

Title: A Comparative Analysis of Educational Loan Schemes
Subtitle: A Case Study of Public vs. Private Sector Banks: State Bank of India and HDFC Bank

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Abstract

This study, "A Comparative Analysis of Educational Loan Schemes: Public vs. Private Sector Banks," examines the educational loan offerings from public and private banks, with a specific focus on the State Bank of India (SBI) and HDFC Bank. Rising education costs have driven students to seek financial support, making it essential to evaluate loan options based on terms, interest rates, repayment conditions, and customer satisfaction.

The analysis highlights distinct characteristics of public and private sector banks in terms of loan schemes. Public banks, such as SBI, often provide loans with government-backed benefits, lower interest rates, and longer repayment tenures, making them accessible to a broad spectrum of students. These banks typically offer favorable terms, especially for economically disadvantaged students and female students, with interest rate concessions and subsidies available under schemes like the Central Scheme of Interest Subsidy (CSIS). On the other hand, HDFC, as a private bank, offers competitive rates, flexible loan amounts, and faster processing, although often at a higher cost and with stricter eligibility and collateral requirements.

Methodologically, this study utilizes primary data collected via surveys from students at Dibrugarh University and secondary data on loan schemes. Analysis shows that the majority of students (81%) favor public sector banks for their lower interest rates and manageable terms. However, common challenges, such as lengthy processing times and complex documentation, were reported across both types of banks. For private banks, the appeal lies in their efficient service, but higher costs and stringent terms can be limiting.

The findings aim to guide students in making informed financial decisions, recommending that banks simplify documentation, enhance transparency, and shorten processing times to improve accessibility. The study's limitations include its focus on only two banks and a regional scope within Assam, suggesting further research across other institutions and regions to generalize results better.

2. Introduction

We know that access to quality education is a fundamental right and an essential element for personal and societal development. However, the escalating cost of education has made it increasingly difficult for many individuals to afford higher education without financial assistance. Educational loans have emerged as a viable solution, offering students the necessary financial support to pursue their academic dreams. This study aims to conduct a comparative analysis of educational loan schemes provided by public and private sector banks, with a focus on understanding the differences in terms and conditions, interest rates, repayment options, and overall customer satisfaction.

This comparative study will delve into the specific features of educational loan schemes from selected public and private sector banks, analyzing their benefits and drawbacks. By examining customer experiences and satisfaction levels, this study aims to provide valuable insights for students and their families in making informed decisions about financing their education.

3. Background

Educational loans have become indispensable in the financial life of students aspiring for higher education. Public sector banks, driven by government policies, often offer loans with lower interest rates and more favorable repayment terms to support educational advancement. Private sector banks, while also catering to the needs of students, operate with a profit motive that can lead to differences in loan terms and customer service experiences. Analyzing these differences is essential for understanding how each sector impacts students' financial burdens and opportunity.

4. Significance of the Study

The significance of this study lies in its potential to inform students and their families about the nuances of educational loan schemes offered by public and private banks. As education costs continue to rise, making an informed choice about educational loans becomes increasingly important. By highlighting the strengths and weaknesses of each sector, this study aims to empower students to select the most suitable loan option for their needs, thus facilitating better financial planning and stress-free education journeys.

Moreover, it sheds light on the financial barriers and procedural hurdles faced by students in higher education, particularly in regions like Assam. Understanding these challenges can reveal the specific issues—such as complex loan procedures, high-interest rates, or inadequate support from financial institutions—that impact students' access to and satisfaction with educational loans. By examining these factors, the study can inform policymakers, banks, and university administrators about areas for improvement to make educational financing more accessible, efficient, and student-friendly.

6. Literature review

Role of Public Sector Banks in Educational Lending

Public sector banks, such as the State Bank of India (SBI), are significant players in educational financing, often guided by government policies. They are known for providing loans with government-backed benefits, lower interest rates, and more favourable, longer repayment tenures. These features make education more accessible to a wide range of students, including those from economically weaker sections.

