EDUCATION LOANS: FACTORS AFFECTING DISBURSEMENT OF EDUCATION LOANS AND ITS REACH IN UTTARAKHAND

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By

Shrishti Chamola

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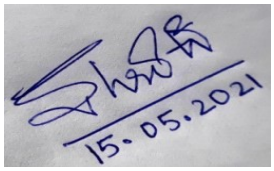
DECLARATION BY THE SCHOLAR

This is to certify that the M.phil dissertation being submitted by me on the topic entitled **"Education Loans: Factors affecting disbursement of education loans and its reach in Uttarakhand"** has been completed under the guidance of **Prof. P. Geetha Rani**. It is declared that the present study has not previously formed the basis for the award of any Degree, Diploma, Associateship or Fellowship to this or any other University.



(Shrishti Chamola)

CERTIFICATE OF THE SUPERVISOR

This is to certify that the dissertation entitled **"Education loans: Factors affecting disbursement of education loans and its reach in Uttarakhand"** is the work undertaken by Ms. Shrishti Chamola under my supervision and guidance as part of her M.phil degree in this Institute. To the best of my knowledge, this is the original work conducted by her and the dissertation may be sent for evaluation.

(Prof. P. Geetha Rani)

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Abstract

Higher education has become synonymous with the knowledge economy in the present age. It is not an area of development that any economy can afford to overlook. The current trend of rising costs in professional as well as general education sometimes forces students to finance their education via education loans. Though education loans have been in India since 1990s there has been a substantial increase in the loan takers over the past couple of years especially after 2010. The overall scenario of education loans is evident from a number of studies carried out using the NSSO data. What is interesting to note is that the disbursement of education loans is not an isolated event that can be separated from a student's socio economic condition. It is not just the lack of finance for pursuing education that is enough to be eligible for education loans and with rising non-performing assets banks are even more cautious about whom they lend to.

This study is focused on finding the factors affecting education loan disbursement and the reach of education loans in Uttarakhand. Macro level studies offer an overall picture more micro level primary studies help us focus on issues specific to a certain region. Using primary data of around 220 medical and technical students studying in six different institutes of Uttarakhand we try and find out using logistic regression the factors influencing the disbursement of education loans in Uttarakhand. An attempt at estimating the population that the education loan scheme actually reaches out to in Uttarakhand is also undertaken along with analyzing the difference in education loan take up among different sections and strata of the people of Uttarakhand using a two samples proportion test.

The analysis suggests that factors like gender, educational attainment as well as occupation of the head of the family, household income and course fee are factors that are significant in determining education loan take up as we as disbursement among medical and technical students of Uttarakhand. The analysis of reach of education loan shows that there still remains considerable difference among different sections of the society in terms of taking education loans for pursuing education. There is a clear divide in terms of gender as well as rural and urban areas of the region.

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Chapter I

Introduction

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1. Introduction

This chapter gives a broad outline of the study. The focus of this study is the factors that affect the disbursement of education loans among students in Uttarakhand. The study also tries to see whether education loans reach the students that need education loans thereby looking at both the demand side factors as well as supply of education loans in the state of Uttarakhand. This chapter provides a brief overview of the study, with section 1.2 explaining the background of the study. Section 1.3 lays down the theoretical framework and section 1.4 gives the conceptual framework. The relevance of the study is discussed in section 1.5. Research questions and objectives are presented in section 1.6 and 1.7 respectively. The last section 1.8 gives the structure of the dissertation.

1.2 Background of the Study

There has been a substantial increase in the number of people wanting to pursue higher education. The enrollment in higher education in India has increased from 8.07 percent in 2001-02 (MHRD, 2007) to 26.3 percent as of 2018-19 (MHRD, 2019). Students want to pursue higher education as it gives them an opportunity to attain knowledge, follow their passion and hone their skills which they can use for getting a place in the labour market in the near future. Students approach higher education with a lot of aspiration as for many it is a medium of upward social mobility, a secure future and a better standard of living.

Unlike primary and secondary education in India, higher education has a lot of costs associated with it. The cost of attending a general or professional course involves not only direct and indirect costs but also opportunity costs in the form of other alternatives that could be pursued by the individual attending university. With the rising cost of education it becomes necessary for households to think about ways of financing the higher education of their children. Most of the expenditure that is involved in attending university is borne by the household, in some cases where the expenditure involved is more than the household can afford students turn to alternative ways of financing their higher education. Some students work part time to

pay for their education, others turn to income contingent loans, education loans or human capital contracts. These methods are very common in developed countries like the United States of America, Australia and United Kingdom but in India these methods of financing education are not very popular. With the rising cost of different courses in India especially professional courses like engineering, medicine , fashion designing and the likes many students are opting for education loans to finance their higher education. As per the CRIF high mark[1], the total number of students in India who took education loans was 2.5 lakh up to March 2019. The total loan amount of education loans was around 22550 crore in FY 2019 and the average ticket size of loans was 9 lakh. The default rate of education loan is around 9 percent and is highest for loan amounts of up to 4 lakh.

Education loans are one of the modes through which students finance their education when they are facing a financial crunch or households are unable to meet the costs associated with the course their child is pursuing. Higher education is often thought of as a privilege , available only to those who can afford it but with the rising necessity of a college degree for students in order to gain employment it looks more like a right of students rather than an exclusive good accessible only to a few.

The government started the education loan scheme in India with the idea of making education accessible to all sections of the society. They did not want students to not pursue higher education just because of financial constraints. They also believed that education loans are also a kind of investment in the human capital. Since education is an investment in the human capital, providing economic access to education also helps in enhancing the skill and quality of human capital. An important issue that is missed out by most is that education loan is an added risk to the person who opts for it. The students who take loans are first unsure of their future employment situation, second have to repay the principal amount and also interest on that principal. All this adds on to the already existing situation of uncertainty and risk not only for the student but also their family.

The idea of education loans on the outset gives people the impression that it helps in providing finance to the needy, and acts as a bridge for those who do not have

[1]CIRF High Mark Credit Information Services Private Limited is a full service credit information bureau which covers credit information for all borrower segments in India and it is licensed by the Reserve Bank of India.

economic access to higher education to take the required support and achieve their higher education aspirations. The issue however is that those who are actually in need of this are sometimes left either unaware about the working of education loans or are too uncertain about the consequences. These students who are left out of the ambit of the loan scheme but could actually benefit from it usually come from backgrounds that are fighting on various fronts. Higher education for these households feels more like a burden than an upward moving ladder and education loans add to the pressure of financial constraints that they are already facing. The reach of the education loan scheme comes under the scanner because for the past three four years the number of loans disbursed has gone down but the amount and average loan size of education loans has gone up. The banks are not very keen on lending to students where they do not see any potential returns. They have during the recent times started giving out loans of higher amounts to students who they see have got the credit worthiness to repay the loan amount, this is also influenced by the household that the students belong to. In such a scenario the section of the society that needs the support of education loans the most will be marginalized further and the already existing divide in our society might be widened further. The education loan scheme should reach the right beneficiaries if it has to bring any kind of positive development in the life of people who do not pursue higher education just because of inadequacy of finance even though they have the required ability.

1.3 Theoretical Framework

The decision to invest in higher education comes directly from the returns that a person anticipates from investing in education. Increasing cost of education has led to students taking up loans to finance their education in the present times and then return the money later when they start reaping the benefits of the investment they've made.

The human capital theory states that education is investment in human capital (Becker and Chiswick, 1966). People invest in education because they foresee returns to investing in education like incase of other investments. In case of professional courses it makes more sense for students and their parents to invest in education because they predict higher returns to these courses as compared to general courses. A critical component in these cost/benefit analyses is the student's perception of his or her ability (or inability) to pay for college (Becker and Chiswick, 1966). Since these professional courses lead to an impressive salary package for the graduate at the end

of the course the cost of these courses is also high. This cost not only comprises direct and indirect cost for the household but also opportunity cost for the student pursuing higher education. For a person coming from a reasonably well of social as well as economic strata of the society these costs do not pinch that much but for students coming from households falling in the lower income group and the poorest margins of the society it becomes a major turning point in the life of each member of their family. The loan that students take becomes an additional risk for them as well as their family in an already uncertain scenario of no guarantee of a job in the future and a loan to repay. The downfall of not paying the education loan also comes in the form of being blacklisted from taking financial help from banks for any other investment later in life. This situation puts additional stress and burden on people from the lower socioeconomic strata when they turn to loans for financing higher education. Lack of financial resources is not the only reason that is enough for people to be eligible for education loans there are many factors that come into play when financial decisions are made these factors can range from demographic, to social to other more plausible factors like economic factors. As per traditional economic theory humans are thought to be rational beings (Mill, 1968) but humans do not always behave as rational people especially while taking financial decisions there are multitude of factors influencing their investment decisions in life and they are not free from biases or emotions (Kahneman and Tversky, 1979). Studies have shown that it is not just behavior of a person that influences financial decisions but also other factors that are related to their social, economic, demographic as well as other factors that play an important role while taking long term financial decisions like taking up of education loan as reiterated by many studies on education loan take up among students in India as well as abroad.

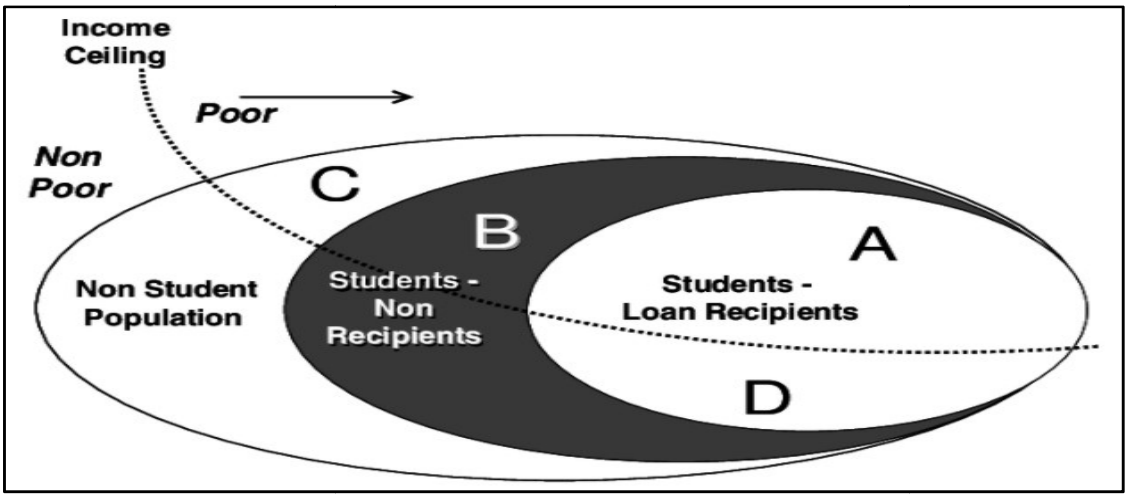
It is argued that education loans try to give a level playing field to students from different sections of the society, especially those that require additional financial support but the downside or actual reach of education loans is hardly highlighted.

A. Ziderman discusses about the importance of designing the loan programs keeping in mind whether the program is a targeting program or a screening program, it is important to lay stress on this distinction if the scheme has to reach the target population. For explaining this phenomenon he gives an “egg diagram” that shows how a proper loan program should actually function, keeping that in mind this study

would focus on seeing how the education loan program plays out in higher education financing in one particular region of India, namely Uttarakhand.

Figure 1.1

The egg diagram



Source: reprinted from **"**Increasing Accessibility to higher education: A role of student loans?" (Ziderman, 2005)

Ziderman clearly states that a scheme based on screening depends largely on the idea of accepting applications based on eligibility of inclusion which is usually defined by entry criteria rather than being based on needs of applicants. A targeted scheme on the other hand has people most in need of loans as their main target group and focuses on satisfying their requirements and needs**.**

The market and money value of higher education should not be neglected, especially in developing countries, as there is evidence that it can help people escape the vicious cycle of poverty and therefore it has a practical and more pragmatic purpose to fulfill (Psacharopoulos and Patrinos, 2004). Studies done by World Bank on human capital and higher education prove that the latter can contribute to a significant reduction in people living in poverty and it can also increase social mobility as it helps in providing better opportunities for poor children (World Bank, 2013).

1.4 Conceptual framework

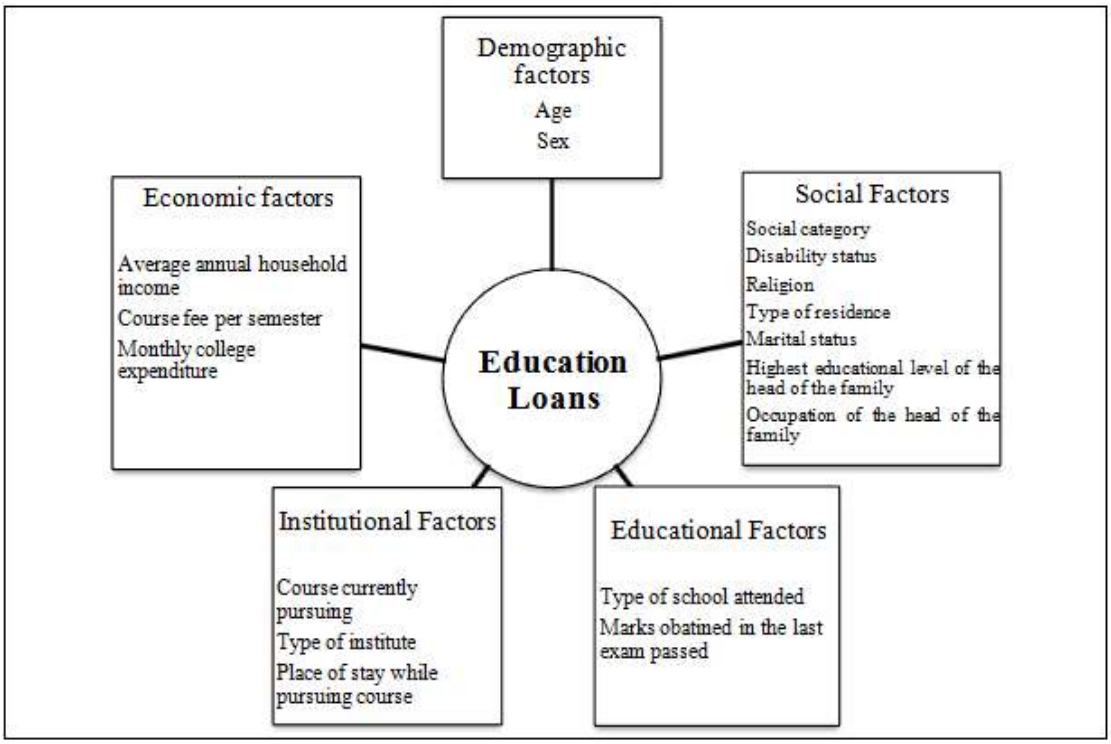
Social science is a field that deals with complex social behavior , group dynamics and unique human settings like culture, socio-economic status and educational

background(Ritchie et al, 2014) therefore, sometimes it becomes difficult to get results that conform to expectations (Ravitch and Riggan, 2012) . Conceptual framework is the skeletal framework on which the research stands. This study employs a cause and effect relationship between education loans and other independent variables.

The conceptual framework for this study follows from the idea that taking an education loan is not a decision that is isolated from other aspects of life of a student. There are many factors that make students either go for education loans or abstain from taking up loans. The study tries to analyze the factors that play an important role in determining which factors are crucial in influencing the disbursement of education loan among technical and medical students of Uttarakhand.

Figure 1.2

Conceptual framework compiled through review of literature



The extent to which a policy is able to meet its objective is also contingent on the place, time and context in which the policy is implemented. There is no rule of one size fits all when it comes to implementation and success of a policy in India. With that backdrop the study also tries to analyze how different variables influence the reach of education loans among students.

1.5 Rationale for the study

India is signatory to the United Nations 2030 agenda of moving towards sustainable development. Both education and equality are high on the priority of the sustainable development goals that provide countries with a vision and goal that they can work towards and achieve by taking informed decisions and policy measures. The importance of higher education is known to all. Not only is it beneficial for individuals in terms of the new avenues it opens for students which are not there for them when they leave schools but also at the level of the society it is helping people grow by making them aware and responsible towards the society. The spillover from education are many and the benefits are reaped over a long period of time therefore the government as well as people who can afford agree with the idea of higher education for all. Investment in higher education is not affordable to all. We see a small percentage of people in a huge country like India pursuing higher education. India aims at a gross enrollment of fifty percent by 2030 in higher education. With the current statistics at 26.3 percent a close to fifty percent leap seems difficult. Increasing access to higher education is important if the aim has to be reached and economic access is crucial in case of higher education. This is because many households find it frivolous to gain more education with uncertain future prospects and high opportunity costs. The rising cost of pursuing higher education deters them from encouraging their children to pursue it especially so incase of financial constraints.

This study tries to analyze the factors affecting the disbursement of education loans among students and how education loans provide economic access, what is their reach in the state of Uttarakhand. Education loans are provided to mitigate the problem of economic access to higher education and they were also brought in, in order to give a level playing field to students coming from weaker sections of the society. The study tries to see whether there are certain social, demographic, institutional and economic factors that influence the education loan market in Uttarakhand or not. It also tries to study whether the education loans reach the population that needs them the most or not.

Uttarakhand is a hill state with thirteen districts and an estimated population of twelve lakh adults aged 18- 23 years. Large scale studies that give an overall picture of India tend to ignore the problems unique to different regions of a country. The study will try to capture issues related to students of technical and medical institutes that take up or do not take education loans in Uttarakhand. The study will highlight the demand side

factors that influence education loan disbursement as well as touch upon a few supply side factors by way of understanding the reach of education loans in Uttarakhand.

1.6 Research questions

- What are the factors that affect the disbursement of education loans among students?
- How far is the education loan scheme successful in reaching the targeted population?

1.7 Research Objectives

- To find out the effect of family background, social factors, demographic factors, type of course and institution on disbursement of education loans in Uttarakhand.
- To understand whether or not the education loan scheme reaches the targeted group in Uttarakhand.

1.8 Structure of the Dissertation

The dissertation comprises of seven chapters. The first chapter is an introduction to the dissertation it gives details about the problem of rising cost and financing of higher education. It also talks about the theoretical framework of the problem and the research questions and objectives. The second chapter deals with the review of past literature on education loans and discusses the factors influencing disbursement and reach of education loans not just in India but also in other nations. The third chapter details the methodology used for carrying out the research. It elaborates on the instruments used, variables taken and the procedure of analysis. The list of independent variables along with dependent variables is mentioned in this chapter along with the details of research hypothesis and rationale for using the statistical techniques that are used. The fourth chapter gives details about the higher and technical education in Uttarakhand and the current scenario in the state. Data on institutes, enrollment, and education loan scenario is discussed and analyzed using secondary data. The fifth chapter has a detailed analysis of the factors influencing disbursement of education loans in Uttarakhand and the sixth chapter has the estimates about the reach of the education loan scheme in Uttarakhand. The seventh chapter which is the last chapter summarizes the chapters as well as results it also gives the conclusions drawn from the data analysis.

