

# A Study on District-wise Performance of Banks in Educational Loan with respect to Tamilnadu

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**Abstract** Higher Education in India is increasing as well as the private institute also plays a vital role. The most popular source of financing higher education is through Educational loan. The banks give more awareness about the student loan and their benefits as it comes under priority sector. Educational loan was introduced by the government for meritorious students. This paper basically shows about the percentage of educational loan that is distributed among the student district-wise in Tamilnadu State for the period 2018-2019. The District-wise performance was analyzed based on percentage analysis. This paper finds out the district which has achieved highest against its target given by Reserve Bank of India in distributing educational loan in Tamilnadu. The output resulted that overall Tamilnadu has achieved its target. In districts Dharmapuri, Coimbatore has achieved its target.

**Keywords** Higher Education, Educational Loan, Priority Sector Lending, District-wise Performance

## I. INTRODUCTION

### HIGHER EDUCATION IN TAMILNADU

The higher education department in Tamilnadu focuses on 44.3% Gross Enrollment ratio (GER) by 2023 whereas India expects to grow around 24.5%. Human Development Index was visualized with raise up in higher education institution and to cap with all the category of population in the state.

The following are the list of higher education institutions under the overview of higher education department.

**Table: 1.1 Educational Institutions in Tamilnadu (2018-19)**

State Universities – 10 Arts and Science, 1 Technical, 1 Teachers Education and 1 Open	13
Arts and Science Colleges including Oriental Colleges, Colleges of Social Work and Physical Education Colleges and Constituent Colleges	772
Colleges of Education	734
Engineering Colleges	584
Polytechnic Colleges	518
Source: <a href="http://www.tn.gov.in">http://www.tn.gov.in</a>	

### EDUACTIONAL LOAN

In 2016, more than 76% of the colleges in Tamilnadu and Andhra Pradesh are private Colleges. (Ministry of Human Resources)<sup>1</sup> The cost of education is higher in the private institute. The government has launched educational loan

scheme for the poor students who lack funds. The government launches educational scheme through Pradhan Mantri Vidya Lakshmi Karyakram. In Vidya Lakshmi portal educational loans are provided through single window system for poor students. Educational loans are implemented to Under Graduation, Post-graduation, or any other technical course.

## II. REVIEW OF LITERATURE

Tilak and Varghese (1992)<sup>2</sup> highlighted the problems faced in the student loan scheme. He made a precise comparison on various funding schemes in India.

Chauhar C.P.S (2000)<sup>3</sup> he made the measure to study about the private and public financing. Maximum amount spent on university is made through public funding.

P. Geetha Rani (2000)<sup>4</sup> in her analysis she made a 40 samples with university. They have found there is a significance increase in the admission fees, hostel fees, registration fees, entrance examination, tuition fees, examination fees and miscellaneous services.

P.N. Nair and P.R. Gopinathan Nair (2008)<sup>5</sup> have studied the cost of higher education between self-financing institution and public institute. He stated that most of the low income group students are financed through loan, scholarship and external agencies.

Narayana M.R. (2005)<sup>6</sup> in this paper an empirical analysis was made with financing budgetary subsidy in commercial banks. A model was drawn based on educational loan and subsidy. He encouraged the supportive changing needs.

### III. RESEARCH DESIGN

The research design used in the study is descriptive. It is used to describe the accurate account of the group. It shows the characteristics of the banks and analysis the situation of the banks with a certain frequency.

#### NEED FOR THE STUDY

Most of the reviews have not analyzed about the performance of the banks district-wise. So this study fulfills the needs.

#### OBJECTIVE OF THE STUDY

- 1) To evaluate the target given by the RBI to district-wise banks in education loan with respect towards Tamilnadu banks.
- 2) To study about the achievements done by the educational loan in Tamilnadu banks.
- 3) To analysis the performance of educational loan by the Tamilnadu banks.

### IV. ANALYSIS & INTERPRETATION

The below table shows the target need to be achieved by the educational loan. It also shows the achievement done against the target by district-wise banks in education loan.