Government Schemes and Concessions

Public banks frequently offer special concessions to support specific student demographics. This includes interest rate reductions for female students and subsidies for economically disadvantaged students under government initiatives like the *Central Scheme of Interest Subsidy (CSIS)*. These schemes provide interest subsidies during the moratorium period, significantly reducing the financial burden on students.

Role of Private Sector Banks in Educational Lending

Private sector banks, like HDFC, operate with a profit motive, which influences their loan terms and customer service. They compete by offering faster loan processing and flexible loan amounts. However, these benefits often come at the cost of higher interest rates and stricter eligibility and collateral requirements.

Student Preference and Rationale

Analysis shows that a significant majority of students (81%) prefer public sector banks for educational loans. The primary reasons for this preference are the lower interest rates and more manageable repayment terms offered by public banks compared to their private counterparts.

Common Procedural Challenges for Students

Despite the availability of loans, students encounter significant procedural hurdles across both

public and private banks. Common challenges reported include complex documentation and paperwork and long processing times, which can be significant barriers for applicants. These issues impact students' ability to access educational financing efficiently.

Significance of a Comparative Analysis

Given the differences between public and private lenders, a comparative analysis is crucial to help students make informed financial decisions. Understanding the strengths and weaknesses of each sector empowers students to select the most suitable loan for their needs, facilitating better financial planning and reducing stress during their education journey. The study specifically aims to fill this knowledge gap, with a focus on students in regions like Assam.

7. HYPOTHESIS FORMATION

The hypothesis for this comparative study is that public sector banks offer more favorable educational loan schemes in terms of interest rates and repayment flexibility compared to private sector banks, which might offer quicker processing times and more competitive service but at higher costs and stricter terms.

H₀: There is no difference between public and private sector banks in terms of educational loan.

H₁ or H_a: There is difference between public and private sector banks providing educational loan.

8. METHODOLOGY OF THE STUDY

Secondary data collection

To analyse the education loan schemes provided State bank of India and HDFC bank various information regarding interest rate, repayment process, amount of loan etc. are collected from their official websites.

Primary data collection

Primary data is information gathered directly from the students who have taken education loan for the purpose of research. It is gathered in order to solve the problem at hand. As a result, primary data is data obtained directly by the researcher. In the instance of our study, primary data is collected using:

- Online questionnaire sent through WhatsApp.

Sample design: Sampling is the process of selecting a subset of individuals or items from a larger population for the purpose of conducting research or drawing conclusions about that population.

Population: A population can be defined as the totality of all items and attributes studied in the research. However, acquiring all of this data is time-consuming and expensive. As a result, we use samples to draw conclusions about the population. Students of Dibrugarh University who have taken education loan are being studied to understand the challenges faced by students while availing educational loan and their satisfaction level.

Sampling Technique: Purposive sampling technique is used to draw the sample because the number of students who have taken education loans is very small and they are not spread proportionately across different centers and departments. Moreover, purposive sampling can be cost-effective and time-efficient compared to probability sampling methods, as it minimizes the need for extensive sampling frames and random selection procedures.

Sampling Unit: Students of Dibrugarh university who have taken education loan

Educational loan schemes on public sector bank

OVERVIEW OF PUBLIC SECTOR BANKS

Indian public sector banks play a crucial role in providing educational loan schemes to support students pursuing higher education, both in India and abroad. These schemes typically cover a wide range of expenses, including tuition fees, books, accommodation, and travel, making education more accessible for students from diverse socio-economic backgrounds. Most banks offer loans under schemes like the **Central Scheme of Interest Subsidy (CSIS)**, which provides interest subsidies for economically weaker sections during the moratorium period (course duration plus a year). Popular banks like State Bank of India (SBI), Punjab National Bank (PNB), and Bank of Baroda offer education loans with flexible repayment tenures, ranging from 5 to 15 years, and competitive interest rates, typically ranging from 7% to 10%, depending on the loan amount and student profile. The loans are generally collateral-free for smaller amounts (up to INR 7.5 lakhs) under the Indian Banks' Association (IBA) model education loan scheme, with higher amounts requiring collateral. Indian public sector banks also provide certain relaxations, such as interest rate concessions for female students and students pursuing studies in premier institutions like IITs and IIMs. Additionally, many banks allow co-borrowing by parents or guardians and offer repayment flexibility, including EMI (Equated Monthly Installments) after a grace period, making these loans a vital resource for funding education.