Chapter II

Review of Literature

2.1 Introduction

Higher education has become a prerequisite for anyone who wants to enter the formal labour market. A graduate or professional course helps students who do not have any experience to back them in the labour market help them command a certain wage and not be undervalued or exploited at the hands of the employer. Over time enrollment in higher education has seen substantial growth that stands at 26.3 percent as of 2018-19 (MHRD, 2019). Unlike elementary or secondary education, tertiary education is a gateway for students to improve their social standing and fulfill aspirations. The cost therefore of pursuing higher education is not quite like that of elementary or secondary education. There are not just direct costs involved with pursuing higher education but also indirect cost. Over the years the direct cost of pursuing higher cost has gone up tremendously, average cost of pursuing technical courses in urban areas of India as per the 75th round of National Sample Survey (NSSO,2019) is ₹64763. In 2014 as per the 71st round the average expenditure was ₹62841 (NSSO, 2015) and ₹32112 in 2007-08 (NSS 64th round) and for general courses it comes around ₹8331according to the 75th round of NSS report which was ₹6788 in 2014-15 that the 71st round (NSSO, 2015). The Compounded Annual Growth Rate (CAGR) for the cost of pursuing technical course is 7.27percent which shows an increasing trend of household expenditure from 2007-08 to 2017-18 and the declining trend of public expenditure on education that is evident in the budget allocation for education which went down from 4.14 percent in 2014-15 to 3.4 percent in 2019-20. The share of higher education as a percentage of the total budget has remained around 1.47 percent over a long period of time clearly explain the shifting of burden from the government to the households not just in India but around the globe. This rising expense sometimes pushes students to finance their education with the help of alternate sources of financing like income contingent loans, education loans, part time jobs and the likes. As per the data with the Reserve Bank of Education loan as an alternate source of financing has witnessed a 445.78 percentage increase in the total number of accounts in India for education loans from 489445 in 2004-05 to 2671316 in 2014-15 which shows a rising trend in education loans as an option for financing in the past

decade. The maximum number of loan accounts and well as outstanding loans were from six major southern states of India. The issue with education loans as a source of financing however remains that more often than not it leads to commercialization of education, a substantial amount of education burden has been shifted from the governments to the individual attending higher educational institutions. Students are expected to pay for the education they attain either through out of pocket expenditure or with the help of alternative sources like loans. This shift leads to education being more of a private good than a public good thereby promoting the market oriented subjects which seek to gain efficiency at the cost of compromising the quality of education imparted, because students with a loan burden on their heads would definitely look for courses that give them easy entry into the job market. Not only this, education loans pose additional risk for the students and households that are already financially constrained and also lenders because of uncertain labour market scenarios (Geetha Rani, 2014).

This chapter attempts to highlight the existing literature that deals with education loans. Section 2.2 gives basic details about education loans. The next section 2.3 discusses literature that studied education loan as an investment in human capital. Section 2.4 focuses on studies that analyze the factors influencing the disbursement of education loans. The next section 2.5 has literature on the effect of taking up loans on students. Section 2.6 highlights studies on the success or failure of education loans to fulfill the objective of equity and access to higher education. The last section of the chapter briefly touches upon the gaps in the existing literature.

2.2 Education Loans: definition and purpose

Education loan is a monetary support taken by students who are financially constrained but want to pursue higher education. According to the Indian Banks Association (IBA) Education loan "aims at providing financial support from the banking system to deserving/meritorious students for pursuing higher education in India and abroad". The idea of education loans has been with us for quite some time now and in India it was formally incorporated in the banking system by the Reserve Bank of India based on a model education loan scheme prepared by the Indian Banks Association. The loan is provided by all commercial banks for the whole period of study and for technical, professional as well as general courses. There is no collateral required for amounts less than or equal to 4 lakh and any amount over and above that

requires a collateral. The maximum amount that is given out under priority sector lending by banks for education loan is 10 lakh for studying in India and 20 lakh for going abroad. The Nair committee suggested that this limit should be increased to 15 lakh and 25 lakh for studying in India and abroad respectively. Tangible collateral is asked for any loan amount of 7.5 lakh or above. The repayment period starts after the course is completed or a relaxation of 1 year or 6 months is provided to the borrower at the discretion of the lending authority. There are however many underlying factors that are involved in the disbursement of education loans which are not captured in the macro level transactions.

Education falls under the priority sectors for lending in India which helps in the development of the nation. Banks are encouraged to provide finance to sectors like education and agriculture under the PSL(priority sector lending) but due to rising nonperforming assets (NPAs) banks have been very careful regarding whom they lend to moreover with uncertain job markets the students are also not in a strong position to take up loans. Many factors come into play when disbursement of education loans takes place and these are important issues for developing schemes that will actually help education loans act as a pallbearer of access and equity in higher education.

2.3 Investment in Human capital through education loan

Education is often viewed as an investment in human capital because it helps in enhancing an individual's skills, knowledge and abilities. Education loans provide the financial support that students look for while pursuing higher as well as technical education.

The human capital approach propagates the idea of investing in activities and processes that lead to increase in productivity as well as help an individual maximize their earning potential. However, financing of human capital is a tricky decision to make since incase of borrowing funds for investing in human capital there are issues in offerings collateral that will act as a cover because human capital is not a liquid asset also there is uncertainty of being able to repay the loan amount since the job markets are volatile and dynamic in nature (Geetha Rani, 2011). Gary Becker's research focused extensively on investing in human capital through grants and loans but since there are conditions related to uncertainty of getting a job in future therefore people only invest if the expected rate of return is higher than the sum of interest rate on assets and the liquidity as well as risk premiums associated with the investment

(Becker, 1994). The risks of investing in higher education become more for students belonging to sections of the society that are not well off. In that case sometimes when students of these underprivileged families are unable to fare well in their course, get a job or graduate from college, education loans instead of providing access and bringing equity in society widen the gap among the people (Geetha Rani, 2011). Therefore, people are often in double mind when considering investment in higher education.

It is often noted that higher education suffers from the problem of mal investment from the side of the people because of two major reasons. The mal investment is usually a consequence of discrimination. If the students family is subjected to discrimination they have a lower bargaining position in terms of attaining schooling or higher education as well as the quality of education attained and second was difference in income which is attributed to discrimination against schooling that has two components one on the basis of the inferior quality of schooling and the other is market discrimination against education, which rises as schooling level decreases (Schultz, 1972).

Human capital proves to be a tricky investment in many cases because of its inability to offer any collateral that can help in borrowing funds to invest on humans. This has been reiterated by Becker who cites this reason as one of the foremost causes of under investment in training and education of humans (Becker, 1962).So taking education loans to complete higher education in a country like ours is often a questionable move. Since postponing investment in human capital may prove to be a decision that causes losses in the long run it is difficult for people to let go of investing on education and training even though more often than not this investment is usually under investment(Becker,1975) , (Heckman,2002), (McMohan,2018).

Investing on higher education of children is a long term commitment for parents and it has been observed that countries where parents invest on the education of their children the overall educational attainment in those countries is low (Hillman and Jenkner, 2004) This is one of the reason that motivates governments' to provide education free or at subsidies rates to everyone in the society because they foresee that many students will drop out of the educational system if it is left on the parents to invest on education. Since humans are usually myopic in terms of taking decisions they fail to see the long term benefits of education. When the government's financial support fails to cover the cost of education students are forced in the direction of taking either loan, forgo consumption or take up part time work. Heckman studied this

and concluded that, “this affects the choice of college quality, the content of the educational experience, and the decision of when to enter college, the length of time it takes to complete schooling and even graduation from college. Children from families with higher incomes have access to resources that children from families with lower incomes do not have limited access to credit markets means that the costs of funds are higher for the children of the poor and this limits their enrolment in college”. (Heckman, 2002, p.708)

Ellwood and Kane (Ellwood and Kane , 2000) also say that even though academic ability of a student is an important factor for them to pursue higher education family income operates as a constraint for many and it can be corrected via policy changes. Avery and Kane (2004) found that students belonging to low income groups do not firstly find it profitable to attend higher educational institutions especially because they underestimate the aids available and over estimate the limitations. Secondly, low income students are discouraged to apply for aid and college admission even if they are qualified to attend higher education institutions because of the complex process of applying for aid. The study carried out a comparative analysis between two student groups one with adequate support for post secondary application process both financial and academic and the other without any external help or support .The groups did not differ in their higher education aspirations but the approach followed to fulfill those aspirations differed starkly. The investment decisions also change with respect to the gender of the person investing in human capital.

Bartholomae et al (Bartholomae et al, 2019) used the core idea of human capital and behavioral finance and proved that student loan does not prove to be as beneficial to females as it is for men because of the persistent wage gap that they later face in the job market. Female employment market in developed nations has reshaped the scenario for women but developing nations have a long way to go. There is a significant difference in the value orientation among men and women in terms of investing in human capital. Women usually invest for advancing their career and men indulge in human capital investment for increasing their earning potential. Many studies highlight the fact that investment in human capital by taking loans is not an isolated event and have a number of potential factors affecting it and in order to study the effect of education loans we need to understand the factors affecting loan take up among students.

2.4 The demand side of education loans

It is imperative to understand that borrowing is not an isolated event it is influenced by a number of variables. It is important to realize that borrowing behaviour does not have a single pattern; it is different for people of different gender, class and is influenced by various factors as highlighted by Sociologists. They show how the inability to pay for colleges affects different people in a society; this inability hampers a person from attaining education and their ability to achieve the goals they have for themselves.

Jason N. Houle studied the issue of debt from the perspective of parents' resources and the effect that has on the student loans that young individuals take. His study shows that there is a safety net for people borrowing money and falling in the higher income group or the lower income group , the worst affected by debt are the middle income groups they are at a higher risk of debt and this he terms as the "middle class squeeze". He also points to the effect that the students belonging to educated and high income families are more or less protected from falling in the debt trap. The resources of parents and their socioeconomic status are strong indicators of whether young students who have taken loans fall prey to debt or not. (Houle, 2013)

Multiple factors come into play when we study about the individuals that take loans for higher education; these factors are strongly influenced by the cultural and social values that the individual has grown up with. For instance in case of female's education loans turn out to bear negative consequences for their marriage and are treated as negative dowry (Geetha Rani, 2016). Tilak highlights that borrowing for higher education does not guarantee a job and since repayment is compulsory it leads to problems for women especially poorer households. The problem is aggravated as women graduates in India have a low rate of participation in the formal labour market. In such a situation, an education loan acts as "dowry burden" (Tilak, 1992).

Dwyer et al (2012) drew attention to how there is distinction between moderate and large debt burdens. She argued that at reasonable levels, debt is "a resource" that allows students to finish programs. But at higher levels of debt, the loan burden appears to encourage students to drop out, as they are wary of borrowing more to finish a program. This trend is particularly dangerous to students, she noted, as those who drop out will still have the debt but will lack the degrees that they hoped would provide them with income to repay the debt.

The need for taking up a loan arises because of the resource crunch that governments around the world are facing accompanied with the rising cost of higher education.

Expansion of higher education and inequality of opportunities: a cross-national analysis Ye Liu, Andy Green & Nicola Pensiero (2016) cross national analysis reveals that East Asian countries spend the least on higher education along with a weak public support system in the form of student loans and/or scholarships. Cost of pursuing higher education in East Asia is higher in comparison to other liberal, social democratic, Mediterranean and Eastern Europe.

Research on education loans in China's Hubei province suggested that a parent's occupation, degree and income have an impact on the type of university attended and the impact of a parent's education degree is the greatest. Students' applying for education loans are influenced by parent's education, occupation and income as well as the type of university the person is attending (Bing, 2012).

In South Korea the student loans cover almost a population of 15 percent and government schemes cover the maximum number of poor students. The studies done in Korea suggest that there is a mismatch between the demand and supply of student loans; the supply is less than the demand. Most students interviewed said that they won't be able to repay the loan. The eligibility criteria for students to take loan were based on recommendation letters that resulted in the needy students being ignored because the scheme followed a first- come first- serve policy. Academic achievement was imperative to qualify for taking loans for students. Schemes also do not cover living expenses of students which is problematic especially in case of students belonging to financially constrained backgrounds (Kim and Lee, 2003).

Another study on student loans and their effect on subjective well being among the Korean population suggested that students that had a higher repayment burden had a lower SWB than others. The study also conclude that repayment, remaining debt or other difficulties none had any influence on the SWB of students (Kim and Woo, 2020)

The Student loan Scheme in Thailand is designed to cover the needy students and is the largest among the Southeast Asian nations of Hong Kong, South Korea, Philippines and China. It covers both the upper secondary and tertiary education but functions in a way that leads to increase in horizontal inequalities for loan takers and non takers. It has a poor targeted population base which leads to improper allocation of financial resources among students (Ziderman, 2005).

It is not just inadequate finance that is enough for people to qualify for education loans. Few studies highlight issues involving student loans in other nations as well as India. The factors that were influencing the student loan market in the U.S were age , marital status, dependent children , educational level, retirement , race , ethnicity as well as gender. It was also observed that having low income, net worth, home and stock ownership had a negative relationship with having education loans (Fisher and Hsu, 2016). Studies in the United Kingdom also highlight the inherent problem of student loans when it comes to poor households. Though the conception of student loans was done with an idea that it would reduce parental contribution to higher education which was rising and increasing financial awareness among students since the student was investing his/her own money. However borrowing money for education was significantly influenced by family's attitude towards debt, the capacity of family to support their children and their interest in academic culture (Ahier, 2010). The characteristics of students who take loans for supporting their education also matter because of the way society and the culture that the student is a part of shapes their willingness to borrow. Since education loans have a positive association with dropping out of education and a negative association with graduating education loans in some cases proves to be a deterrent in upward social mobility of students (Gayardon et al., 2019).

Study on Odisha found that, merit and income of parents were the considerations by the banks for sanction of loan, because of these considerations the poor students with merit were likely to be deprived of the loan facilities. With the rising NPAs becomes a more of a problem for students from lower socio-economic strata, as banks will use their own discretion in lending loans only to those who can repay them (Debi, 2014). The study also explained the factors and future income prospects of loan takers in Odisha. It was found that the default rate for lower value loans was higher in comparison with higher value loans. Another study on Odisha's Khordha district highlighted similar factors that influence education loans and to what extent, the study showed that education loans were not distributed equitably. There was bias in terms of gender, religion as well as caste in terms of distribution of loans. Household income however did not play a major role in the loan process (Biswal and Chinara, 2020). It is not just social factors that have a role to play but also the stream of study which is directly related to the fees that a student has to pay for financing , analyzing data of over 7000 engineering students from 40 engineering institutes in four different states

it was found that gender , household income, cost of education , occupation of parents, assets of the household as well as social background are important determinants of disbursement as well as take up of education loans (Tilak, 2020).

The analysis of government data has also provided gainful insight into how student loan schemes are functioning in India. Cases of discrimination with regard to courses to be pursued (with market-oriented courses being given a favorable treatment), and in-built discrimination with regard to socio-economic back- ground and region are coming to the fore (Chattopadhyay, 2007). It has been observed that education loans in India predominantly cater to the students enrolled in private institutes and market oriented courses, which is evident from the number of students from southern states opting for technical and market oriented courses and also the number of education loan takers in those states (Chandrasekhar, Geetha Rani and Sahoo, 2019). Also highly market-oriented courses got the highest education loans and by default were getting the highest interest subsidy. This further accentuates the inequality in the society (Geetha Rani, 2016).

2.5 Effect of education loan on students

Education loans are generally taken at an age where students are neither professionally independent nor financially mature enough to make decisions that have long term consequences on their lifestyle and consumption patterns. Sometimes decisions related to job choice, purchase of assets and the likes have to be foregone by young professionals who take up loans to complete their education.

Chambers' (1992) study of the burden of education loans in American law schools suggests that students with loans usually go for large high paying law firms in comparison to others without loans. Thereby showing a relationship between students having loan burden and the kind of job choices they end up with.

Rothstein and Rouse (2011) reiterated how debt affects decisions of students to go for higher paying jobs and eliminates the possibility of students to take up jobs which have public interest as the focus. Debt also affected the student's academic decisions during college and future donations to the institution.

The challenges of taking up loans include uncertainty about college completion and future income, observed and unobserved heterogeneity in demand for student loans, and information asymmetry. In the absence of an efficient student loan market, credit-

constrained students might compromise their consumption and leisure to achieve a college degree (Lochner & Monge-Naranjo, 2015).

Research that focuses on low-income first-generation students and those who are considering attending for-profit institutions in particular has implications for the development of informational resources aimed at these students and their families. The amount of student debt burden is estimated to lead to approximately four times a wealth loss over one's lifetime, and the impact would be greater for students from low-income and minority households and those attending for-profit institutions (Hiltonsmith, 2013).

Studies carried out on the National Longitudinal Survey of Youth often highlight that Education loans affect a person's ability to garner financial assets and net worth in the long run. It also indicates that students with educational loans have a negative relationship with value of housing over a long period of time (Cooper and Wang, 2014), (Zhan and Xiang, 2016).

Some studies also point to the issue of predatory lending and how education loans prove to give negative financial returns to investment for students in higher education. Many students take out loans thinking that it will be beneficial but it is for a negative Net Present Value investment, the study highlights the fact that since all loans are given out at the same interest rate on their subsidized loans they are unable to gauge the risk associated with attending college (Schwartz, 2018).

2.6 Education loans and the issue of access and equity

The premise on which the idea of education loans was built is that of providing access and equity to students coming from financially constrained backgrounds and therefore a valid argument to be noted here is that children from families with higher incomes have access to resources that children from families with lower incomes do not have, although children from higher income families still depend on the good will of their parents to gain access to funds. Limited access to credit markets means that the costs of funds are higher for the children of the poor and this limits their enrolment in college (Heckman, 2002). Unlike other educational policies, educational loans have direct personal and financial implications. It is not just the economic background of parents and families but also other assets that may be important to consider (Ahier, 2010). In the case of developing countries it becomes difficult to assess the ability to pay the parents for the education of their children because of hidden income this also

leads to failure in proper allocation of loans to the needy students. This ultimately results in financial constraints, limited access, and disparity among students of weaker sections (Odebero, Bosire, Sang, Ngala, & Ngware, 2007)

However, the cost of gaining economic access to higher education through loans cannot always be regarded as the most efficient and sustainable way especially when the design of the student loan scheme is not favorable. Student loans put restraints on students that are otherwise invisible to the eyes. Noam Chomsky calls debt as an effective form of "social control", he says someone who leaves the higher education institution with debt on his/ her head will be bound to conform to the usual working life in order to pay back what they owe to the banks, "They can't afford to imagine a life outside of it or to fight to forge a better society. They feel that they must get a job as soon as they graduate and begin chipping away at the weight of debt on their shoulders." (Chomsky, 2013).

Many studies in the area of reach and effectiveness of student loan schemes discuss the potential problems and benefits of student loans. A study on Canada that tried to look at the distribution of loans and grants with respect to the different income quintiles of people suggested that approximately "40 percent of all loans and grants go to students from families with above-median income. A more direct income-targeting method should be adopted if policy-makers wish to use financial assistance programs to help low-income student's access post-secondary education" (Usher, 2004).

The important issue as pointed out earlier is the objective of the scheme with which it is started. If the idea is to just increase enrollment by giving students financial support in the present, remove their constraints today only to have them face the problem of debt later in life then the loan scheme would definitely reach a very different goal than what is aspired for the betterment of all . But if the idea is to reach out to the neediest member of the nation in order to give them an opportunity to increase their life chances, help them in attaining upward social mobility, have a more equal society then the scheme will have a very different impact.

As research points out to the fact that with cost recovery as the objective of a student loan scheme it is bound to fail. The very nature of the policy determines its chances of success and failure however the inherent nature of student loans also leads to its failure sometimes because of the built in subsidization for schemes that have cost recovery as the aim as even with a low rate of default most of the money is lost in hidden grants in the form of repayment subsidies (Johnstone and Marucci, 2007).