**Table 4.1 Educational Loan of District-wise banks 2018-19**

Sl. No	District	Education					
		Target		Achievement		% of Achievem	
		No	Amt	No	Amt	No	Amt
1	Ariyalur	6273	268000	5432	257616	87	96
2	Coimbatore	2894	2021360	2985	2081192	103	103
3	Cuddalore	4886	1466094	3952	1254981	81	86
4	Dharmapuri	1203	451375	1303	491061	108	109
5	Dindigul	2040	1200000	1658	1209870	81	101
6	Erode	7391	2328131	7473	2477602	101	106
7	Kancheepuram	12972	1426675	13275	1468422	102	103
8	Kanniyakumari	9687	2205000	9787	2185000	101	99
9	Karur	6267	822016	6028	791423	96	96
10	Krishnagiri	4908	911464	2208	310630	45	34
11	Madurai	1730	2085410	1820	2101200	105	101
12	Nagapattinam	774	459270	704	429270	91	93
13	Namakkal	8827	821762	8127	801762	92	98
14	Perambalur	6953	1080000	6033	1028574	87	95
15	Pudukkottai	3103	374829	2551	301572	82	80
16	Ramanathapuram	23349	3600000	20149	3020154	86	84
17	Salem	2117	1529850	1775	1269850	84	83
18	Sivaganga	3512	638145	3617	669574	103	105
19	Thanjavur	11770	1752137	11015	1623617	94	93
20	The Nilgiris	1789	405912	1925	422745	108	104
21	Theni	680	811000	668	802020	98	99
22	Thiruvallur	69378	1954225	62378	1854225	90	95
23	Thiruvarur	7452	765000	5852	599158	79	78
24	Thoothukkudi	6519	1090597	5519	981537	85	90
25	Tiruchirappalli	8922	3425877	8422	3325877	94	97
26	Tirunelveli	12250	2450000	8315	1635980	68	67
27	Tiruppur	6671	1347750	6884	1386504	103	103
28	Tiruvannamalai	4003	687225	3349	596323	84	87
29	Vellore	18828	3965607	14828	3065607	79	77
30	Viluppuram	14158	1705790	11647	1421136	82	83
31	Virudhunagar	9903	1122022	9473	1135400	96	101
	<b>Grand Total</b>	<b>281209</b>	<b>45172523</b>	<b>249152</b>	<b>40999882</b>	<b>89</b>	<b>91</b>

Source: State Level Bankers Committee, Tamilnadu

The below table represents the target percentage of the district-wise banks need to be achieve against the target of tamilnadu in educational loan.

**Table 4.2 Target Percentage Given on Educational Loan**

District	Education Loan(2018-19)			
	No of A/c in %	Rank	No of Amt in %	Rank
Ariyalur	2.59	18	0.61	31
Coimbatore	1.40	25	4.65	6
Cuddalore	2.18	20	3.10	14
Dharmapuri	1.48	24	1.95	22
Dindigul	0.91	26	2.54	17
Erode	3.59	11	5.37	5
Kancheepuram	4.92	7	5.79	4
Kanniyakumari	5.81	4	4.27	8
Karur	2.92	16	1.82	24
Krishnagiri	1.68	21	1.88	23
Madurai	0.75	28	4.25	9
Nagapattinam	0.53	30	1.54	27
Namakkal	3.09	13	1.64	25
Perambalur	2.98	15	2.32	19
Pudukkottai	1.68	22	0.96	29
Ramanathapuram	9.46	1	6.91	3
Salem	4.23	10	3.36	12
Sivaganga	1.56	23	1.43	28
Thanjavur	4.97	6	3.51	11
The Nilgiris	0.84	27	0.90	30
Theni	0.29	31	1.62	26
Thiruvallur	8.04	2	2.51	18
Thiruvarur	0.59	29	2.68	16
Thoothukkudi	3.09	14	2.73	15
Tiruchirappalli	4.50	9	7.84	1
Tirunelveli	4.67	8	4.43	7
Tiruppur	3.41	12	3.15	13
Tiruvannamalai	2.47	19	2.32	19
Vellore	7.05	3	7.79	2
Viluppuram	5.72	5	3.87	10
Virudhunagar	2.62	17	2.27	21
<b>GRAND TOTAL</b>	<b>100%</b>		<b>100%</b>	