For this research, the **State Bank of India (SBI)** has been chosen to study its various educational loan schemes. The primary reason for selecting SBI is its stature as the largest public sector bank in India, with an extensive customer base and widespread reach. Given its extensive network and long-standing presence in the Indian banking landscape, SBI offers a diverse range of educational loan products tailored to various academic pursuits.

TYPES OF EDUCATIONAL LOANS OFFERED BY SBI

STUDENT LOAN:

This is a general loan scheme for students pursuing studies in India or abroad in approved courses at recognized institutions.

Processing Charges

- Loans up to Rs. 20 lacs: NIL
- Loans above Rs. 20 lacs: Rs. 10,000 (plus taxes)

Security

- Up to Rs. 7.5 Lacs: Only Parent/ Guardian as co-borrower.

No Collateral Security or third-party guarantee

- Above Rs. 7.5 Lacs: Parent/ Guardian as co-borrower and tangible collateral security

Margin

- Up to Rs 4 Lacs - Nil
- Above Rs 4 Lacs - 5% for studies in India, 15% for studies in abroad

Repayment will commence one year after completion of the course.

Loan to be repaid in 15 years after the commencement of repayment.

In case second loan is availed for higher studies later, to repay the combined loan amount in 15 years after completion of second course.

Loan Amount

- Studies in India Medical Courses: Upto Rs 30 lacs
- Other Courses: Upto Rs 10 lacs

Studies abroad

- Upto Rs 7.50 lacs

Interest rate

Effective rate: 11.15%

Concession: 0.50% concession in interest for girl students

Type: floating

Maximum Loan Limit

	No Security, only Parent/ Guardian as co-borrower	With tangible collateral of full value and Parent/ Guardian as co-borrower
List AA	Rs. 50 lacs	No upper limit
List A	Rs. 40 lacs	No upper limit
List B	Rs. 30 lacs	No upper limit
List C	Rs. 7.5 lacs	Rs. 30 lacs

Takeover of Education Loans

This product is designed for individuals who already have an existing education loan from
Type: floating

another bank or financial institution and want to transfer (takeover) their loan to SBI, usually to benefit from better terms or interest rates.

Eligibility:

- Loan to be a fresh (first-time) takeover
- The student-borrower should be a major at the time of switchover
- The loan should have been fully disbursed at the time of the takeover

Quantum of Finance

- Quantum of Finance Minimum: Rs. 10 Lakhs
- Quantum of Finance Maximum: Rs. 1.5 Crores

Interest rate

- Effective rate: 11.15%
- Concession: 0.50% concession in interest for girl students

Shaurya Education Loan

The Shaurya Education Loan Scheme by SBI provides financial assistance to meritorious wards of Defense and Indian Coast Guard personnel for pursuing higher education in India or abroad. The loan is available only if the parent (co-borrower) holds a Defense Salary Package or Indian Coast Guard Salary Package account with SBI, which must continue throughout the loan tenure. It covers full-time graduation, post-graduation, professional, or diploma courses at recognized institutions, with a maximum loan limit of ₹40 lakhs for studies in India and up to ₹1.50 crores for studies abroad. No margin is required for loans up to ₹4 lakhs, while a 5% margin applies above this limit. Processing fees are waived for loans up to ₹20 lakhs, with ₹10,000 plus taxes charged beyond that. The effective interest rate is 11.15% (11.75% for unsecured loans), with an additional 0.50% concession for girl students

Overview Of Hdfc Bank

HDFC Bank (Housing Development Finance Corporation) is one of India's leading private sector

banks, known for offering a wide range of banking and financial services. It was established in 1994 and is headquartered in Mumbai, India. Here's an elucidation of the term and its significance: Foundation & Growth: HDFC Bank was incorporated in August 1994, with its first corporate office in Mumbai. It is part of the HDFC Group, originally founded to provide housing finance in India.