One of the foremost nations to have an agency for education loans was Columbia and it covered the maximum percentage of students coming from low socio economic groups in the Latin American region the policy ran into trouble with the economic crisis as graduates were unable to meet their repayments and asked for transforming the loans to grants (Salmi, 2013). A recent study on views of borrowers of education loans in Columbia shows that most borrowers said that they were either misinformed or poorly informed about the loan agreements. It is difficult to be financially sound at the age of 16-17 when most start their higher education. There seemed to be lack of transparency in case of loans given out to the people in Columbia (Mackenzie, 2020). In some case the scheme might be unable to deliver appropriate results because of the mismatch between the purpose of loan policy and its design like in case of Tanzania, not only is the loan process problematic for low income family it is also based on mean testing formula that does not lead to widening of access for low income families (Msigwa, 2016).

The student loans scheme in Hong Kong was open to changing of the inequitable and non uniform policies that increased inequalities. They changed the student loan scheme that ran on a fixed budget to an open ended scheme and the students from low income families were protected by careful checking of each and every detail about the income and background of borrowers, the system was complex but many things worked in favor of Hong Kong that made the running of the scheme beneficial for the students (Bray, 1986).

A supportive administrative structure is a key element of successful policy initiatives that ensure equity and widening of access to higher education. But sometimes all efforts to help people go in vain especially when the problems are not just related to finance but are much deep rooted than that, they are in the form of lower school completion rate, that hampers the growth of an individual to make a place for themselves based on merit at higher levels, low educational aspiration, and alienation from the university culture itself as highlighted by Richard James (James, 2007).

Education loans play an important role in providing access to students who want to pursue higher education and bring positive changes in their life by attaining education. It should be kept in mind that since taking up loans at a young age has lifelong consequences. Education loans also affect a person's future capability of taking up loans for other big investments like house or vehicle. If loans are not repaid then it

puts the defaulter in the bad credit books of the banks and they are unable to borrow from the banks in future.

If at all education loans are here to stay then it would be better if lenders and borrowers maintain transparency throughout the transaction. This will not only lead to better functioning of the scheme but also reduction in default on education loans which is on the rise. The government should try and formulate policies that are best suited to attain the objective of providing financial support to students in need and for that more work in understanding the effect of government policies at local level in different states has to be done in order to see if education loans in India fulfills its goal of providing access and equity.

2.7 Gaps in existing Literature

The review of literature provided an insight into the myriad of studies undertaken on the issue of education loans and the decision to take up a loan. Most studies undertaken are either studies on different foreign nations or southern states. A few studies on the issue of education loans have been undertaken in regions of Odisha, Delhi and Mumbai rest all studies are done on southern states mostly because the population taking up education loans is higher there. There is a dearth of studies on Northern states in India which is important, since macros level data often leaves out the smaller nuances of the issues affecting people in real life .More effort to gather micro level understanding is required for which smaller studies in various parts of India should be undertaken. Mostly studies on education loans focus on the supply side of education loans and repayment, limited attempt has been made in order to understand how the decision to take loans is affected by the circumstances of the student. It is important to understand the financing behaviour of students and how decisions are affected by demographic and socio-economic characteristics.

Uttarakhand is a middle income state of India and there is often a probability of students to have financial crunch when trying to pursue their higher education. With rising cost of pursuing technical, medical and professional education which is a growing concern among the students of the state especially those pursuing medical education it is necessary to see whether or not education loan is providing students the opportunity to pursue higher education and what are the factors that are influencing the loan disbursement among students in different institutions in Uttarakhand.

This chapter reviewed the large literature that is available on education loans from India as well as other nations, the next chapters i.e.; chapter III will talk about the research methodology adopted for undertaking this particular research on factors affecting disbursement and reach of education loans in Uttarakhand and following chapters will be on the data analysis for answering the research objectives.

Chapter III

Research Methodology

3.1 Introduction

This study analyses the state of education loans in Uttarakhand and studies the factors related to the students that affect the disbursement of education loans. The study also tries to see the extent of the reach of the education loan scheme in Uttarakhand. The research methodology gives an insight into the tools and methods used by the researcher to collect, assimilate and analyze the data to fulfill the research objectives. This chapter includes the following sub topics;

- Study area
- Data type and sources
- Variables
- Population and Sample size
- Hypothesis
- Plan of analysis
- Limitations and challenges

The operational definitions of the main objectives of this study are;

"Factors"- The term factors according to Cambridge dictionary is, "a fact or situation that influences the result of something". It comprises all things/variables that can influence a person's decision of either taking or deciding against taking up education loans. Since all financial decisions are guided by a number of past as well as current situations. This study tries to see using selected variables which are termed as factors that how education loan decisions are influenced.

"Reach"- The term reach of education loans tries to capture the extent to which the policy of education loans was able to achieve its objective of providing financial access to poor meritorious students that were financially constrained in the state of Uttarakhand.

3.2 Study Area: The area in focus for the research is Uttarakhand. Located at the northern border of India it shares its boundary with Uttar Pradesh in the south, Tibet (China) in the north, Nepal at the eastern end along with Haryana and Himachal Pradesh in the west. It has 13 districts and they make up the two divisions of the state

Garhwal and Kumaon respectively. The state profile has been discussed further in chapter IV.

3.3 Data Type and Sources

The data used in the study is categorical nominal data giving insights into the various factors that influence education loan disbursement from the view point of the students. Data was collected from both primary and secondary sources in order to understand the issues related to education loans properly. The secondary data on higher education was collected from the All India Survey on Higher Education starting from the year 2000 to 2018.

Reports of annual budgeted expenditure on education of various years were analyzed to see the money spent by state and central government on higher education. State government data on higher education was obtained from the department of budget, government of Uttarakhand. The other secondary sources that were explored for data on expenditure on education was NSSO 71st and 75th rounds and the data collected by Reserve Bank of India and State level bankers committee of Uttarakhand was used for reporting data on education loans.

Primary data was collected using an online questionnaire keeping in view the situation of an outbreak of COVID-19 that resulted in temporary shutdown of schools and colleges. Classes as well as collection of data shifted to the online mode. The process of online data collection was challenging to say the least because of students ignoring the form sent to them and not responding.

The procedure followed for collecting primary data was two ways some institutions were approached via the administration or professors while others were approached directly through the students via class representatives. The data collection took around a month from January 2021 to February 2021. In all data from six technical and medical institutes was collected in order to understand the social, demographic, economic and institutional factors that influence loan take up among students. The data consisted of students aged 17- 25 years studying in technical and medical institutes of Uttarakhand.

Table 3.1

Type of institutes and courses for which data was collected

Institute	**Courses for which data was collected**
Private technical	Bachelors of technology(B.Tech) and bachelors of computer Applications(BCA)
Government technical	Bachelors of veterinary sciences and animal husbandry(BVsc and AH) Bachelors of technology(B.Tech)
Government medical	Bachelors of Medicine and Bachelors of Surgery (MBBS)
Private medical	Bachelors of Medicine and Bachelors of Surgery (MBBS)

3.4 Variables

The variables used in the analysis of factors influencing loan take up are as follows;

Table 3.2

Demographic Variables

Variables	**Definition of variables**
Sex	The physical difference in humans defined in binary of males and females
Age of the Respondent	Age has been taken in the range of 17-30 and above

Table 3.3

Social Variables

Variables	**Definition of variables**
Social Category	Various social categories of schedule caste, tribes, Other backward class, economically weaker section and general.
PWD	Person has any disability or not
Religion	Religious affiliation of the respondent
Type of residence	Rural or urban residence
Marital Status	Married or unmarried
Highest educational qualification of the Head of the Family	The educational qualification of the head of the family divided into four categories- below Secondary School Certificate , Higher Secondary Certificate, Graduate ,Post graduate and above

Current occupation of the Head of the family	Whether the head of the respondents' family works in public sector, private sector runs a business or is unemployed

Table 3.4

Institutional Variables

Variables	**Definition of variables**
Course currently pursuing	The type of technical and higher education the respondent is pursuing
Last exam passed	Last exam passed by the respondent: Higher Secondary Certificate. Graduation or Post graduation
Marks scored in last examination	Marks that the respondent scored in the last exam falling in the range of below 55, 55-75, 75-95 and 95 and above
Type of institute	The type of academic institution that the student attends for attaining education. Divided into four categories: Private medical, private technical, government medical and government technical

Table 3.5

Economic Factors

Variables	**Definition of variables**
Average annual household income	The average yearly income divided into four groups namely ; less than 1 lakh, 1-5 lakh, 5-10 lakh and more than 10 lakh
Course fees per Semester	Amount that the respondent spends on the course every semester (in rupees)
Place of stay of the respondent	Staying at hostel or rented accommodation might affect expenses
Monthly college expenditure on	Amount spent monthly by respondent on miscellaneous expenses while in college
Source of financing of course	The mode by which college is paid for either self finance, scholarship or education loan

Table 3.6

Variables related to education loan

Variables	**Definition of variables**
Medium of loan application	Whether loan was applied for online or by visiting the bank physically

Type of bank from where loan is taken	Private bank or Scheduled commercial bank
Guarantor of loan	Who agrees to pay on behalf of the student in case of student defaulting a payment
Amount of loan	The loan amount taken by the student divided in three categories
Education loan helped in continuation of studies	The role of loan in providing economic access to students

3.5 Population and Sample Size

The population for the study was all students studying in technical and medical educational institutions in Uttarakhand that had taken education loan. A representative sample of 220 students out of which 54 students were loan takers was taken for the present study. The sampling followed for collecting data was purposive sampling as students of only medical and technical universities were approached due to them having a higher probability of applying for education loans.

Table 3.7

Distribution of sample

Institute	**Number of students**
Private technical college	47
Government technical college	118
Private medical college	41
Government medical college	14
Total	220

Sample Characteristics

The study has collected samples from institutes of two districts of Uttarakhand namely Udham Singh Nagar and Dehradun that have maximum percentage of student enrollment and number of institutions in Uttarakhand. Students from medical and technical institutes were approached for filling the online questionnaire. Students were largely from various parts of Garhwal and Kumaon region of Uttarakhand and were enrolled in institutes in Uttarakhand. The data also has students that have taken

education loans from Banks in Uttarakhand, this helps in keeping the focus of the study at one place. Students belong to middle income families which are majorly involved in central and state government occupation. Out of the total data collected 24 percent students had taken education loans for completing their higher education. The sample not only comprises students who are beneficiaries of education loan but also others who had applied but did not qualify for loans(3.2 %), students who did not require financial support(40.5%) and also students who were unaware of education loans as a medium of financing(13.2%). There were some students who also faced parental opposition for taking up education loans to support their higher education(4.1%) and yet others who were scared of running into debt (8.6%).A small faction of the 220 students from whom data was collected reported too much documentation as the reason for not applying. 90 percent education loan takers from the data collected had parents as guarantors and most of them said that they will not be able to continue their education without an education loan.

3.6 Hypothesis

The study involves the analysis of factors that influence the disbursement of education loans and the reach of education loan schemes in Uttarakhand. The hypothesis for analyzing the factors influencing education loans is that demographic, social, institutional and economic factors do not influence the disbursement of education loan in Uttarakhand**.**

H_0: Demographic, social, institutional and economic factors do not influence the take up of education loans among students of technical and higher educational institutions in Uttarakhand.

The alternate hypothesis is,

H_1: Demographic, social, institutional and economic factors influence the take up/disbursement of education loans among students of technical and higher educational institutions in Uttarakhand

3.7 Plan of analysis and Methods used

The study involves causal analysis of factors influencing education loan take up among students and the reach of education loans in promoting equity in attainment of higher education among students from different sections of the society. The study

involves quantitative analysis of primary as well as secondary data using Ms Excel, SPSS 20 and STATA.

Secondary sources of data involve analysis of government reports related to higher education and data from the Reserve bank of India from 2010-2018 about the amount of loans sanctioned in India over the years. Secondary data from other sources like NSSO 75th round and 71st round on education, Annual budgetary allocation to higher education reports was used for trends as well as analysis of patterns about education loans, budgetary allocation to higher education in India.

Primary data is collected using an online questionnaire keeping in view the current situation of an outbreak of COVID-19. Data from students of technical and medical institutes was collected in order to understand the social, demographic, economic and institutional factors that influence loan take up among students. The data consisted of students aged 17- 25 years studying in technical and medical institutes of Uttarakhand having education loan as well as those not having education loan.

The model used for the analysis is a logistic regression with education loan as the dependent variable and other variables like social, demographic factors, educational factors, institutional factors and economic factors as independent variables. Since our dependent variable was binary in nature, with categorical variable that could be converted to dummy variables, logistic regression was thought to be the appropriate model

The model used was as follows;

$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_{2\ldots +} \beta_n X_n$

Where,

$\beta_{1 \to n}$ =coefficient of explanatory variables X_1 to X_n

X_1=Social variables

X_2=Demographic variables

X_n= Institutional variables and Economic variables

The logit transformation will be:

$$\ln\left(\frac{p}{1-p}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots + \beta_n X_n$$

p=probability of event occurring, p/ (1-p) = odds ratio

The demographic variables comprise the age and gender of the students taking loans. The social variables have the social category, the religion, marital status, disability

status of the respondent as well as details of parent's education and occupation. The institutional/ educational variables focus on the prior qualification of the student, marks/grades in the last qualifying exam, and the type of school attended, the course the student is pursuing, the type of institution the student is a part of and duration of the course. The economic variables comprise the amount of loan taken, the fees of the course, the monthly expenditure of the student, the place of stay of the student. The questionnaire also tries to gather information on the education loan taken by the student such as the name of the bank, why the education loan was not taken if that was the case, the guarantor of the loan and future professional goals of the respondent. The analysis comprises of descriptive statistics, crosstabs, chi square test and then finally the Logistic regression

For the second objective that tries to understand the reach of the educational loan in Uttarakhand. Following Ziderman's methodology for analyzing the reach of the educational loan scheme we have tried to find out the total number of people aged 18-23 in poor household in Uttarakhand based on the definition of a poor household as per the government reports. We have estimated the number of people not attending university and the ones attending university with education loan and without it. After arriving at this figure the number of students who received loans was deducted from the total number of students attending colleges. This computation gave us the following details

a. Poor students who are receiving a loan(A)
b. Poor students not receiving a loan(B)
c. Total poor students in college(A+B)
d. Poor youth that is out of college (C)
e. Total poor population aged 18-23(A+B+C)

These different parts depict the parts of the egg diagram that provides an insight in to the reach of the scheme (Ziderman, 1999). The above methodology is an estimate and it may not be an accurate representation of the situation therefore, the questionnaire distributed among students for primary data collection also collected data on the education loan details of the respondent. The primary data will provide information on the physical reach of the scheme as well as has the schemed help students from financially deprived sections in attaining higher education. A two sample proportions test was used for determining the difference between variables like sex, type of residence, religion, social category and education loan takers and non takers. The

variables represent different sections and strata of the society and therefore were used for the analysis. This shows if education loan actually reaches all sections of the population in Uttarakhand or not. The study also tries to look at the population of students that the education loan scheme covers .It also helped us in finding whether education loans are disbursed based on screening of students that fall in the eligibility criteria or target based distribution that takes into account the real need of a student. Since education loans are supposed to act as a bridge for students that do not have economic access to finance their higher education we would like to see if education loans are actually fulfilling the role of providing economic access to the students who require it the most.

3.8 Limitations and challenges

Since the study was conducted in a short time span during a pandemic it was difficult to visit educational institutions and collected good quality data from students.

The process of online data collected also resulted in a lot of respondents ignoring the questionnaire and the sample size being small for the scope of the study.

Chapter IV

Higher and technical education in Uttarakhand

4.1 Introduction

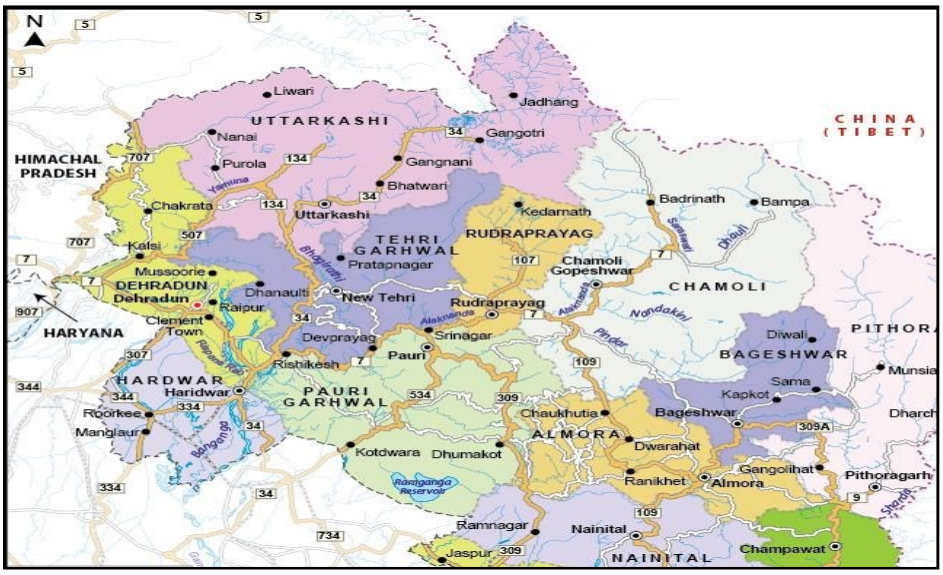
This chapter discusses aspects related to higher and technical education in the state of Uttarakhand. It has four sections starting with section 4.2 that discusses the profile of the state of Uttarakhand. Section 4.3 gives details of the growth and development in the higher educational institutions in the state as well as the enrollment patterns in these institutions. This section also deals with the cost that goes into pursuing higher education in Uttarakhand. The fourth section 4.4 talks about the viability of student loans as an alternative source of financing higher education and the current trends.

4.2 Profile of Uttarakhand

Uttarakhand became a separate state after its division from Uttar Pradesh (U.P.) in 2000. The state is located at the northern border of India and shares its boundary with Uttar Pradesh in the south, Tibet (China) in the north, Nepal at the eastern end along with Haryana and Himachal Pradesh in the west. It has 13 districts and they make up the two divisions of the state Garhwal and Kumaon respectively. The state lies at the foothills of Himalayas and the terrain ranges from snow clad mountain ranges in Uttarkashi and Chamoli to plain regions of Haridwar and Udhamsingh Nagar.

Figure 4.1

Map of Uttarakhand retrieved from maps of India



According to the 2011 census, the total population of Uttarakhand is 10 million out of which 49 percent are females and 51 percent are males. 49 percent of workers are employed in the agriculture sector, 29 percent in the services sector and 22 percent are in the industrial sector. Around 57.5 percent of the total workforce in Uttarakhand is self employed and 34.8 percent of them are involved in the agriculture sector 68th NSS round (NSSO, 2013). The per capita gross state domestic product (GSDP) of Uttarakhand has shown a declining trend from rupees 113455 in 2011-12 to rupees 149805 in 2016-17. The average annual growth rate in per capita gross domestic product (GDP) has been higher in Uttarakhand as compared to the national level(Guha, Maiti, Bhamoriya, & Sen, 2017).The gini coefficient is 0.29 which is better than the national which is 0.32. The educational attainment of different groups in Uttarakhand shows significant difference with 47 percent of general category students completing secondary and above and 24 percent of other backward class (OBC) and scheduled caste (SC) category attaining higher education (World Bank, 2018).