Table number 4.2 describes the number of accounts and amount as on 31-3-2018. Highest number of target accounts was given to achieve in the educational loan for each districts in Tamilnadu. Highest number of target accounts was given to ramanthapuram district as 9.46% and least number of target accounts was given to Theni (0.29%). The second highest number of accounts was given to Thiruvallur (8.04%) and second least no of accounts was given to Nagapittianam (0.53%). The highest

number of target amount on educational loan was given to Tiruchirappalli (7.84%) and least number of target amounts is given to Ariyalur (0.61%). The second highest number of target amount on educational loan was given to Vellore (7.79%) and second least was given to The Niligiris (0.90%).

The below table represents the achievement percentage of the banks need to be achieved against the achievement of tamilnadu banks in educational loan.

**Table 4.3 Percentage Achieved on Educational Loan**

District	Education Loan(2018-19)			
	Percentage		Rank	
	No	Amt	No	Amt
Ariyalur	2.18	0.63	18	31
Coimbatore	1.20	5.08	22	7
Cuddalore	1.59	3.06	19	15
Dharmapuri	0.52	1.20	29	26
Dindigul	0.67	2.95	28	16
Erode	3.00	6.04	12	4
Kancheepuram	5.33	3.58	4	11
Kanniyakumari	3.93	5.33	7	5
Karur	2.42	1.93	15	22
Krishnagiri	0.89	0.76	24	29
Madurai	0.73	5.12	26	6
Nagapattinam	0.28	1.05	30	27
Namakkal	3.26	1.96	11	21
Perambalur	2.42	2.51	14	18
Pudukkottai	1.02	0.74	23	30
Ramanathapuram	8.09	7.37	2	3
Salem	0.71	3.10	27	14
Sivaganga	1.45	1.63	20	23
Thanjavur	4.42	3.96	6	10
The Nilgiris	0.77	1.03	25	28
Theni	0.27	1.96	31	20
Thiruvallur	25.04	4.52	1	8
Thiruvavarur	2.35	1.46	16	24
Thoothukkudi	2.22	2.39	17	19
Tiruchirappalli	3.38	8.11	9	1
Tirunelveli	3.34	3.99	10	9
Tiruppur	2.76	3.38	13	13
Tiruvannamalai	1.34	1.45	21	25
Vellore	5.95	7.48	3	2
Viluppuram	4.67	3.47	5	12
Virudhunagar	3.80	2.77	8	17
<b>Grand Total</b>	<b>100</b>	<b>100</b>		

Table number 4.3 describes the number of accounts and amount achieved as on 31-3-2018. Highest number of accounts achieved by the educational loan in Tamilnadu district was Thiruvallur (25.04%) and the least no of accounts was achieved by Theni (0.27%). The second highest no of account was achieved by Ramanathapuram (8.09%) and second least no of account was achieved by

Vellore (5.95%). The highest amount of achievement in educational loan disbursement was done in Tiruchirappalli (8.11%) and least disbursement was done in Ariyalur (0.63%). The second highest achievement amount of educational loan disbursement was done in Vellore (7.48%) and second least is Pudukkottai (0.74%).

The below table represents the achievement percentage of the banks need to be achieved against the target of disbursement of educational loan in Tamilnadu banks.