PRODUCTS & SERVICES:

HDFC Bank offers a broad range of services, including:

- 1) **Retail Banking:** Savings and current accounts, fixed deposits, credit cards, home loans, auto loans, personal loans, and more.
- 2) **Wholesale Banking:** Financial services for corporates and businesses, including trade finance, cash management, and loans.
- 3) **Treasury Services:** Foreign exchange, derivatives, and capital market services.
- 4) **Digital Banking:** Mobile apps, net banking, and digital payment solutions have been areas of innovation for HDFC Bank.

COMPETITIVE INTEREST RATES:

HDFC Bank offers educational loans at relatively competitive interest rates which helps reduce the financial burden on students and parents. The interest rates can vary based on the course, institute, and repayment terms, but they are generally aligned with the market standards or better.

FLEXIBLE LOAN AMOUNTS:

The bank provides loans for a wide range of amounts, covering both domestic and international education. Whether it's for undergraduate, postgraduate, or professional courses, HDFC offers loans tailored to the needs of the student.

LONG REPAYMENT TENURE:

HDFC Bank offers flexible repayment tenures, which can be extended up to 15 years in some cases. This gives students sufficient time to repay their loans after completing their studies and finding employment.

TAX BENEFITS:

Students or parents repaying HDFC educational loans can avail of tax benefits under Section 80E of the Income Tax Act, where the interest paid on the loan is deductible from the taxable income.

QUICK LOAN PROCESSING:

HDFC Bank is known for its efficient loan processing system. Students can get quick approvals for their educational loans, especially for courses at reputed institutions. This fast processing helps students meet tight admission deadlines.

TYPES OF EDUCATIONAL LOANS PROVIDED BY HDFC BANK

HDFC BANK EDUCATION LOAN FOR INDIAN EDUCATION:

This loan is designed for students pursuing higher education within India. It covers a wide range of courses, including undergraduate, postgraduate, and diploma courses in recognized Indian institutions. Indian nationals who have secured admission to a recognized Indian educational institution. Students can apply for courses in fields like engineering, medicine, management, arts, and more.

HDFC BANK EDUCATION LOAN FOR FOREIGN EDUCATION:

This loan is aimed at students planning to pursue higher education abroad, covering various expenses related to international studies. Indian students who have secured admission to recognized foreign universities. Students applying for undergraduate, postgraduate, or professional courses. Typically, up to ₹20 lakhs or more, depending on the course and country.

HDFC BANK LOAN FOR SKILL DEVELOPMENT COURSES:

HDFC Bank provides loans for vocational, technical, or skill development courses. This loan is useful for students who want to enhance specific skills through short-term or certification programs. Indian nationals who have secured admission to certified skill development or technical programs. Typically, up to ₹1.5 lakhs, depending on the course.

HDFC EDUCATION LOAN FOR MEDICAL COURSES:

Specialized educational loans are available for students pursuing medical studies, including MBBS, BDS, nursing, and postgraduate medical courses. Students admitted to recognized medical institutions in India or abroad. Higher loan amounts are offered due to the expensive nature of medical courses, often going above ₹10-20 lakhs.

INTEREST RATES AND REPAYMENT TERM OF HDFC EDUCATION LOAN

The interest rates for HDFC Bank's education loans typically fall in the range of 9% to 15% per annum. However, the exact rate depends on various factors like the loan amount, type of course, institution, and whether the loan is secured by collateral.