4.3 Higher Education in Uttarakhand

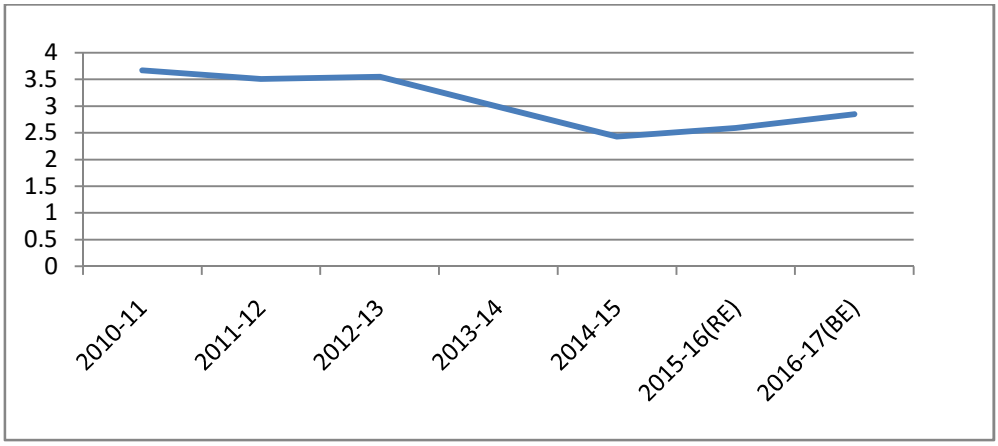
Uttarakhand has a mix of public and private universities with private universities dominating the higher education scenario. The public universities comprise of central universities, state universities and other government aided colleges as well as institutes. The private universities are those that are funded by private sources of finance and do not have any financial support from the government. The state does not spend a substantial amount on education as mentioned in the analysis of budgeted expenditure 2014-17 like many other states of India, its spending on education remains below the total budgeted expenditure on education as a percentage of gross domestic product (GDP). The center has repeatedly asked institutes to look for alternative sources of financing as funding higher education by the center is unable to meet the required demand. The problem in such a scenario is of equity and inclusivity of higher education. When institutes are left to decide for alternative sources of financing they usually increase the fees to meet their expenditure. The Central Advisory Board of Education (CABE) committee, 2005 however has given an upper limit of not more than 20 percent of the total expenditure to be covered by student fees (MHRD, 2005). The public expenditure on university and higher education in India has steadily decreased over the years with more focus being given to technical

higher education by both the center and the state government. The expenditure was 0.67 percent of gross domestic product in the years 2005-06 for university and higher education and 0.27 for technical education. The figures have shifted and the total expenditure on technical education as of 2016-17(BE) was around 0.87 percent of the gross domestic product. The figure shows the increasing importance being given to technical education in the past couple of years. Much like the center the State spending on higher education is not very impressive (Directorate of Economics and Statistics, 2019).

The total expenditure on education done by the Government of Uttarakhand as per the 2015-16 state budget report was 4958.78 crore out of this 6.8 percent was spent on higher education. Total expenditure on Higher education as a percentage of gross state domestic product (GSDP) stood at 1.14 percent in the same year. In 2016-17 the total expenditure on higher education was 1 percent of the gross state domestic product (GSDP). The perspective data on the financial outlay for 2017-19 suggested that the expenditure as a percent of gross state domestic product (GSDP) stood at 1 percent but the expenditure on education increased to 6568.46 crore from the previous figure of 4958.78 crore. The report on analysis of budgeted expenditure on education has reported time and again that the expenditure on higher education as a percentage of gross state domestic product (GSDP) of Uttarakhand falls short of the required 2 percent of its state gross domestic product as required under the Rashtriya Uchchatar Shiksha Abhiyan (Government of Uttarakhand, 2018)

Figure 4.2

Percentage of Education Budget of Education Department to GSDP in Uttarakhand



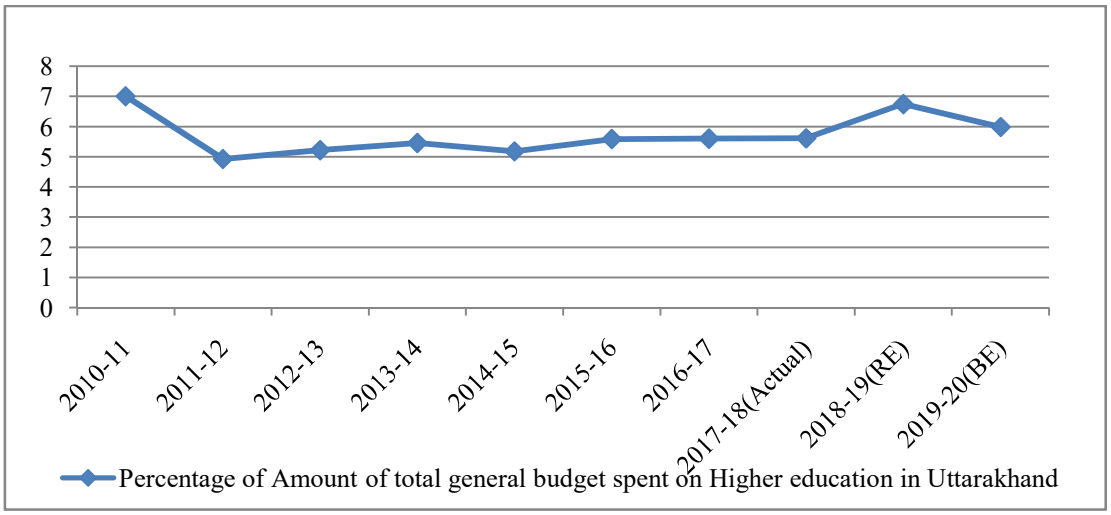
Source: Annual Budgeted expenditure, various years

The figure 4.1 shows the percentage of the education budget of the education department spent as a percentage of the gross state domestic product. The education department of Uttarakhand spent 3.67 percent of education budget to the gross state domestic product in 2010-11 and 2.85 percent in the year 2016-17. There has been a decline in the percentage spent but the overall amount spent has increased as the gross state domestic product is also increasing. The percentage increase in spending from 2010 to 2016 is 101.26 percent.

According to the annual financial statements of the state the Government of Uttarakhand has planned to allocate 18.9 percent of its total expenditure on education for the year 2020-21. It plans to allocate 9385 crore for education, art, sports and culture for the year 2020-21. While the allocation for school education is Rs 7867crore, with 3131 crore being set aside for elementary education and 4736 crore for secondary education, the higher education budget stands at 620 crore.

Figure 4.3

Percent of total general education budget spent on Higher education in Uttarakhand

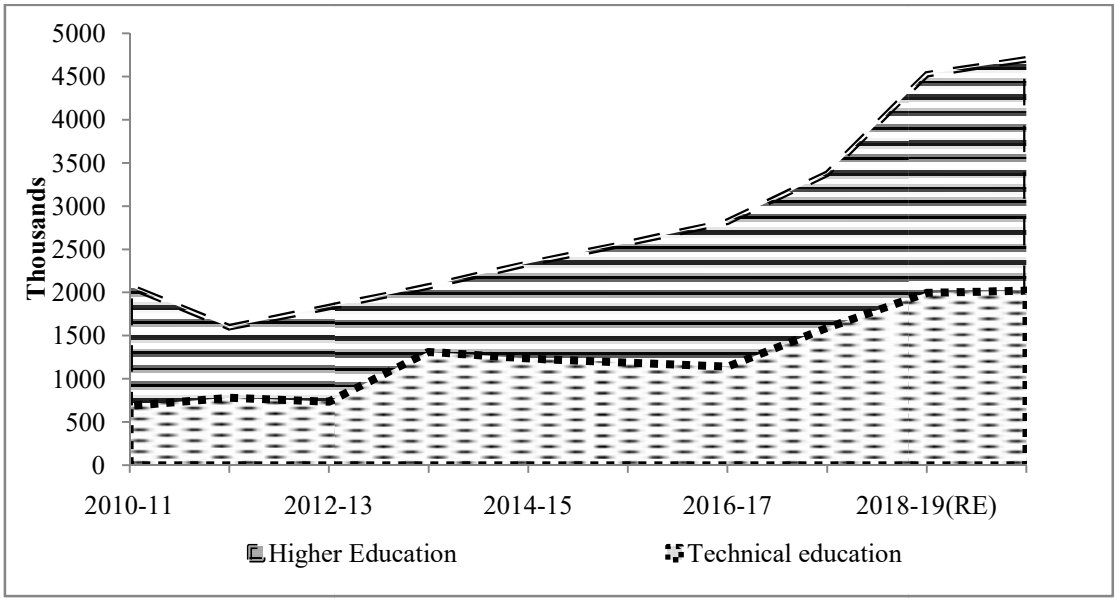


Source: Department of budget, Government of Uttarakhand, various years

General education comprises elementary education, secondary education, language development as well as higher education and universities. The total education spending has been increasing but the share of higher education in the total general budget remains close to 5.61 percent as of 2017-18 state budget report of 2016-19.

Figure 4.4

Budgeted expenditure on higher and technical education in Uttarakhand



Source: Department of budget, Government of Uttarakhand, various years

The amount spent on University and higher education is comparatively higher in the state of Uttarakhand vis-à-vis technical education. Around158.99crore was spent on technical education by the government of Uttarakhand in the year 2017-18. Higher education requires more investment by the state and central government for quality education to be imparted. Higher education prepares the youth of the country for the labour market. The better the quality of education the better will be the productivity of the workforce. But even before we look at the quality aspect of the education imparted in higher educational institutions it is important for us to note that improper allocation of funds among educational sectors can have implications for access to higher education. If the center restricts the amount of expenditure on higher education then lack of funds will hinder the functioning of institutions as well as deter students especially from the marginalized sections from pursuing higher education. This trend is evident in the Indian context as we see certain socio economic groups have an upper hand in comparison to others when we talk about access to higher education.

Status of scholarships in the state

There are a few scholarship programmes run by the social welfare department and department of social justice of the state of Uttarakhand for the economically weaker

sections, scheduled caste, tribes as well as OBC students. Scholarship programmes are there for students studying in schools as well as colleges. Here we have concentrated only on the scholarships available for higher education. The department of social welfare has scholarships for students of SC, ST and OBC households and grants scholarships to students having an annual parental income of 2 lakh or 2.5 lakh.

The scholarship amount ranges from rupees 230 for general course students to rupees 1200 for science graduates. The eligibility criteria for scholarships given by the department of social justice is annual parental income less than rupees 1 lakh scholarship amount of rupees 160 to 750 per month is given for any type of course. Some other scholarships given out in the state are by the department of combined counseling board (CCB) for engineering which provides reimbursement of 60 percent of the total tuition fees. Apart from these government scholarships a few other scholarships by private trust are also running in the state. The government scholarships barely help in covering the cost of higher education. There should be more funds allocated for giving out such grants to students for pursuing higher education.

4.3.1 Growth of institutions and colleges

Almost all states in India have witnessed growth in the number of educational institutions due to the rising demand for higher education and also because the government wanted to provide physical access to higher education for students. Uttarakhand witnessed mushrooming of universities and colleges at a very fast rate in the initial years of becoming a new state. The growth rate of colleges in Uttarakhand from 2000-01 to 2004-05 was 30.3 percent according to the University Grants Commission, 2008 report on education.

Table 4.1

Number and types of universities in Uttarakhand

Uttarakhand	**2010 -11**	**2011 -12**	**2012 -13**	**2013 -14**	**2014 -15**	**2015 -16**	**2016 -17**	**2017 -18**	**2018 -19**
Central University	1	1	1	1	1	1	1	1	1
Institute of National Importance	2	2	2	3	3	3	3	3	4
State Public University	5	6	8	8	8	9	9	10	10
State Open University	1	1	1	0	1	1	1	1	1

State Private University	5	6	6	10	10	11	11	15	17
Deemed University-Government	1	1	1	0	1	1	1	1	1
Deemed University-Government Aided	0	1	1	1	1	1	1	1	1
Deemed University-Private	3	2	2	1	1	1	1	1	1
Grand Total	**18**	**20**	**22**	**24**	**26**	**28**	**28**	**33**	**36**

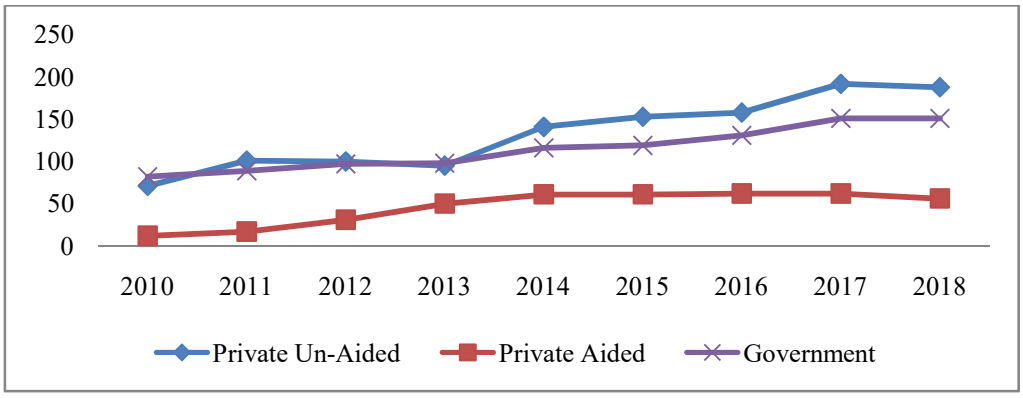
Source: AISHE, various years

The State was formed in 2000 along with two other states of Jharkhand and Chhattisgarh. If the growth of institutions in these three states is compared it is evident that the rate of growth of colleges has been fast in all three states. 41.5 percent rate of growth in the number of colleges in Chhattisgarh, 31.7 percent in Jharkhand and 38.75 percent in Uttarakhand. The area, population and districts in Uttarakhand are considerably low in comparison to Jharkhand and Chhattisgarh therefore the growth of institutions is a lot.

As per the All India Survey on Higher Education the number of universities in Uttarakhand grew from 12 to 36 from 2008-09 to 2018-19. The number of colleges in the state grew rapidly after 2000-01. The total number of colleges quickly rose to 216 in 2004-05 from just 75 colleges in 2000-01 and as of 2018-19 it stands at 395 colleges out of which 190 colleges are in the capital Dehradun.

Figure 4.5

Number of private and government colleges in Uttarakhand



Source: AISHE, various years

The state also witnessed an increase in the number of private colleges that were opened up mostly catering to the market oriented professional education. This is one of the reasons that enrolment in private colleges is continuously increasing. The figure shows that over the years the number of private unaided colleges has increased considerably and the number of government colleges as well as private aided colleges is lesser as compared to the private unaided colleges in Uttarakhand.

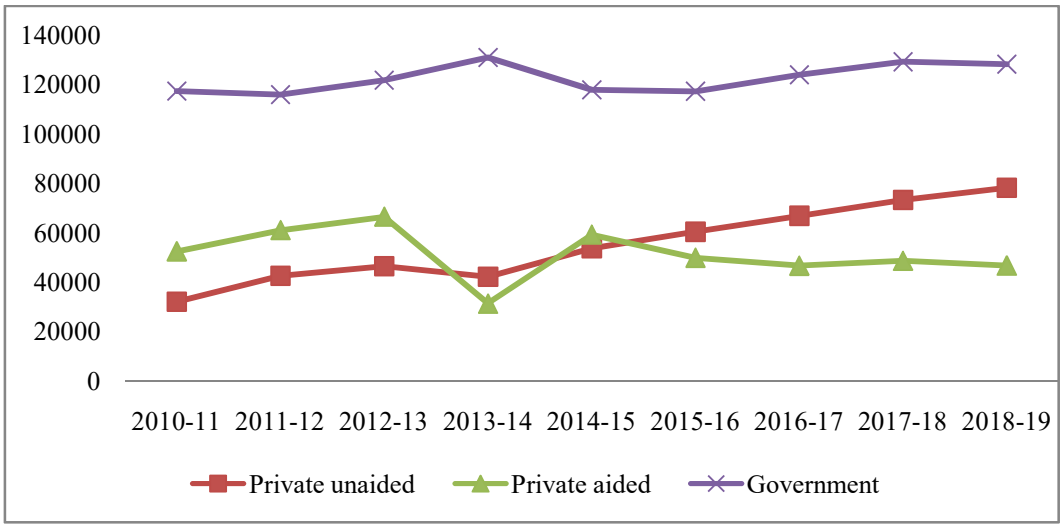
4.3.2 Enrollment in Higher educational institutions district wise course wise

In India the total enrolment in higher education has been estimated to be 37.4 million with 19.2 million male and 18.2 million female. Females constitute 48.6percent of the total enrolment. The Gross Enrolment Ratio in Higher education in India is 26.3percent. Gross enrollment ratio for male population is 26.3percent and for females, it is 26.4percent. For Scheduled Castes, it is 23percent and for Scheduled Tribes, it is 17.2percent as compared to the national figure of 26 percent.

If we see the gross enrollment ratio of students in Uttarakhand higher education as per the all India statistics on higher education report it is 39.1percent (MHRD, 2019), For SC students it is 30 percent which is higher than the national gross enrollment ratio which is 23 percent. The enrollment of students in age group 18-23 years in all different categories pursuing higher education is above the national average.

Figure 4.6

Enrolment in private and government colleges in Uttarakhand



Source: AISHE, various years

The enrollment of students in various types of institutes as given in the figure above it is evident that there has been an increase in the student enrollment in private institutes even though the enrollment in government institutions remains high. The total enrolment in the higher education level stands at 253273 for Uttarakhand as per the AISHE 2018-19 data. Around 71926 students enrolled for post graduate courses in Uttarakhand and 351904 students enrolled for the undergraduate courses.

The increasing enrolment is not as much a problem as is the quality of higher education being imparted that too at a cost that does not complement the quality of education. Many students who migrate from interior parts of the state to districts like Dehradun and Haridwar because of better educational facilities are attracted to professional educational institutions that charge high fees from students. This leads to students either dropping the idea of pursuing education further or borrowing money either from money lenders or taking education loans.

The overall status of higher education in Uttarakhand is not a cause of concern if the enrollment is taken as the parameter for measuring the functioning of higher education. The enrolment has to be increased further in order to reap the benefits of higher education. The state private universities account for almost 46 percent of the total universities in Uttarakhand and private colleges in the state make up for 48 percent of the total colleges. The rising involvement of the private institutes in the state can be a matter of concern as it will certainly lead to further increase in the cost of education in the state.