**Table 4.4 Percentage of Achievement against target on Educational Loan**

Sl. No	District	Education Loan(2018-19)			
		% of Achievement		Rank	
		No	Amt	No	Amt
1	Ariyalur	87	96	19	16
2	Coimbatore	103	103	5	5
3	Cuddalore	81	86	27	23
4	Dharmapuri	108	109	1	1
5	Dindigul	81	101	26	9
6	Erode	101	106	8	2
7	Kancheepuram	102	103	7	6
8	Kanniyakumari	101	99	9	11
9	Karur	96	96	11	15
10	Krishnagiri	45	34	31	31
11	Madurai	105	101	3	10
12	Nagapattinam	91	93	16	19
13	Namakkal	92	98	15	13
14	Perambalur	87	95	18	17
15	Pudukkottai	82	80	25	27
16	Ramanathapuram	86	84	20	24
17	Salem	84	83	22	26
18	Sivaganga	103	105	6	3
19	Thanjavur	94	93	14	20
20	The Nilgiris	108	104	2	4
21	Theni	98	99	10	12
22	Thiruvallur	90	95	17	18
23	Thiruvavarur	79	78	29	28
24	Thoothukkudi	85	90	21	21
25	Tiruchirappalli	94	97	13	14
26	Tirunelveli	68	67	30	30
27	Tiruppur	103	103	4	7
28	Tiruvannamalai	84	87	23	22
29	Vellore	79	77	28	29
30	Viluppuram	82	83	24	25
31	Virudhunagar	96	101	12	8
	<b>Grand Total</b>	<b>89</b>	<b>91</b>		

Table number 4.4 describes the number of accounts and amount distributed as educational loan towards Tamilnadu as on 31-3-2018. Dharmapuri district achieved the highest in distributing educational loan amount and accounts

against their targets. The second highest amount was by Erode district and No of accounts was done by The Nilgiris. The third highest amount was attained by Sivaganga and the no of accounts was attained by Madurai. The fourth highest amount was accomplished by The Nilgiris and the no of accounts accomplished by Tiruppur. Coimbatore is the fifth highest distribution of educational loan against their targets with respect to amount and no of accounts. Overall Tamilnadu has achieved higher distribution of educational loan than their target.

#### IV. FINDINGS & SUGGESTION

- Tamilnadu has achieved higher than their target.
- The highest target amount of educational loan was given to Tiruchirappalli and it was attained.
- Dharmapuri district was achieved higher than the target they received in distributing educational loan with respect to amount and no of accounts.
- The districts achieved higher than the targets in distributions of education loan are **Coimbatore, Dharmapuri, Dindigul, Erode, Kancheepuram, Madurai, Sivaganga, The Nilgiris, Tiruppur.**
- The highest achievement targets were given to **Tiruchirappalli, Ramanathapuram, and Vellore District** and it was attained by these districts.
- The lowest targets were given to **Ariyalur, The Nilgiri and Pudukkottai.**
- The lowest targets were attained by **Ariyalur, Pudukkottai and Krishnagiri district.**

The targets were achieved by the bankers but the banks have high NPA in educational loan sector. It is mainly due to inefficiency of the banks to track the students after their studies. The Ariyalur, Pudukkottai and Krishnagiri district was given least target due to high NPA being produced in those areas. The bankers are not able to find right candidates, girl students get married and they forget about their loan, students those get loan have least interest to repay, unemployment these are the various problems faced by the bank. So now the Reserve Bank of India has given instructions to the banks not to reject the educational loan for deserving students and the banks should follow the guidelines to give the right loan for students. If meritorious students are given loan the Non-Performing Assets is automatically reduced. If the banks were rejecting applications often the RBI can penalize the banks.

#### V. CONCLUSION

Now-a-days banks reject most of the applications for students due to increasing NPA in educational loan. So the RBI is giving its target to banks every year under priority sector lending. The banks mostly achieve its targets. RBI has also given instructions not to reject the applications and it's liable for penalizing. Based on the above findings, the Tamilnadu has achieved its target. The distribution of

educational loan given is sufficient in Tamilnadu and most of the students are getting benefit of the loan. Tamilnadu and Kerala banks are leading its NPA on educational loan. During the fiscal year 2017, the bank loan ratio in educational loan is raised by 18% and most of them were Public Sector Banks. The default repayment ratio is been rising year after year from 5.7% to 7.6% (Economic Times). So banks should give more awareness programs about repayment of educational loan.

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