Type of Interest:

Floating Interest Rate: Most education loans come with floating interest rates that change with the base rate set by the Reserve Bank of India (RBI) or HDFC Bank's Marginal Cost of Lending Rate (MCLR).

Fixed Interest Rate: In some cases, a fixed interest rate might be offered, especially for short-term loans or special schemes.

Special Concessions:

HDFC Bank sometimes offers lower interest rates or concessions for students admitted to premier institutions like IITs, IIMs, or globally reputed universities.

Female students may get a 0.50% concession on the applicable interest rate.

COMPARATIVE ANALYSIS OF EDUCATIONAL LOAN SCHEMES

Feature	SBI Education Loan	HDFC Bank Education Loan
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Loan Amount	Up to ₹1.5 Crore, depending on course and institution type; except for some of the selected premier institutions there is no upper limit.	Typically up to ₹20 Lacs for Indian education, higher amounts available for foreign studies and specialized programs like medical studies
Interest Rate	Floating, generally ranges from 8.05% to 11.75%	Floating rate ranging from 9% to 15%, varies with loan type, amount, and collateral
Interest Concession	0.50% concession for female students	0.50% concession for female students, additional concessions for premier institutions like IITs and IIMs
Processing Fees	Up to ₹20 Lacs: NIL; Above ₹20 Lacs: ₹10,000 + taxes	Based on loan type and amount; generally higher for foreign education schemes
Collateral Requirement	Loans up to ₹7.5 Lacs require only a co-borrower; loans above ₹7.5 Lacs need tangible collateral Exception: for some selected premier institutions loans up to ₹50 lacs no tangible collateral is required.	Loans above ₹7.5 Lacs typically require collateral (e.g., property, fixed deposits, or third-party guarantor)
Repayment Tenure	Maximum of 15 years for most schemes	5 to 15 years, depending on loan amount, course type, and presence of collateral
Repayment Start (Moratorium)	Course duration plus 12 months post-completion or 6 months upon securing a job, whichever is earlier	Course duration plus 6-12 months, with an option to start paying simple interest during the moratorium
Margin Requirement	5%-15%, depending on loan amount and location of studies (5% for domestic, 15% for foreign studies)	Generally required for larger loans but may be waived for smaller loans
Loan Coverage	Tuition, examination fees, hostel expenses, and travel expenses (for international courses); also covers laptop and equipment costs if required by the institution	Tuition, books, equipment, and travel expenses for international courses, also includes hostel expenses for certain loans

Other Benefits

Option to take a second loan for higher studies, with a combined repayment tenure of 15 years

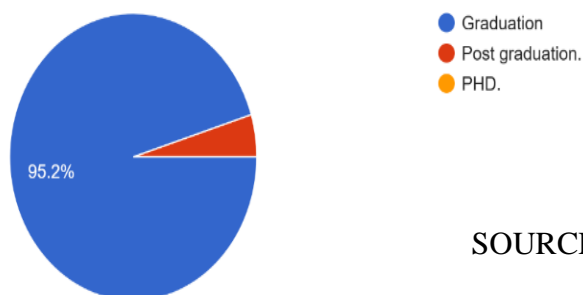
Flexibility to pay partial interest during the course to reduce future EMI burden

DATA ANALYSIS AND INTERPRETATION

Plot data and interpretation:

For which of the following have you taken an educational loan?

21 responses



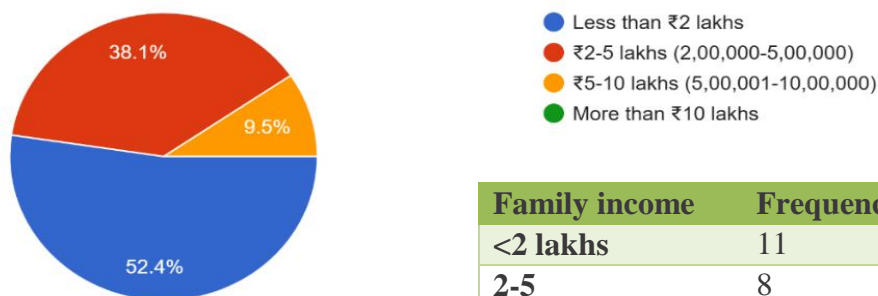
SOURCE: SURVEY

Interpretation:

95.2% of the total respondents took education loan for graduation, 4.8% of the total respondents took education loan for post-graduation while number of respondents who took education loan for PHD programme is zero.