Table 4.2

District level enrollment in Uttarakhand

2018-19	**Total**		**Percentage of total enrollment**
Districts	**Male**	**Female**	
Almora	8528	11030	4.24
Bageshwar	1989	3622	1.22
Chamoli	3853	5751	2.08
Champawat	2569	4196	1.47
Dehradun	96776	71638	**36.55**
Haridwar	42243	29116	15.49
Nainital	25007	31947	12.36

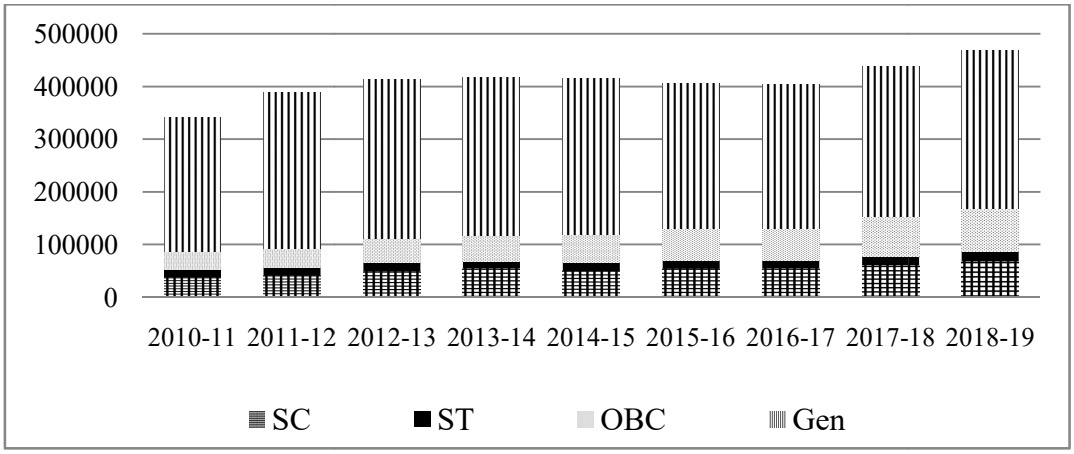
Pauri Garhwal	18786	18541	8.10
Pithoragarh	5477	8094	2.95
Rudra Prayag	1816	2292	0.89
Tehri Garhwal	4402	6382	2.34
Udhamsingh Nagar	20636	25692	10.06
Uttarkashi	4532	5829	2.25
All Districts	236614	224130	100

Source: calculated using AISHE data, 2018-19

The maximum enrollment percentage is in the institutes of Dehradun, Haridwar, Nainital and Udhamsingh nagar, with the former having a very high enrollment percentage. There is a clear distinction between enrollment percentage in the three plain districts mentioned above and the other mountain districts that have limited number of institutions. The terrain is forgiving and other facilities like ease of commuting, network, and infrastructure is available in the three comparatively plain districts as compared to the rural areas of Uttarakhand. The 12 districts of Himachal Pradesh have equally difficult climatic conditions and terrain as the 10 districts of Uttarakhand but development of intuitions as well as enrollment is much better and not lopsided like in Uttarakhand. Except for the enrollment in Lahaul Spiti valley and Kinnaur which is .080 percent and 0.25 percent but that is because of low population in these regions of Himachal Pradesh.

Figure 4.7

Total student enrollment different categories in Uttarakhand



Source: AISHE, various years

The total enrollment of different categories over the year shows that there is a clear increase in the enrollment of scheduled caste students, the increase in higher education for the other backward classes and scheduled tribes students has not been much but nevertheless there has been an increase in their enrollment.

Table 4.3

Enrollment of different categories students in self financing courses at the graduate and postgraduate level in Uttarakhand

Course	Medicine					Engineering					Computer and Information Technology				
	Year					Year					Year				
Categories	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
SC	605	807	653	1342	446	605	1004	760	1699	1321	294	480	306	408	445
ST	225	248	217	312	338	722	1343	138	724	568	138	241	803	118	115
OBC	955	1277	1874	3043	3551	3416	3500	3975	3853	3609	417	507	577	733	750
ALL	**7220**	**8457**	**10691**	**15968**	**22579**	**28820**	**25973**	**23858**	**21499**	**41928**	**4848**	**5581**	**5038**	**6021**	**9539**

Source: AISHE, various years

The above table shows enrollment in major technical and professional courses of different categories of students. It is evident that the percentage of SC and ST students in these courses is negligible. These are courses that help students gain upward social mobility in the society and be gainfully employed. There is not much difference in the enrollment of different category students in general or self financing courses. The percentage of tribal students in both the modes is very low in these courses. In 2018-19 only 7.4 percent of SC students, 2.5 percent ST students and 16 percent of OBC students were enrolled in engineering or technological courses in general mode and

3percent, 1 percent and 8 percent in self –financing mode respectively. In general courses where government subsidies the fees the enrollment of students from OBC and ST categories have similar statistics there is marked improvement in the enrollment of SC students in technical , medical and information technology courses in case of general mode of financing. In 2018-19 almost 14.19 percent SC students have enrolled for medical courses, 7.4 percent enrolled in engineering courses and 4 percent in computer and information technology.

4.3.3 Private expenditure on higher education

Higher education has more often than not been viewed as beyond the reach of many people, a commodity that can only be afforded by the privileged section of the society. The spillovers of higher education however lead to many countries providing it at nominal cost. The public universities in India have tried to keep the cost of pursuing higher education well within reach but with a growing population that has maximum people falling in the age group of 15-49 years the limited number of public higher educational institutions cannot cater to all. The entry of the private sector has added to the problem of economic accessibility of higher education. Since private colleges and universities do not have any regulatory authority that can keep a check on the amount of fees charged by them, they charge course fees and expenses in accordance to their business objectives**,** thereby leading to commoditization of higher education.

The main component of expenditure on education is the course fees or the tuition. The other components include books, stationery, transport, coaching and miscellaneous expenses. In both rounds of National Sample Survey 71st and 75th round the main component of household expenditure on higher education was the fee.

Table 4.4

Expenditure on courses in rural and urban areas in Uttarakhand

Uttarakhand	**71st Round**		**75th Round**	
	Urban	**Rural**	**Urban**	**Rural**
General course	8817	11187	16369	6698
Technical Courses/Professional course	52678	48687	44351	29480
Any Course	-	-	18510	7316

Source: NSSO 71st and 75th Rounds

The Average expenditure in general as well as technical courses is high in Uttarakhand. The two rounds cannot be directly compared in terms of average expenditure but the expenditure for technical courses has been higher in both the time periods.

Table 4.5

Expenditure on courses by gender in Uttarakhand

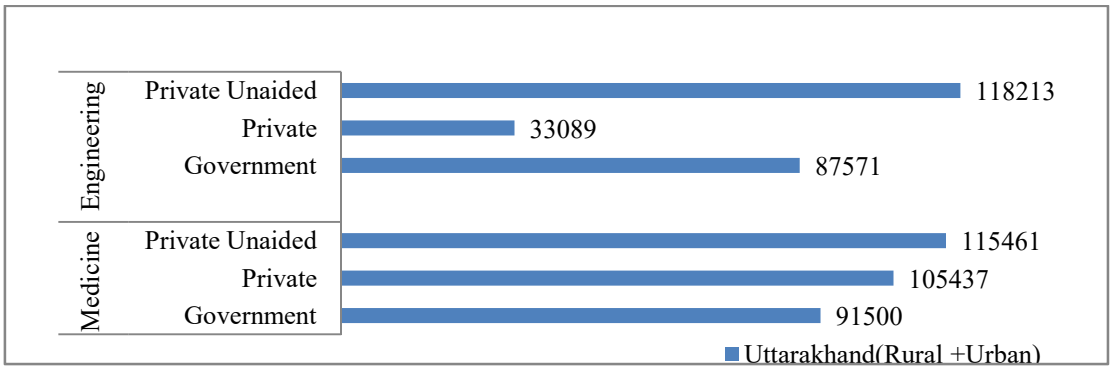
Uttarakhand	71st Round		75th Round	
	Male	Female	Male	Female
General course	11878	8718	9883	7972
Technical Courses/Professional course	102794	34353	42887	27674
Any Course	-	-	11285	8677

Source: NSSO 71st and 75th Rounds

The average expenditure in Uttarakhand on general and technical education in the 75th National Sample Survey round has gone down for technical courses whereas for general and other courses the average expenditure per child has gone up. According to the National Sample Survey 75th round report the average expenditure on basic courses per student during an academic year in Uttarakhand is around rupees 9,019 and out of this rupees 4,529 is the course fees. On the other hand the average expenditure on technical/professional courses per student during an academic year in Uttarakhand is Rupees 36,678 out of which rupees 27,265 is the course fees which is quite high.

Figure 4.8

Average Expenditure per student for an academic session pursuing Technical /professional education in Uttarakhand



Source: NSSO 71st Round

The state has also witnessed a number of student protests especially from the students of medical colleges with regard to hike in fees. The Uttarakhand government had a bond policy with the medical students where the government subsidies the medical education for students in exchange for their services in government facilities for a minimum of five years after passing out of medical colleges. After the government scrapped off that bond many students were left in a problematic situation of neither having the money to complete their course not having the option of taking up work in government facility and getting subsidies education[2]. Many universities imparting Ayurveda medicine courses also hiked the fees by considerable margins resulting in students staging protests[3]. The overall rise in fees has been a major factor for students going for alternative sources of financing like loans. It is a precarious move because of uncertain labour markets and inability of students to know their real potential while choosing a career. The poor quality of education attained by taking education loan becomes problematic because getting a well paid job after receiving substandard education is very tough in today's competitive world.

Technical courses like engineering from private universities can cost up to 1.5 lakh per annum in Dehradun the capital of Uttarakhand. The cost of medical courses in private medical colleges is anywhere between 15 lakh to 22 lakh depending on the student category and the type of admission they take (for instance management quotas usually have seats that have higher fees). In government medical colleges the situation is better with fees of students falling in the range of 4-5 lakh per annum.

4.4 Situation of Education Loan as an Alternate Source of financing in Uttarakhand

It becomes important to study the issue of alternate sources of financing because of the shortage of funds for higher education from the central as well as state governments and the rising cost of education. The National Sample Survey 75th round

[2] Vineet Upadhyay. (15 July 2020)" Uttarakhand Medical College students grapple to pay hefty rupees 20 lakh fee", The New Indian Express

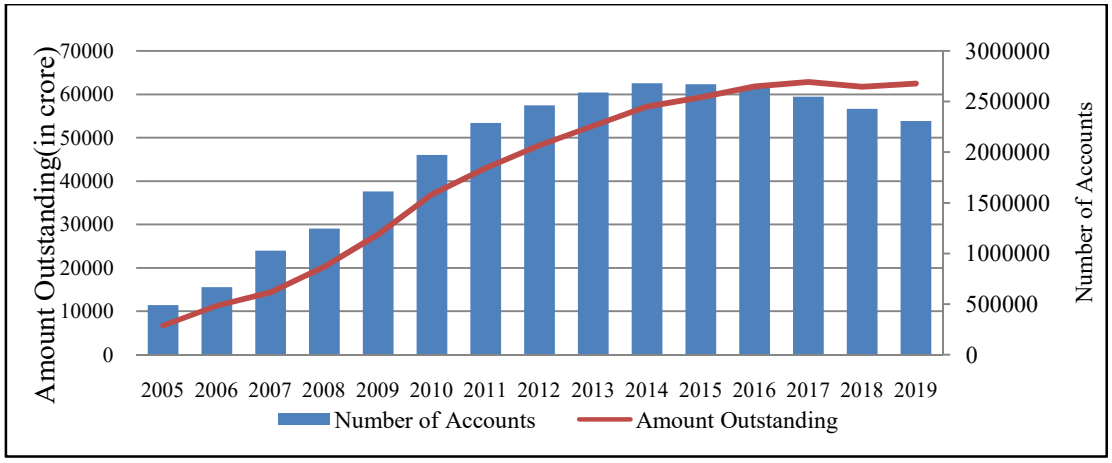
[3] Ishita Mishra. (6 Oct,2019) "Uttarakhand: Ayurvedic University students to continue protest over fees hike", Times of India.

indicated that 24.3 percent of people in India gave financial constraints as one of the leading reasons for not pursuing higher education.

Education loans as an alternative source of financing higher education have been in the picture for a long time now. However, they don't seem to be fulfilling the objective of providing access and equity to students wanting to pursue higher education. Moreover, the premise on which education loans are started goes against the ethos of education. Education loans taken for pursuing higher education lead to commoditization of education which is pursued not for mental development and betterment of the society but for attaining a well paying job that can help in repayment of the loan. They are also based on a presupposition that the person taking an education loan will get a job. In uncertain economic situations this poses a problem.

Figure 4.9

Education loan distribution in India



Source: RBI, various years

The data shows that the numbers of accounts have increased over time; however there has been a gradual decline in the number of accounts since 2016. The outstanding amount has gone up steadily from 2005 till 2019.The compounded annual growth rate of the outstanding loan amount is 16 percent.

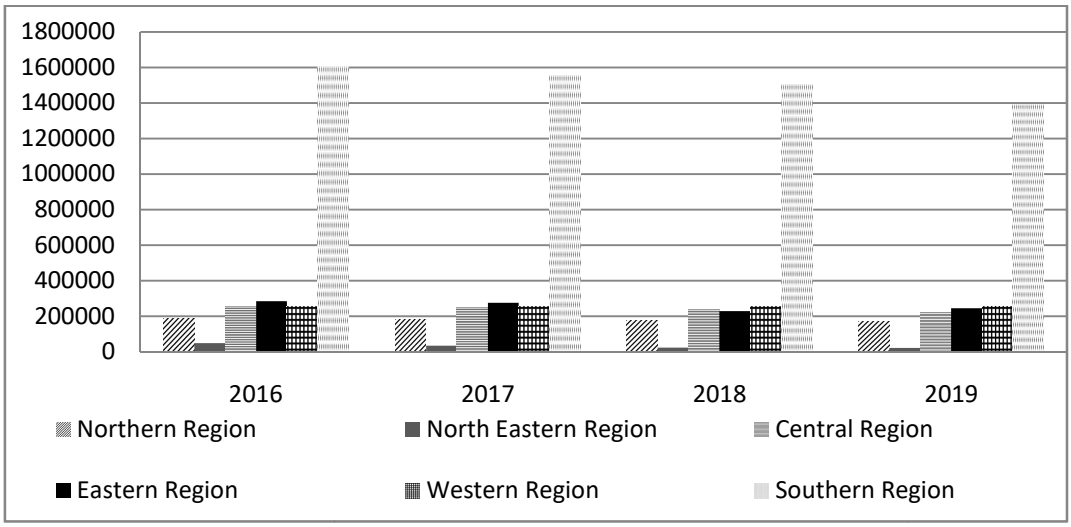
Education Loans in Uttarakhand

Education loans in Uttarakhand have seen an increase in the number of accounts as well as amount outstanding as per the reserve bank of India. The southern states are the highest takers of education loans because of the popularity of technical and

professional courses. Uttarakhand under the regional segregation comes in the central zone, this region has witnessed a drop in the total number of accounts but the outstanding amount has been rising.

Figure 4.10

Number of education loan accounts in different regions of India

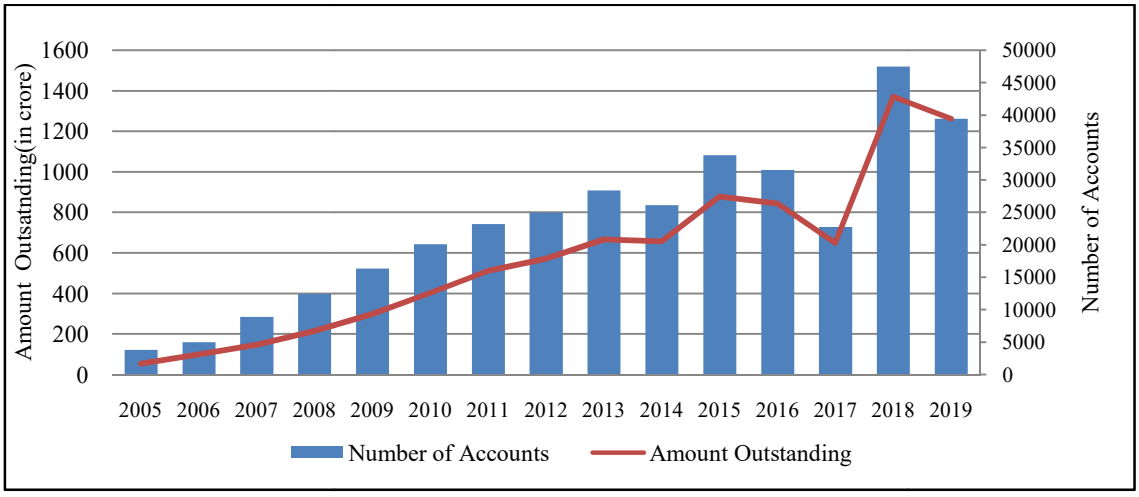


Source: RBI, various years

Uttarakhand is taken in the western region as per the data in the Reserve bank of India on education loans. There is a steady increase in the number of loan accounts in the region. The southern region is clearly dominating the education loan market but the western and eastern regions also show steady growth.

Figure 4.11

Education loan distribution in Uttarakhand



Source: RBI, Various years

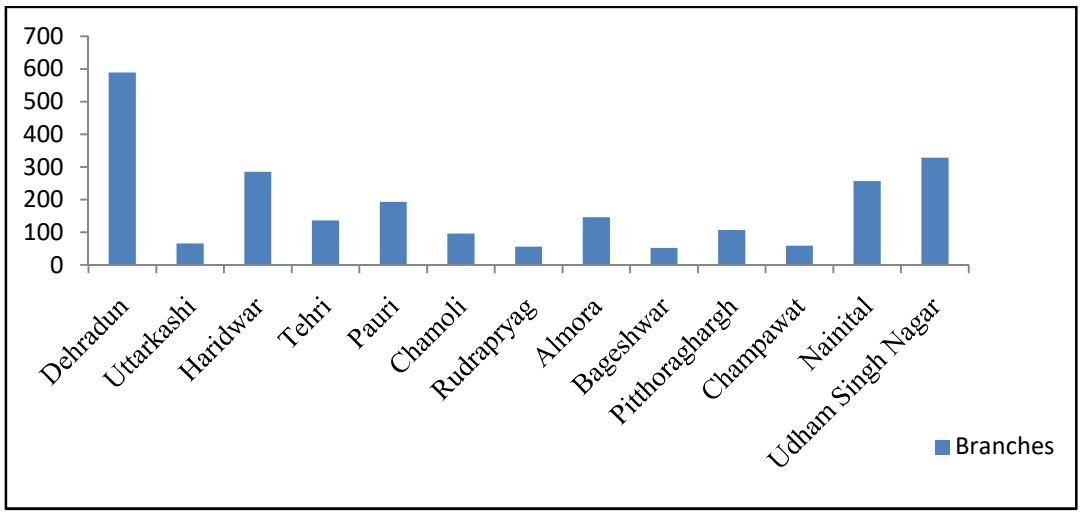
The popularity of education loans has increased with time as evident from the number of accounts data. The rate of increase however has not been very fast, the compound annual growth rate (CAGR) of the number of accounts in the state is 16.82 percent and the amount of outstanding loans is 23.44 percent from 2005-2014. The decision of taking education loans is influenced by many factors and the success of a scheme depends on how well it is able to fulfill the objectives it was started with.

The hilly regions of the state of Uttarakhand lack in infrastructural development there is shortage of banking and well as educational infrastructure which has led to excessive out migration of people from the mountainous terrains to the more developed part of the state. In order to make sure that the principle of equity prevails in higher educational institutions the government has to make efforts to give economic access to marginalized sections of the society that do not have the means to pursue higher education.

The issue of education loans has to be looked at from the perspective of not only the number of people that really need it and can benefit from it but also from the aspect of physical reach of banking facilities and infrastructure. This too is important for understanding the reach of education loans scheme.

Figure 4.12

Number of Bank Branches in Uttarakhand



Source: 75th SLBC Meeting Report, 2020

The figure shows the total number of bank branches in the 13 districts of Uttarakhand. More than half the banks are public sector banks and private banks make up only a small percentage of the total banks. Private Banks are more concentrated in urban areas as compared to rural areas. Education loans come under priority sector lending and therefore as per the annual credit plans from 2015-2019 the total amount for priority sector lending is 1452413, 1638483, 1846880, 2002555 (in lakh). The Potential linked credit plan for education loans for Uttarakhand stood at 557.42 crore for the year 2018-19.

