofinst~e	-.1726105	.1857723	-0.93	0.354	-.5381773	.1929762
Sanctionin~t	.0936971	.340534	0.28	0.783	-.5764498	.7638441
Collateral~y	-.051933	.7356415	-0.07	0.944	-1.499624	1.395758
Totalamoun~g	.8543097	.9746461	0.88	0.381	-1.063725	2.772345
Disburseme~e	-.8223118	.5165496	-1.59	0.112	-1.838845	.1942214
u4						
Profession~e	-.3311505	.3183236	-1.04	0.299	-.9575889	.295288
Parentsedu~n	-.7717799	.4012203	-1.92	0.055	-1.561353	.0177934
Parentsocc~n	.4695669	.4811165	0.98	0.330	-.4772365	1.41637
Suretyoccu~n	.6226175	.4394122	1.42	0.158	-.2421149	1.48735
Quantumofl~n	.0250367	.3902905	0.06	0.949	-.7430275	.793101
v4						
Age	-.0229068	.8765296	-0.03	0.979	-1.747855	1.702042
Socialclass	-.0821963	.4623377	-0.18	0.859	-.9920443	.8276518
Typeofinst~e	-.1936218	.2276638	-0.85	0.396	-.6416481	.2544044
Sanctionin~t	.0666615	.4173241	0.16	0.873	-.7546031	.887926
Collateral~y	-.6542446	.901528	-0.73	0.469	-2.428388	1.119899
Totalamoun~g	2.087697	1.194428	1.75	0.082	-.2628528	4.438248
Disburseme~e	.8122396	.6330311	1.28	0.200	-.433521	2.058
u5						
Profession~e	.174743	.5736609	0.30	0.761	-.9541814	1.303667
Parentsedu~n	-.2511899	.7230516	-0.35	0.729	-1.674105	1.171725
Parentsocc~n	.755074	.8670351	0.87	0.385	-.9511902	2.461338
Suretyoccu~n	-.7105561	.7918786	-0.90	0.370	-2.268917	.8478052
Quantumofl~n	.7013856	.7033547	1.00	0.319	-.6827671	2.085538
v5						
Age	.0704876	1.579621	0.04	0.964	-3.038096	3.179071
Socialclass	.4137887	.8331933	0.50	0.620	-1.225877	2.053454
Typeofinst~e	.3098078	.41028	0.76	0.451	-.4975944	1.11721
Sanctionin~t	-.0515769	.7520729	-0.07	0.945	-1.531603	1.42845
Collateral~y	1.155604	1.624672	0.71	0.477	-2.041636	4.352845
Totalamoun~g	.9515771	2.152516	0.44	0.659	-3.284423	5.187577
Disburseme~e	.6166084	1.140805	0.54	0.589	-1.628416	2.861633

(Standard errors estimated conditionally)

Canonical correlations:
0.3898 0.1984 0.1779 0.1460 0.0816

Tests of significance of all canonical correlations

	Statistic	df1	df2	F	Prob>F
Wilks' lambda	.766968	35	1213.94	2.2580	0.0000 a
Pillai's trace	.250891	35	1460	2.2037	0.0001 a
Lawley-Hotelling trace	.281258	35	1432	2.3015	0.0000 a
Roy's largest root	.179124	7	292	7.4720	0.0000 u

e = exact, a = approximate, u = upper bound on F

Table 16 shows the different educational loan borrowers differ in the opinion with respect to professional course as a criterion for educational and that difference comes mainly because of difference in the quantum of educational loan, social class, collateral security and disbursement time. It means that social class total amount sanctioned and collateral security is the deciding factor on the opinion of borrowers of educational loan. Only the first canonical function has higher coefficient value of 0.3898.

Conclusion

The banks prefer to give educational loan mainly to people who want to pursue professional course with the assumption that there is a high probability for them to get employment which will result repayment of educational loan. Another important criterion is amount of loan asked for. There are actually two group of people one set of say course of study is important variable and another set of people say amount asked is more important criterion. People from different social class, age differ in their perception about criteria adopted by banks to sanction educational

loan. Criteria considered differ according loan amount, type of collateral provided.

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