The total number of bank branches of SBI and PNB which are the major public sector banks in the state stand at 431 and 245 respectively and the total number of student loans sanctioned by State Bank of India for the year 2019 -20 was 1003 valued at rupees 3400.46 lakh .1703 loans were sanctioned by PNB valued at rupees 3919.70 lakh (73rd SLBC, 2020). In 2018-19 SBI sanctioned education loans to 779 students studying in India and 97 loans of students studying abroad. Around 883 and 82 student loans were sanctioned in the year 2017-18 for students studying in India and going abroad respectively from Uttarakhand. The major lenders in Uttarakhand are State Bank of India, Punjab National Bank and Bank of Baroda. Private Banks are seen lending out to a limited number of account holders for instance Nainital Bank and Axis bank had only 23 and 3 fresh education loan sanctions in the time period of April to September 2020.

The financing of higher educational institutions is an important issue because of the growing enrolment in higher educational institutions. There has to be a fine line drawn between the government and the households for incurring expenditure on higher education. Since the long term benefits of higher education are not just limited to the individual the benefit principle cannot hold. The government has its own challenges and cannot be expected to incur the ever increasing expenditure of public education, but a regulatory mechanism that keeps the private institutions in check should be devised. The future of financing higher education should be an amalgamation of central, state and alumni funds which gives easy economic access to students without putting the burden of student debt on them or their family.

This chapter gave a detailed analysis of secondary data related to the state of Uttarakhand and the status of higher education along with information on the funding as well as education loans in the state. The forthcoming chapters will deal with

analysis of primary data that will give insight into the factors influencing disbursement of education loans and the reach of education loans among various parts and sections of the state of Uttarakhand.

Chapter V

The demand side of education loans

5.1 Introduction

It is understood from the review of literature that most of the decisions to invest in higher education are influenced by many factors that are at play simultaneously. This chapter explores the various demand side factors that influence education loan disbursement among students in Uttarakhand. The total sample collected from students studying in various technical and medical institutes of Uttarakhand is 220 out of which 54 are ones that have taken education loans. The chapter is divided into five parts, 5.2 explains the descriptive statistics related to the data. The next sections analyses the cross tabs and tests for association between the dependent variables; i.e.; education loan and various independent variables. Section 5.4 explains the results of logistic regression from selected variables that may influence the disbursement of education loan among students in different institutes of Uttarakhand. The last section 5.5 gives the conclusions drawn from the data analysis.

5.2 Data analysis

The descriptive statistics give us a basic outline of the data that we have and that we will use for our analysis. This data is useful in giving information on each variable and the percentage as well as frequency of occurrence of variables independent as well as dependent variables.

Table 5.1

Education loan Take up in Uttarakhand: Descriptive Statistics

Variables	Categories	Education Loan	Percentage	No Education Loan	Percentage
Age					
	17-21	23	10.45	70	31.82
	21-25	31	14.09	89	40.45
	25 And Above	0	0.00	7	3.18
Sex					

	Males	34	15.45	81	36.82
	Females	20	9.09	85	38.64
Social Category					
	General	36	16.36	107	48.64
	OBC	9	4.09	26	11.82
	SC/ST	4	1.82	19	8.64
	EWS	5	2.27	14	6.36
PwD					
	Yes	0	0	2	0.91
	No	54	24.55	164	74.55
Religion					
	Hindu	49	22.27	157	71.36
	Muslim And Others	5	2.27	9	4.09
Type of Residence					
	Urban	46	20.91	103	46.82
	Rural	8	3.64	63	28.64
Education Of Head of Family					
	Post-Grad And Above	8	3.64	51	23.18
	Graduate	40	18.18	65	29.55
	12th	5	2.27	40	18.18
	10 And Below	1	0.45	10	4.55
Occupation Of Head of Family					
	Works/ worked in the central or the state government(public sector)	17	7.73	86	39.09
	Business	13	5.91	40	18.18
	Works/Worked In The Private Sector	17	7.73	25	11.36
	Unemployed	7	3.18	15	6.82

Type of school attended					
	Public	14	6.36	50	22.73
	Private	40	18.18	116	52.73
Marks scored in last exam					
	Above 95	3	1.36	22	10.00
	75-95	37	16.82	117	53.18
	55-75	14	6.36	26	11.82
	Below 55	0	0	1	0.45
Course					
	Technological	20	9.09	28	12.73
	Medical	34	15.45	138	62.73
Type of institute					
	Private Technical	20	9.09	27	12.27
	Government Tech	11	5.00	107	48.64
	Private Medical	20	9.09	21	9.55
	Government Medical	3	1.36	11	5.00
Average annual household income					
	Less Than 1 Lakh	5	2.27	28	12.73
	1-5 Lakh	18	8.18	67	30.45
	5-10 Lakh	28	12.73	53	24.09
	More Than 10 Lakh	3	1.36	18	8.18
Course fees per semester					
	Below 50,000	13	5.91	91	41.36
	Above 50,000	41	18.64	75	34.09
Staying					
	Hostel	47	21.36	130	59.09
	Home	2	0.91	19	8.64
	Rented Accommodation/PG	5	2.27	17	7.73
Monthly					

expenditure	**Below 5,000**	29	13.18	91	41.36
	5000-10000	20	9.09	58	26.36
	Above 10000	4	1.82	17	7.73

Source: Calculated from primary data

The above table 5.1 gives information about the percentage of students falling in different categories of the independent variables. It clearly shows the number of loan takers and non takers calculated from the primary data collected from students studying in technical and medical institutes of Uttarakhand (majorly two districts Dehradun and Udham Singh Nagar). The table shows that most of the students for which data has been collected fall in the age group of 21- 25 years. There is a proportionate distribution of the data collected from both men and women. Most of the students i.e.; 64 percent belong to the general category but among the minority categories the proportion of education loan takers is around 23.37 percent. The data has only two persons with disability and both belong to the category of people that haven't taken education loans. Majority of students reside in urban areas and most loan takers belong to households where the education attainment of the head is till graduation. The proportion of students taking up loans comes mostly from households involved in the private sector, but many students also belong to households where the head of the family is working in the central or state government. Most of the students have attended private schools and scored reasonably well in their higher secondary exams. The descriptive statistics on the current educational scenario of the students shows that the data has a large number of students from government technical institutes and not as many from other types of institutes out of these many students from the private institutes are education loan takers for the obvious reason that fees are very high in these institutes. 52 percent of the total students have fees above 50000 per semester and most of them belong to households that have an annual average income of 1-5 lakh. Half of the household expenditure goes in the higher education of the child and incase of parents having more than one child which is pretty common in India the expenditure increases further. As per the data collected students mostly prefer staying at hostels for the purpose of completing their higher education very few of them stay at rented accommodations which increase the expenses further. This is the information gathered directly from the data. We try to

analyze the relationship between the independent variables and dependent variables, that is whether the student finances his/her education through Education loans or not.

5.3 Inferential Analysis

The decision of taking loans is often influenced by multiple factors; it is often viewed as socially unacceptable in the Indian society. Under these situations it becomes important to see what different factors actually influence the disbursement of education loans among students of Uttarakhand studying in technical and medical colleges. We try to analyze demographic, social, educational, institutional and economic factors that may or may not have any association with taking education loans or not taking them. With the help of cross tabs and a chi square test we test if there is any association among the variables mentioned above and disbursement of education loans. The null hypothesis for this is as follows

Hypothesis

H_0: There is no relationship between social, demographic, institutional and economic factors and disbursement of education loans

H_1: There is significant relationship between social, demographic, institutional and economic factors and disbursement of education loans

5.3.1 Demographic Factors

Demographic factors such as age or sex of a person sometimes play a role in the financial decisions that are taken up. The demographic factors under analysis are age and sex of the respondent and we try to see if there is any association between these factors and the taking up of education loans. It is often noticed that education loans are not the first choice for financing higher education in India and in case of girls it is doubly so because of conventional perceptions about educating girls and also because of loans for education acting as negative dowry incase of girls.

Sex

Since the Indian society does not encourage a lot of investment on the education of females, there is a possibility that there might be an association between taking education loans among students and their sex.

Table 5.2

Association between Education Loan and Sex

Sex	Education Loan		Total
	No	Yes	
Female	85	20	105
Male	81	34	115
Total	166	54	220

λ^2=3.27, ρ=.07

φ =.12

The table 5.2.1 shows that 37 percent of education loan takers are females and 63 percent of them are males. The proportion of females availing education loan out of all girls is 19 percent and that of men is around 29.5 percent. The chi square statistics is significant at 90 percent confidence interval. However, the phi test and Cramer's V shows negligible association between taking education loans and the sex of a person.

Age

Table 5.3

Association between Education Loan and Age of respondents

Age	Education Loan		Total
	No	Yes	
17-21	70	23	93
21-25	89	31	120
25 and above	7	0	7
Total	166	54	220

λ^2=2.39, ρ=.496

φ= .10

Most of the respondents fall in the age group of 21-25 years of age which is understood as many students pursuing professional education fall in that age group only. Table 5.3 shows that the chi square statistics is not significant at 95 percent interval and the phi test as well as Cramer's V show negligible association between taking education loans and the age of a person.

5.3.2 Social Factors

Social factors taken into consideration for understanding the decision of taking education loans among students are social categories that they belong to, if they are disabled or not, their religious affiliations, the type of residence they belong to, the marital status of the respondent, the highest educational attainment of the head of the family, the occupation of the head of the family. With the above mentioned factors we pull the following hypothesis to test that none of these factors influence taking education loans among students.

Social Category

It is often seen that socially backward categories or underrepresented categories are often left out of the ambit of policies meant for them due to lack of awareness or improper distribution and allocation of resources. It is important to see whether disbursement of education loan has any association with the social categories of the respondent

Table 5.4

Association between Education Loan and Social category

Social Category	Education Loan		Total
	No	Yes	
EWS	14	5	19
Gen	107	36	143
OBC	26	9	35
SC	16	1	17
ST	3	3	6
Total	166	54	220

λ^2=5.39, ρ=.250

φ = .15

The table 5.4 shows that the chi square test is insignificant at 95 percent confidence interval and there is hardly any association between social category and disbursement of education loan among students of Uttarakhand.

Person with Disability

The relationship between education loan distribution and disability status of people will help in understanding how inclusive is the scheme.

Table 5.5

Association between Education Loan and Disability Status

PwD	Education Loan		Total
	No	Yes	
No	164	54	218
Yes	2	0	2
Total	166	54	220

λ^2= .66, ρ=.418

φ = .05

The table 5.5 shows very few students have been captured by the sample and the chi square test is insignificant. The phi and Cramer's V show that there is no relationship between the disability status of students and taking up of education loans.

Religion

In order to understand how well the education loans reach all sections and strata of the society we will see the association between people following different religions and education loan disbursement.

Table 5.6

Association between Education Loan and Religion

Religion	Education loan		Total
	Yes	No	
Hindu	49	157	206
Muslim	4	7	11
Others	1	2	3
Total	54	166	220

λ^2= 1.91, ρ=.589

φ = .093

The table 5.6 shows that only 28 percent of students from religious minorities take up education loans for completing higher education in Uttarakhand. The chi square is not significant so we cannot reject the null hypothesis. This shows that there is no significant association between the religion of students and the decision to take education loans. The phi and Cramer's V also shows no relationship between the two.

Type of Residence

The rural areas in Uttarakhand have very few banks and banking infrastructure are awareness about education loans therefore there might be an association between the type of residence and education loan disbursement in Uttarakhand

Table 5.7

Association between Education Loan and Type of Residence

Type of Residence	Education loan		Total
	Yes	No	
Rural	8	63	71
Urban	46	103	149
Total	54	166	220

λ^2= 9. 98, ρ=.002

φ = .21

The table 5.7 shows that the proportion of students from rural areas taking education loans out of the total students from rural areas is only 11 percent in comparison to 30.8 percent of students from urban areas. The chi square test between the type of residence that the student lives in and education loan take up is significant which shows that there is association between the two variables and the phi statistics also shows a weak positive relationship between the two.

Marital Status

Many people who have education loans are unable to marry particularly important in terms of females therefore marital status may affect the disbursement of education loans in Uttarakhand.

Table 5.8

Association between Education Loan and Marital Status

Marital Status	Education loan		Total
	Yes	No	
Married	0	3	3
Unmarried	54	163	217
Total	54	166	220

λ^2=.98, ρ=.32

φ = .06

The chi square statistics in table 5.8 showing the association between marital status and education loans is insignificant which shows that being married or unmarried does not influence the issue of education loan disbursement or rather take up among students in higher education.

Educational Attainment of head of the family

Most of the financial decisions are taken into consideration the occupation of the head of the family which is closely related to the educational qualification of that person. Therefore an association between the two is sought.

Table 5.9

Association between Education Loan and educational Attainment of head of the family

Educational Attainment of head of the family	Education Loan		Total
	No	Yes	
Graduate	65	40	105
Post Graduate and above	51	8	59
Secondary or below(10th standard)/SSC	10	1	11
Senior secondary(12th standard)/HSC	40	5	45
Total	166	54	220

λ^2=20.05, ρ=.00

φ = .30

The table 5.9 shows that the chi square test between the educational attainment of the head of the family and education loan take up is significant which shows that there is association between the two variables and the phi statistics also shows a moderate positive relationship between the two.

Occupation of the head of the family

The occupation of a person is directly linked to the financial standing of that individual and also his/her ability to take a loan as banks take credit worthiness into consideration while giving out loans.

Table 5.10

Association between Education Loan and Occupation of the head of the family

Occupation	Education Loan		Total
	No	Yes	
Business	40	13	53
Unemployed	15	7	22
Works/ worked in the central or the state government(Public sector)	86	17	103
Works/worked in the private sector	25	17	42
Total	166	54	220

λ^2=9.97, ρ=.02

φ = .21 S

The table 5.10 shows the test of association between occupation of the head of the family and education loan take up is significant. The proportion of students taking education loans is highest where the parent is employed in the private sector. The phi statistics also shows a positive relationship between the two.

5.3.3 Educational Factors

Type of school attended

The type of school attended by a respondent can affect a lot of educational outcomes, the marks they score the institute they apply to and the course they opt for. The association between type of school and education loan is considered for the same reasons.

Table 5.11

Association between Education Loan and Type of school attended

Type of school	Education Loan		Total
	No	Yes	
Private	116	40	156
Public	50	14	64
Total	166	54	220

λ^2=.35, ρ=.55

φ = 0.04

The association table 5.11 between education loan and type of school attended shows the chi square statistics to be insignificant thereby showing that the kind of school that the respondent attends does not have any influence on the take up of education loans for pursuing higher education. The phi statistics also shows no relationship between the variables.

Marks obtained in the last examination

Banks consider a student's academic status as an important determinant in giving out educational loans and therefore education loans disbursement and marks scored by students should be associated.

Table 5.12

Association between Education Loan and marks obtained in the last examination

Marks in Last Exam	Education loan		Total
	Yes	No	
55-75	14	26	40
75-95	37	117	154
Above 95	3	22	25
Below 55	0	1	1
Total	54	166	220

λ^2=4.83, ρ=.18, p> .05

φ = .15

The above table 5.12 shows association between education loan and marks obtained in last exam by students since most of the respondents are undergraduate students. The marks are of upper secondary exams that are the twelfth standard boards. The table shows the chi square statistics equal to 4.83 which is insignificant thereby showing

that the marks obtained by the respondent scores does not have any influence on the take up of education loans for pursuing higher education. The phi statistics also shows no relationship between the variables.

5.3.4 Institutional Factors

Type of institute currently attending

Some institutes have higher course fees and others do not, the type of institute a student attends also influences the decision of taking loans or not. Therefore the association of type of institute with education loans may be of use.

Table 5.13

Association between Education Loan and Type of institute currently attending

Type of institute currently attending	Education Loan		Total
	No	Yes	
Government Medical	12	3	15
Government Technical	108	11	119
Private Medical	19	20	39
Private Technical	27	20	47
Total	166	54	220

λ^2=38.49 ρ=.00

φ = .41 S

Table 5.13 shows the chi square statistics between the type of institute attended and the disbursement of education loans among students in Uttarakhand. The proportion of students taking out education loans is higher in private institutes as compared to government institutes which are in consonance with earlier literature. The chi square statistics show that there is a significant relationship between the type of institute and education loans.

Course Currently Pursuing

The course that a student pursues is linked with education loans through the fees charged for the course that they pursue. So we see the association between these two variables.

Table 5.14

Association between Education Loan and Course

Course category	Education Loan		Total
	No	Yes	
Medicine	138	34	172
Technological	28	20	48
Total	166	54	220

λ^2=9.71, ρ=.002

φ = .21

The above table 5.14 shows the association between the type of course being pursued and the disbursement of education loans among students in Uttarakhand. The chi square statistics show that there is a significant relationship between the type of course the respondent is pursuing and education loans. The phi statistics also shows a weak positive relationship between the two variables.

5.3.5Economic Factors

Average annual household Income

The family income gives insight into the financial status of the respondent and shows whether or not education loan will be taken by students. Association between the annual household income and education loan take up is relevant for understanding the factors influencing disbursement of education loan.

Table 5.15

Association between Education Loan and average annual household Income

Average annual HHY	Education Loan		Total
	No	Yes	
1-5 lakh	67	18	85
5-10 lakh	53	28	81
less than 1 lakh	28	5	33
more than 10 lakh	18	3	21
Total	166	54	220

λ^2=7.68, ρ=.053

φ = .18

The table 5.15 shows that there is a significant association between average annual household income of the respondent and the possibility of taking education loan for

pursuing higher education. The chi square statistic is 7.68 which equal the acceptable level of significance at 95 percent of confidence level.

Fees of the course pursuing

The fee that a student has to pay for pursuing a course is directly linked to the financial needs or requirements. The association between fees per semester and education loan taken by students

Table 5.16

Association between Education Loan and Fees of the course pursuing

Fees Category	Education Loan		Total
	No	Yes	
Above 50000	75	41	116
Below 50000	91	13	104
Total	166	54	220

λ^2=15.45, ρ=.000

φ = .26

Table 5.16 shows that the chi square test of association is significant for the variables education loan and fees that the students pay for the course they are pursuing. The chi square statistics is 15.45 and the phi statistics shows a weak negative relationship between the two variables.

Place of stay while pursing course

Place of stay of students also leads to additional financial requirements of the students which may lead to students requiring financial support if not staying at their own homes.

Table 5.17

Association between Education Loan and Place of stay while pursing course

Stay	Education Loan		Total
	No	Yes	
Home	19	2	21
Hostel	130	47	177
Rented accommodation/PG	17	5	22
Total	166	54	220

λ^2=2.98, ρ=.23

φ= .12

The association table 5.17 between education loan and place of stay of respondent while pursuing the course shows the chi square statistics to be insignificant thereby showing that the place of stay does not have any influence on the take up of education loans for pursuing higher education. The phi statistics which is equal to .12 also shows no relationship between the variables.

Monthly expenses in college

The association between variable on monthly college expenditure and education loan is important as monthly college expenditure is also an expense that affects the cost of education and students have to cater for.

Table 5.18

Association between Education Loan and monthly expenses in college

Monthly expenditure	Education Loan		Total
	No	Yes	
5,000-10,000	58	20	78
5,000-10000	0	1	1
above 10,000	17	4	21
below 5,000	91	29	120
Total	166	54	220

λ^2=3.4, ρ=.32

φ = .12

The association table 5.18 between education loan and the monthly expenses of respondent while pursuing the course shows the chi square statistics is 3.4 which is insignificant at 95 percent confidence level thereby showing that the expenses in college does not have any influence on the take up of education loans for pursuing higher education. The phi statistics which is equal to .13 also shows no relationship between the variables.

Since the cross tabulation and chi square statistics give some details about the association between some of the variables and taking up education loans in Uttarakhand we will use some of the relevant variables for understanding the probability of students opting for education loan based on different variables.

Variables like disability status, marital status and age have been dropped from the analysis since they did not have any relationship with the dependent variable.

A logistic regression is run to see the factors that play an important role in the disbursement of education loans from the demand side that is the students.

5.4 Logistic regression results of education loan disbursement in Uttarakhand

A logistic regression model is used for analyzing multiple explanatory variables that are categorical variables. It is well suited for describing and testing hypotheses about relationships between a categorical outcome variable and one or more categorical or continuous predictor variables (Joanne Peng, Lida Lee and Ingersoll, 2002). The following section 5.4 explains the logistic regression results.

Table 5.19

Omnibus test

Omnibus Tests of Model Coefficients			
	Chi-square	df	Sig.
Step	69.874	13	.000
Block	69.874	13	.000
Model	69.874	13	.000

The Table 5.19 shows the results of the omnibus test which is the probability of obtaining the chi square statistics given that the null is true, with 69.87 as the chi square statistics the model is statistically significant as ρ is less than .05 .The model is further interpreted as the omnibus test of model coefficients is significant.

Table 5.20

Model summary and -2 log likelihood

Model Summary		
-2 Log likelihood	**Cox & Snell R Square**	**Nagelkerke R Square**
175.332	.272	.405

Table 5.20 shows the – 2log likelihood which gives the unexplained portion of the model after it has been fitted, the deviance after fitting the model is 175.33 .The Cox – Snell and Nagelkerke R Square are based on the -2LL statistics they are pseudo R square values as it is not possible to compute the R square value for categorical

variables these are used as the r square values. The Cox and Snell R square values show that the model is a satisfactory fit and can be interpreted further. These values are not the same as the R sure we use in the Ordinary Least Square models there cannot show us how much of the model is being explained by the independent variables

Table 5.21

Hosmer Lemeshow test

Hosmer and Lemeshow Test		
Chi-square	Df	Sig.
9.218	8	.324

ρ>.05 which is significant in case of H-L test

The Hosmer Lemeshow test in table 5.21 shows the goodness of fit of the model in logistic regression and shows how much of the observed events match the expected events in population subgroups. A p value of more than .05 is considered significant in case of this test and since our model has a p value of .32 it is significant and the model can be interpreted further.

Table 5.22

Statistical test for goodness of fit for logit

Classification Table				
Observed		Predicted		
		Education Loan		Percentage Correct
		No	Yes	
Education Loan	No	157	9	94.6
	Yes	26	28	51.9
Overall Percentage				84.1

The H-L statistics has certain internal limitations because of which we considered undertaking another goodness of fit test for the model and the classification plot here shows that sensitivity as well as specificity of the model are high the overall correct prediction of the model is above 80 percent which is considered to be a good measure. We take the analysis further and run a logistic regression.

Table 5.23

Logit Estimates of factors affecting disbursement of education Loans

Independent Variables		Log Odds(β)	Odds ratio or Exp(β)	Standard Error	Marginal Effects(dy/dx)
Demographic Factors	Female	-.758*	.469	.422	-.105
	Male	Reference category			
Social Factors	Urban	.432	1.540	.504	.057
	Rural	Reference category			
	Post graduate and above	-1.577**	.207	.504	-.176
	HSC and SSC	-1.115**	.328	.542	-.131
	Graduate	Reference category			
	Central government or state government	-0.934	.393	.743	-.129
	Private	-.069	.933	.722	-.009
	Business	-1.453*	.234	.744	-.160
	Unemployed	Reference category			
Institutional factors	Government technical	-1.379**	.252	.499	-.201
	Government medical	-.814	.443	1.191	-.087
	Private medical	.195	1.215	.577	.028
	Private technical	Reference category			
Economic Factors	HHY 1-5 Lac	.214	1.239	.567	.030
	HHY 5-10 lakh	.984*	2.676	.580	.150
	Less than 1 lakh and more than 10 lakh	Reference category			
	Fees above 50 k per semester	.900*	2.459	.465	.124

	Fees below 50 k Per semester	Reference category		
	Constant	**-.208**	**.821**	**.786**
	Log likelihood	**-88.549**		
	Pseudo R^2	**.405**		
	Number of Observation	**220**		

***significant at 99 percent confidence level, **significant at 95 percent confidence level, *significant at 90 percent confidence level**

The table 5.23 shows the result of the binary logistic model with education loan as the dependent variable. The variables that have an influence on students going for education loans are gender of the student, the educational attainment of the parents of the respondent which is closely related to their occupation which again is proved to be significant in the disbursement of educational loans. Institutional factors like the type of institute the respondent attends and economic factors like household income, fees and place of stay of the respondent are proved to be significant factors. The Table shows that the odds of taking up an education loan being a female are .46 times lower than when the individual is a male. The odds of students taking up education loans being children of parents having post graduation or above educational qualification are .20 times less than that of students being children of parents having graduation as their educational qualification. In case of occupation, the odds of students taking loans are low if their parents have a business of their own or are engaged in the public or private sector vis-á-vis students having parents that are unemployed. The odds of taking education loans by students studying in a government technical institute are .25 times less than that of a private technical institute. The odds of taking education loans are 2.6 times more for students falling in the annual average household income bracket of 5-10 lakh as compared to the students from extreme income backgrounds of more than 10 lakh and less than 1 lakh. The odds of taking an education loan are 2.4 times more for students who have semester fees above 50,000 as compared those having fees less than 50,000 per semester.

Other factors that were taken into consideration like social factors and educational factors which were thought to be important considerations for disbursement of educational loan were not significant. The type of school attended by student also does not prove to be important, but the current institution attended does play an important role. Factors like religion, social category were insignificant in the present model showing that these factors do not largely influence the disbursement of education loans among technical and medical students of Uttarakhand. The pseudo R square for the model is .32 and the log likelihood is – 88.55. One of the major limitations here is that the sample size of the study is small considering the scope of the analysis but the results seem to give an insight into the situation in technical and medical institutes in Uttarakhand.

5.5 Conclusion

The chapter on factors influencing disbursement of education loans in Uttarakhand gives an insight about the various factors that can play an important role in deciding whether or not to take up loans. The study only focused on students pursuing technical and medical courses in government and private institutes in Uttarakhand and factors like gender of the student, educational attainment of the head of the family, occupation of the head of the family, type of institute attended, average annual household income and the fees of the course pursued proved to have a significant effect on the disbursement of education loans among students in Uttarakhand.

Unlike the study done on factors influencing education loans taken up in Odisha which showed significant influence of different states of India (Biswal and Chinara, 2020) that show social issues like caste and religion are significant factors in disbursement of loans. These factors were insignificant in case of education loan disbursement in Uttarakhand. Gender has proved to be a significant determinant of education loan distribution among students. Many people in India do not find it profitable to spend on educating girls and studies done earlier on different states correctly identify it as “dowry burden”(Tilak, 1992), (GeethaRani,2016).

Studies have also shown that occupation of the parents of the child is an important factor since it is closely related to the amount that the person can spend on financing the higher education of his/her child(Tilak, 2020). The present study also shows that occupation of the head of the family plays a significant role in determining the disbursement of education loans among students. However some factors like

academic score of the student and place of stay while pursuing the course that were considered important in disbursement of education loans among students pursuing technical and medical courses were proved to be insignificant in the present study.

Chapter VI

Reach of education loan in the state of Uttarakhand

6.1 Introduction

Government policies are meant for specific purposes that lead to emancipation of the people who require support. All policies go by the standard rule of reaching out to the last person in the society. In a diverse nation like India it becomes extremely difficult to maintain a fine balance between the government exchequer and benefiting all that require support. Welfare policies are aimed at helping develop the human resource of a nation. The idea behind welfare economics is that resources in a nation should be allocated in such a way that makes the whole society better off. Education loan scheme is supposed to be one such policy initiative that works towards helping financially constrained students to continue their higher education by taking monetary support from scheduled commercial banks in the present with a promise to payback the principal amount along with interest (excused in some cases) after completion of the course.

This chapter attempts to compute the students that require financial support but are left out of the ambit of the loan scheme. The chapter discusses the poverty profile of Uttarakhand, what proportion of population in various districts of the states is living in poverty it talks about the computation involved for the analysis of population that could have used the support of education loans or grants in the form of scholarships by the government for completing higher education. The next section i.e.; 6.3 shows the reach of the scheme using primary data. Section 6.4 gives the summary and conclusion of the chapter.

6.2 Estimation of reach of education loans

Government policies are formulated with objectives that are a work in progress. The success and failure of the policy intervention is determined by the positive changes that it brings about in the society. Usually education loan policy that is designed to help students from weaker sections is a targeted policy; it follows a path that is designed in ways to help students gain upward social mobility in the society by pursuing higher education and making them financially independent. Issue with education loans is that this sometimes does not happen; they are not designed in ways

that support students, thereby leading to failure of the policy. This is not the only problem with the structure of

the education policy, there are factors that influence its distribution as well as take among people but apart from this there are also screening issues with giving out education loans. The eligibility criteria sometimes results in elimination of students that are in actual need of the benefits of the scheme and misallocation of resources.

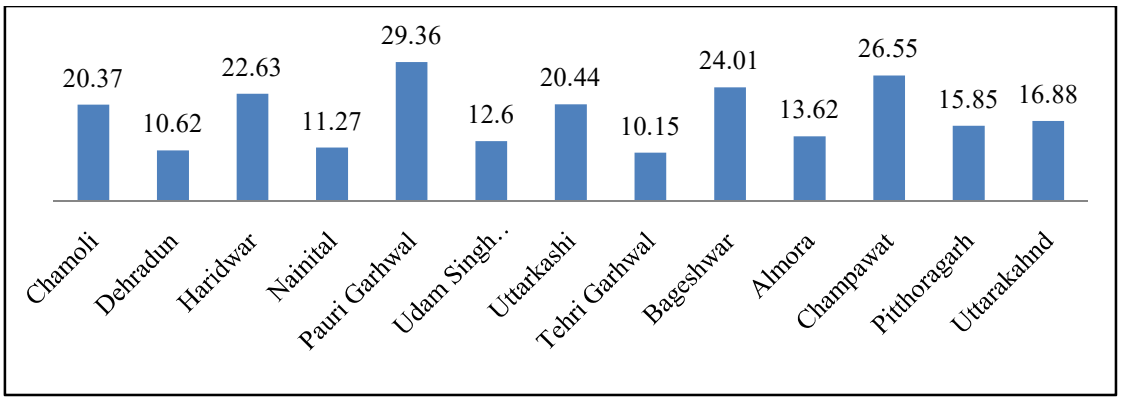
Ziderman highlights that there are differences that are present in policies that are targeting in nature and the ones that are screening. While a scheme that has its roots in screening will go by the rule of elimination for distribution of resources by way of eligibility criteria. A targeting scheme on the other hand will reach out to the ones that are actually in need of help. It reallocates and distributes resources based on the need of a person rather than sticking to the eligibility criteria (Ziderman, 2005).The important aspect in implementation of a policy therefore lies in the way it is approached. In the case of India it is important if we make sure that the education loan scheme is suited to support students and is monitored periodically to see if it is successful in its aims and objectives or not.

6.2.1Poverty profile of people of Uttarakhand: Computing the Reach of Education loans

For computing the reach of education loans in Uttarakhand an income ceiling which is an upper limit or cut off point is to be ascertained in order to estimate the number of students aged 18-23 years of age that fall in the category of poor people. The poverty profile of 13 district of Uttarakhand has been calculated in a report by the Giri institute of Development studies written by R.P Mamgain and M.H Suryanarayana that was submitted to the directorate of Economics and Statistics in 2017.

Figure 6.1

District-wise Estimates of Poverty in Uttarakhand (in percentage)



Source: Giri Institute of Development Studies, 2017

The data used for computation of the district level poverty profiles of various districts of Uttarakhand was generated by pooling of state and central level data in order to generate robust district level samples. The NSS round used for generating district level samples was the 68th round pooled by the Directorate of Economics and Statistics for the state of Uttarakhand (Government of Uttarakhand, 2016). After due consideration regarding the methodology to be used for computation of the poverty profiles the Tendulkar Committee methodology was used for determining the poverty level. The poverty profile measured for each district takes into account the variations in prices using the Fisher's ideal index number in order to have accurate predictions of the estimated population that is poor in various districts of Uttarakhand.

The poverty profile of different districts shows variations in the percentage of people living in poverty in different districts of Uttarakhand, with 17.52 percent of rural population in Uttarakhand and the district having low poverty level is Udham Singh Nagar and the highest percentage of poor population is in Pauri Garhwal district. If urban deprivation is talked about then the state average is around 11.5 percent. Tehri Garhwal has the least incidence and Champawat has the maximum urban deprivation. The average poverty incidence for Uttarakhand is 16 percent with higher of 28.5 percent in Pauri to 9.22 percent in Dehradun (Mamgain and Suryanarayana, 2017)

As per the estimate of the report the total population rural and Urban combined that lives in poverty is around 16.88 percent in Uttarakhand. Taking NSSO 68th round pooled data on Uttarakhand for the year 2011-12 as the basis rupees 880 and rupees 1082 have been computed as the poverty line measure for rural and urban areas

respectively. This has been taken as the basis for calculating the population eligible for financial support for higher education. The underlying assumption for calculating The total number of poor students is that since the overall poverty level in Uttarakhand is 16.88 percent of the total population the age group of 18-23 year olds will also have 16.88 percent of the student population that is poor.

6.2.2 The egg diagram: Estimate of students left from the ambit of education loans

Table 6.1

Computation of Reach of education loans

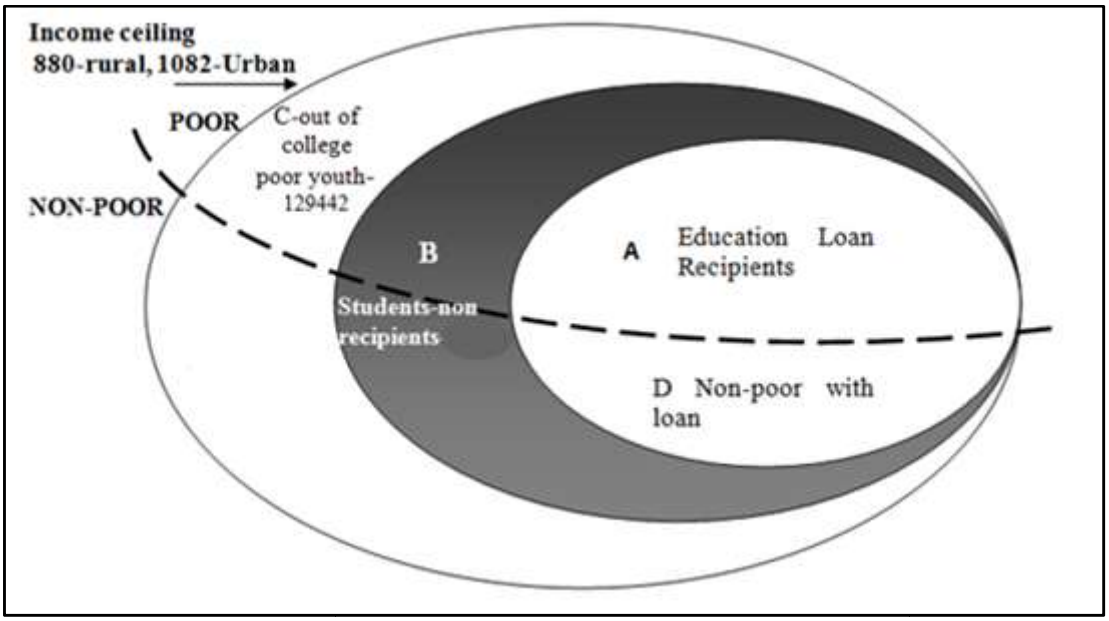
Estimations	**Number of Students**	**Percentage**
Total State population as per 2011 census	10086292	
Projected Population 18-23 years in Uttarakhand based on 2011 census data	1203988	11.9 percent population is aged 18-123 years out of the total population
Total Student Enrollment In Uttarakhand as of 2017-18	437150	36.3 is Gross Enrollment Ratio of Uttarakhand
Out Of College Students	766838	63.6 percent people aged 18-23 years are out of college
Total out of college youth that is poor(18-23 years)	129442	10.75 percent of students aged 18-23 are poor out of total 18-23 years population
Total Poor Students In College	73790	
Total Education Loans In Uttarakhand As Of	33604	7.6 percent students

2017(63rd SLBC,2017)		out of total students financing Higher Education through loans

Source: Estimated using secondary data

Figure 6.2

The Egg diagram for reach of loans in Uttarakhand

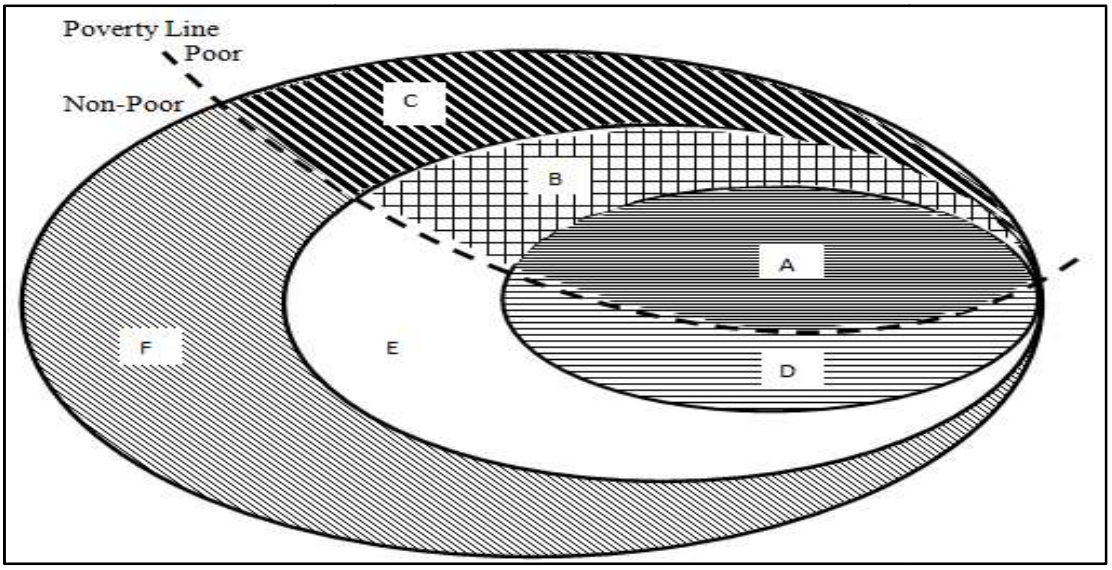


The report of All India Statistics of higher education state profile by University Grants Commissions has been used for data on population projection of 18-23 years old. Then using the percentage of people living in poverty in Uttarakhand students belonging to poor households have been calculated. Table 6.1 shows that 1203988 students are projected to fall in the age group of 18-23 years by the year 2017 based on the 2011 census. Out of these students the total number of students enrolled in Higher education for the year 2017-18 is around 437150. Students in the age group of 18-23 years that are out of college are computed to be 766838. The number of students aged 18-23 years that belong to poor households are 129442 .Total poor students that are enrolled in college is calculated as 73790 and those that are receiving loan is calculated using total loans sanctioned as a percentage of poor population keeping in mind the assumption of 16.8 percent of student population in age group of 18-23 years falling in the category of poor students it is equal to 6896 students that

receive education loans out of a total of 73790 poor students that pursue higher education. Out of the total education loans sanctioned which were 33604 in 2017; around 6896 education loans were sanctioned to the poor students. This assumption however leads to misrepresentation of the actual situation therefore we leave the estimation and calculation for future when a better model for understanding the actual penetration of education loan in a nation , state or district can be developed.

Figure 6.3

Different components of the Egg Diagram



The concept of reach of education loans was explained using an egg diagram by Ziderman in his analysis of the loan scheme for Thailand. Figure 6.3 shows the egg diagram that depicts the reach of education loans in a region. The different components depict different sections of the area that is being studies. The figure has three main ovals separated by a poverty line that divides all three "eggs" into two unequal parts. The outermost oval comprising of "C" and "F" depicts the total college going population in Uttarakhand aged 18-23 years. The "C" region of the outermost egg falls in the poor category therefore it signifies the students falling in the age group of 18-23 years who are not enrolled in higher education due to various reasons. The "F" region in the same oval represents non poor students aged 18-23 years who are not enrolled in higher education. The middle part of the figure has the second oval that again has two regions namely, "B" and "E". The "B" region represents students that are enrolled in higher education are poor but have not received education loans.

These students should have got loans based on the premise that since they are financially constrained an education loan would have helped them. The “E” region of the figure represents non poor students that do not require education loans and they do not receive them as well this portion of the figure represents correct allocation of resources. The inner most oval comprising of part “A” and part “D” represents education loan recipients. The issue is that part “A” comprises of students that are poor and have received education loans. The second part that is “D” comprises of students that are not poor but still opting for education loans. This sometimes leads to misallocation of finances. The section of the population that might require financial support for attaining higher education is not getting the required support instead some other section of the society that may function well without financial support is making use of that money. If not education loans then at least some of the deserving students should be given financial support in terms of regular scholarships.

Some students in the innermost oval have access to education loans, others do not. Using the poverty measure only part of the students aged 18-23 years are in the category of poor students. The section A depicts poor students in higher education that have education loans. The D section of the egg shows students having education loans but not falling in the poor category. The loan recipients should be students in the A and B section that are poor and enrolled in the education system but due to misallocation of resources education loans are given out to non poor students. The population that should be reached for helping students financially are A, B and C (potential enrollees). There is a possible reason for financial constraint that is leading to many students not enrolling for higher education among the poor sections of the society. The egg diagram also helps in determining if there is misallocation of financial resources that is taking place or not. In order to correctly estimate these figure a methodology that clearly identifies poor households in Uttarakhand and how many students that are poor and enrolled in higher education in the state has to be devised.

6.3 Analyzing reach of education loans using primary data

The primary data collected from 220 students in Uttarakhand also gave some insight into the reach of education loans in the state. We use variables that help in understanding whether or not education loans reach all sections and strata of the society in Uttarakhand. Even though the sample is not sufficient for generalization of

the overall scenario we can deduce certain things from the data. Using a two sample test of proportions we test the following hypothesis;

H_0: the proportion of education loan takers are the same for all variables irrespective of gender, social category, location of residence and religious affiliation

H_1: the proportion of education loan takers has difference for all variables irrespective of gender, social category, location of residence and religious affiliation

Social Category

To understand whether the education loan reaches underrepresented groups in Uttarakhand we look at how education loans takers have been distributed among different social categories in Uttarakhand

Table 6.2

Two sample test of proportions for education loan and social category

Education Loan	**Yes**	**No**	**Total**	**Proportion of education loan takers**	**Z Value**
General category	36	107	143	0.252	.30
Other Categories	18	59	77	0.234	
Total	54	166	220		

λ^2=0.087, ρ=.76 > 0.05, not significant

The above table shows the proportion of loan takers from general and other categories; the proportions do not show a lot of difference between the two groups. The chi square statistic and the Z score is not significant at 95 percent confidence interval as

z< 1.96. We therefore cannot reject the null. The reach of the education loan is not influenced by the social category of an individual.

Table 6.3

Two sample test of proportions for education loan and sex

Education Loan	Yes	No	Total	Proportion of education loan takers	Z Value
Males	34	81	115	.295	
Females	20	85	105	.190	1.81*
	54	166	220		

λ^2=3.27, ρ=0.07

The above table shows the proportion of loan takers among men and women and the proportions show considerable difference between the two groups. The chi square statistic and the Z score are significant at 90 percent confidence intervals as p <0.10 and z > 1.64. We therefore reject the null. The reach of the education loan is influenced by the sex of an individual, more number of men opt for education loans in Uttarakhand.

Table 6.4

Two sample test of proportions for education loan and religion

Education Loan	Yes	No	Total	Proportion of education loan takers	Z Value
Hindu	49	157	206	.237	-1.00
Others	5	9	14	.357	
	54	166	220		

λ^2= 1.00, ρ=.316

The above table shows the proportion of loan takers from students who are Hindus and students who follow other religions; the proportions do not show a lot of

difference between the two groups. With almost 35 percent students from the other religious groups taking up loans which shows that education loans reach students from religious minorities but the chi square statistic and the Z score is not significant at 95 percent confidence interval as z< 1.96. We therefore cannot reject the null

Table 6.5

Two sample test of proportions for education loan and type of residence

Education Loan	**Yes**	**No**	**Total**	**Proportion of education loan takers**	**Z Value**
Urban	46	103	149	.308	3.16**
Rural	8	63	71	.112	
	54	166	220		

λ^2=9.98, ρ=.002

The above table shows the proportion of loan takers among students living in urban and rural areas. The proportions show a huge difference between the two groups. The chi square statistic and the Z score are significant at 95 percent confidence intervals as p <0.05 and z > 1.96. We therefore reject the null. The reach of the education loan is influenced by the location of an individual, education loans reach urban areas better in Uttarakhand in comparison to students living in rural areas.

6.4 Conclusion

The chapter on reach of education loans in Uttarakhand gives information on how well the policy of helping poor students is actually reaching out to the students who require financial support for pursuing higher education. Out of the total students enrolled in Uttarakhand approximately 7.6 percent students finance their education through education loans. Some students might be going abroad after taking education loans and therefore this is an approximation. Taking 16.88 percent of population in Uttarakhand as poor we can deduce that 10.75 percent of students aged 18-23 are poor out of total 18-23 years population.

We do not have any concrete estimates regarding the reach of the education loan scheme in Uttarakhand but from the primary data analysis of technical and medical students a few issues come to light regard the supply side factors in Uttarakhand.

In Uttarakhand many students who want to pursue higher education have to decide against it due to financial constrains. Our estimate suggests that around 7.6 percent students finance their education with the help of education loans. With a little more effort from the side of the government the enrollment in higher education for all categories can be improved further and the sustainable development goal can be realized. The government should step in order to provide financial assistance for students who are in need of financial assistance in the form of either scholarships or grants.

The reach of the scheme analysis using primary data shows that the region lacks in providing adequate access to financial support from people from rural areas and also females. There is considerable difference in the distribution of loan disbursement in these two variables which corroborates with the secondary data on distribution of banks in the region showing meager number of branches which result in financial schemes not reaching out to the people who require it. The differences between men and women in terms of loan disbursement show that the loan scheme might not help females in pursuing higher education because the proportion of females opting for education loans is low this may be because of family not being interested in taking loans for educating girls or some other societal issue. The primary data analysis also shows that around 2.8 percent females could not take education loans because of parental opposition. For successful functioning of government schemes it is important to monitor and overhaul them regularly as per the need and requirement of the place.

Chapter VII

Findings and Conclusions

This chapter is divided into four sections section 7.1 gives a brief summary of all the chapters in this study. Section 7.2 discusses the findings of the study and the next section 7.3 gives the conclusion of the study. The last section that is section 7.4 has some suggestions for future research on this issue and the appendices containing the questionnaire and some other relevant information.

7.1 Summary of the Chapters

The dissertation starts with an introductory chapter which gives details on the background information on education loans. It also discusses the rising cost of higher education which has forced some of the students in the direction of financing their education via education loans. The chapter also lays out the theoretical and conceptual framework of the study. The rationale of the study has also been discussed along with the research questions and objectives of the study. The chapter ends by explaining the structure of the study.

The next chapter discussed at length literature related to various aspects of education loans in India as well as abroad. The review of related literature starts with a brief description of what is education loan. It then discusses studies that show how education loan works as an investment in human capital since it also is a way of financing higher education for students. The next section has literature on demand side factors that influence take up of education loans in different states and nations. The chapter also has studies that inform about the influence of taking loans on future financial standing and decisions of students in the long term and the issue of access and equity in case of education loan and its reach. The last section gives a short description of the gas found in the review of literature done.

The third chapter is on the research methodology. It gives the operational definitions of factors and reach of education loans, which are the main objectives of this study. The other issues covered in this chapter are the study area which is the state of Uttarakhand and also an elaborate description of the source of data and its type. The independent and dependent variables as well as hypotheses are also clearly explained

and a detailed plan of analysis is laid out for undertaking the study. Apart from giving these details the study also gives the limitations.

The fourth chapter has a detailed analysis of the secondary data on the higher and technical education in Uttarakhand. The chapter gives the profile of Uttarakhand and also analyses data related to the higher and technical education in the state, budget allocated by the government on higher education in the state. The number of institutes and their types, enrollment in different institutes and districts of the state has been discussed. Enrollment of different categories in different technical fields in Uttarakhand is also detailed out. Public and Private expenditure on higher and technical education has also been discussed as per the details available in the secondary data. The last section of the chapter gives details on the growth in education loan accounts and outstanding loan amount in Uttarakhand. It also has data on the number of banks in different districts of Uttarakhand.

The fifth chapter analyses the primary data that answers the objective of factors influencing education loan disbursement in Uttarakhand among medical and technical students. The chapter has the descriptive statistics, crosstabs and the logistic regression that helps in analyzing the factors that have maximum influence on the education loan disbursement.

The sixth chapter has analysis related to the reach of education loans in Uttarakhand The chapter tries to estimate using secondary data the percentage of population aged 18-23 years old that is poor in need of financial aid but is either left out of the higher education system or left out of the education loan scheme. The chapter also gives an insight into the reach of education loan by way of understanding what proportion of different social and religious strata of the society does the education loan reach .

The last chapter that is chapter seventh gives the summary and conclusions drawn from the study.

7.2 Findings of the study

The study on factors affecting disbursement of education loans and its reach in Uttarakhand has led to certain findings that are discussed in this section;

Uttarakhand has a mix of public and private institutions. The rate of growth of all educational institutions in Uttarakhand has been immense. Statistically speaking the rate of growth has been 38.75 percent since it became an independent state in 2000.

A large share of universities, almost 50 percent of the total universities are private in the state. The growth of private unaided institutes in the state is worth mentioning the numbers grew from 71 in 2010 to 188 by 2018.

The enrolment in the state has also gone up currently it is 30.1 percent which is higher than the national average of 26.3 percent. Enrolment remains higher in government institutes but private unaided institutes have also seen an increase in the enrolment from 32058 in 2010 to 78278 in 2018.

The enrollment however varies around different areas and regions of Uttarakhand. The enrollment is concentrated in certain districts of the state which are Dehradun the capital of the state, Haridwar, Nainital and Udham Singh Nagar. In case of enrollment of different categories of students it has been observed that the state has seen growth in the enrollment of scheduled caste students but not much has changed for the scheduled tribe and other backward class students.

Higher education in the state has often been associated with rising costs. There is a steady increase in the private expenditure on education which is evident from the secondary data analysis of the National Sample Survey. The average expenditure per student is rupees 9,019 for general courses in Uttarakhand as per the 75th round and rupees 36,678 for the technical courses.

The rising cost has led to many students taking up education loans as an alternative source of financing. Since students cannot let go of the opportunity to attain higher education in this ever competitive world of jobs therefore in order to have adequate finance to pay for their education students have started taking up loans. The compounded annual growth rate of education loan account holders in the state has been 16.82 percent approximately from 2005-2014. In spite of these growing numbers what is to be noted is the fact that the banking infrastructure in the state is not adequately developed. There is not equal physical access to banking for people living in different districts of Uttarakhand. Many districts like Bageshwar, Champawat and

Uttarkashi have limited number of banks for the people living there and awareness about education loans would also be limited in such places.

Limited initiative is also seen from the side of the private banking sector in providing ease of financial access to students in Uttarakhand. There are hardly any private banks in the remote areas of the state. Nainital and Axis bank sanctioned only 23 and 3 education loans in the time period starting from April 2020 to September 2020.

As per the analysis of the primary data that was collected from 220 students of six private and public technical as well as medical institutes from Uttarakhand we gain some insight about the factors that have an impact on the disbursement of education loans in the state.

The main factors that played an important role in the disbursement of education loans among students of technical and medical institutes were gender, the type of residence, educational attainment of the head of the family, Occupation of the head of the family, the type of institute the person joins, the average annual household income of the student and the course fees.

The analysis of the reach of the scheme estimates that the student population that finances higher education through education loans in Uttarakhand is approximately 7.6 percent.

The analysis of the primary data on the reach of the education loan shows that there are considerable differences among proportion of education loan takers in case of men and women and also in case of rural and urban areas in Uttarakhand There is no significant impact of the religion followed by students and also the caste of the students in Uttarakhand in case of education loan disbursement, which makes complete sense as the population in Uttarakhand is not very heterogeneous in terms of either religion or caste.

7.3 Conclusions of the Study

Uttarakhand has seen immense growth and development in the educational sector since 2000, there have been many institutes both public as well as private that have come up in large numbers in the state especially the capital city of Dehradun. Along with this there has been a rise in enrollment as well as cost of higher education as

mentioned in the previous section. Even though education loan is not a very popular choice of financing higher and technical education in the state, students coming from financially constrained backgrounds might be forced to take up loans in case of lack of financial resources. The study tries to understand what factors play a role in influencing loan might take up among students in Uttarakhand.

Almost 24 percent of the total students from whom data was collected relied on education loans for financing their technical or medical education. 40 percent of students did not require any financial support and were able to finance their higher education through household expenditure. Many students were also unaware about education loans in the state and some others around 4 percent students faced parental opposition for taking loans. There were also few students who had applied for education loans but their application had been rejected.

Very few students approximately 4.09 percent in the data collected received any kind of financial assistance or scholarship for financing their higher education. The data had proportionate representation of men and women but in terms of students opting for loans it was observed through the data that out of the total education loan takers 62.9 percent were men and only 37 percent were women. Majority of students belonged to the general category among the loan takers and also non takers. Among the education loan takers 85 percent belonged to urban areas and most of the students who took up loans were from private colleges.

The factors that played a significant role in determining whether a student would take an education loan or not were the firstly, gender of the student. Not many female students opted for an education loan as a source of financing their higher education. Many studies have earlier pointed out to this fact that households do not find it profitable to invest in the education of daughters because it amounts to unnecessary “dowry burden" (Tilak, 1992) (Geetha Rani, 2016) and it is seen in the state of Uttarakhand as well. Females are .46 times less likely to take education loans as compared to men. A study that highlights the same issue from the spending perspective shows that in India parents on an average spend 11 percent more on educating boys than girls (Duraisamy and Duraisamy, 2016). The other factors that proved important were educational attainment of the head of the family, occupation of

the head of the family which has shown to be a significant determinant in some other state level studies in India as well as abroad as well. (Tilak, 2020) (Bing, 2012).

The household income also plays a significant role in determining the education loan take up among students. This study shows that households with annual average income of 5-10 lakhs were 2.6 times more likely to take up education loans in comparison to other extreme levels of household incomes. This finding is supported by another study on Odisha that shows how banks decide on giving or restraining education loans based on household income of students (S. Debi, 2014). The study also shows that course fees directly influenced the odds of taking education loans among students and also the type of institute that the student attends impacts loan decisions significantly.

The study refutes a few area specific results that show religion and caste plays a significant role in determining education loan disbursement (Biswal and Chinara, 2019). In Uttarakhand, religion and caste did not play a decisive role in determining the education loan disbursement among students of technical and medical institutes.

The analysis of the reach of the scheme shows that approximately 7.6 percent students enrolled in the higher education system of Uttarakhand finance their education with help of education loans. A more robust methodology is required to arrive at the percentage of poor population reached by the education loan scheme in Uttarakhand using secondary data.

The education loan scheme is supposed to reach out to students that want to pursue higher education but are unable to due to lack of financial resources. What the analysis of primary data reveals is the fact that there is still a divide that is being witnessed in terms of how far the education loan scheme reaches the last person in Uttarakhand. There are differences in the proportion of education loan takers among men and women as well as rural and urban areas. There is not enough penetration that is achieved by education loans in terms of providing financial access to all sections and strata's of the society. Probably a better banking infrastructure in the state, a well designed education loan programme that does not prove to be a burden on students who want to use it as an avenue for upward social mobility would actually help students pursue higher education in not just general courses that has a lower cost but

higher uncertainty in terms of job opportunities but also technical and medical courses where fees is high but so is the return.

7.4 Future research areas

The study can be taken further by extending it to the area of repayment of education loans and how it differs across courses that students opt for. It can further be extended to include the long term impact of education loans on the asset building of people. Other areas that can be explored with this topic include the mental and emotional well being of students who finance their education through loans. Since labour markets are highly uncertain it is important to see how taking up a loan mentally impacts people if it does.

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Appendix-I

Education Loans: Factors affecting disbursement of education loans and its reach in Uttarakhand

Questionnaire- (All Information will be kept confidential to be filled by students only)

Name (optional)				
Demographic Characteristics	1	Sex	Male	
			Female	
	2	Age	17-21	
			21-25	
			25-30	
			30 above	
Social Characteristics	1	Social Category	SC	
			ST	
			OBC	
			EWS	
			GEN	
	2	PWD	Yes	
			No	
	3	Religion	Hindu	
			Muslim	
			Sikh	
			Christian	
			Others	
	4	Native Place		
	5	Type of residence	Urban	
			Rural	
	6	Marital Status	Unmarried	
			Married	
	7	Highest educational qualification of the head of the family	10th below	
			PG and above"	
			12th and graduate	
	8	Occupation of the head of the family	Works/ Worked with the Central or state government	
			Works/ worked in the private sector	
			Business	
			Unemployed	
Educational background	1	Type of school attended	Public	
			Private	
	2	Last examination passed	SSC/HSC	
			Graduate	

			Post graduate	
	3	Marks obtained in the last examination	Above 95	
			75-95	
			55-75	
			Below 55	
Institutional factors	1	Course currently pursuing		
	2	Year of study		
	3	Name of the Institute		
	4	Type of institute	Central University	
			State University	
			Deemed-to-be-University	
			Private University	
			Autonomous Institute	
Economic factors	1	Average annual household income	less than 1 lakh	
			1-5 lakh	
			5-10 lakh	
			more than 10 lakh	
	2	Course fees per semester		
	3	Where do you stay for pursuing your education?	Home	
			Hostel	
			Rented accommodation/PG	
	4	Monthly college expenditure on	below 5,000	
			5,000-10,000	
			above 10,000	
	5	How is your course being financed	Self-financed/Household Income(does not include student loan)	
			Scholarship	
			Education loan	
	6	Why did you not apply for education Loan (Skip if you have taken education loan)	No requirement of Financial support	
			Lack of awareness about education loans	
			Applied but application was not accepted	
			Fear of running into debt	
			Parental opposition	
			Too much documentation and	

			paperwork	
Education loan related questions	1	How did you apply for the loan	Online	
			Visiting the bank branch	
	2	Name of the bank from where loan was taken		
	3	How was the loan application process?	Easy / comfortable	
			Difficult	
			Confusing/Time consuming	
	4	Guarantor of your loan	Parent	
			Sibling	
			Guardian	
	5	Amount of the loan taken	Less than 4 lakh	
			4- 10 lakh	
			10-20 lakh	
			more than 20 lakh	
	6	Would you continue your studies if education loan was not there	Yes	
			No	
	7	What are your future professional goals?	Taking up a job	
			Pursuing a higher degree or another course	
			Undecided	