What is your annual family income?

21 responses



SOURCE: SURVEY

Interpretation:

The family income of 52.4% of the respondents is less than two lakhs, the family income of 38.1% of the respondents is between two lakhs to ten lakhs, the family income of 9.5% of the respondents is between five to ten lakhs and there are respondents whose family income is more than ten lakhs.

From which bank/institution did you take loan?

21 responses



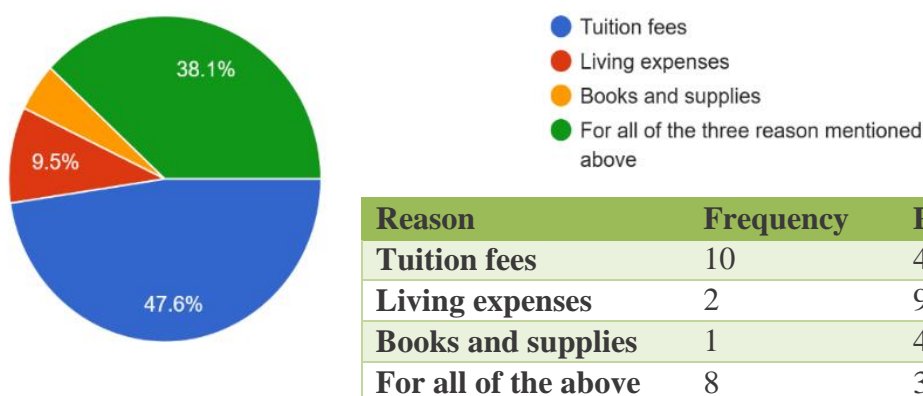
Institution	Frequency	Percentage
Public sector bank	17	81
Private sector bank	4	19
NBFC	0	0

Interpretation:

Most of the total respondents almost four-fifth (81%) chose public sector banks for taking education loans and one-fifth (19%) of the respondents chose private sector banks for taking education loans.

What is your primary reason for taking an educational loan?

21 responses



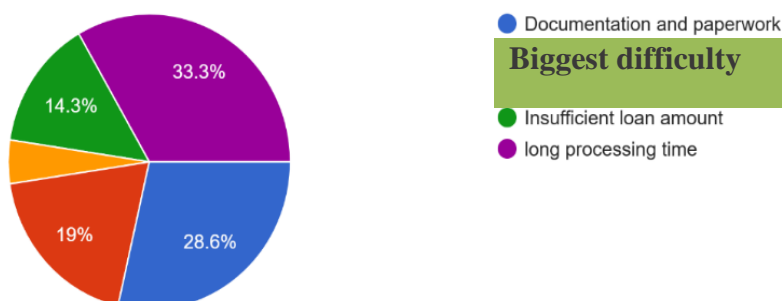
SOURCE: SURVEY

Interpretation:

Almost half of the respondents (47.6%) took education loan for only tuition fees, 9.5% and 4.8% of the respondents took education loan for living expenses and for books and supplies respectively, while 38.1% of the respondents took education for all of these reasons i.e. for tuition fees, living expenses and books and supplies.

What is the biggest difficulty you faced while availing an educational loan?

21 responses



- Documentation and paperwork
- High interest rates
- Lack of transparency in loan process
- Insufficient loan amount
- long processing time

Documentation and paperwork	6	28.6
High interest rate	4	19
Lack of transparency	1	4.8
Insufficient loan amount	3	14.3
Long processing time	7	33.3

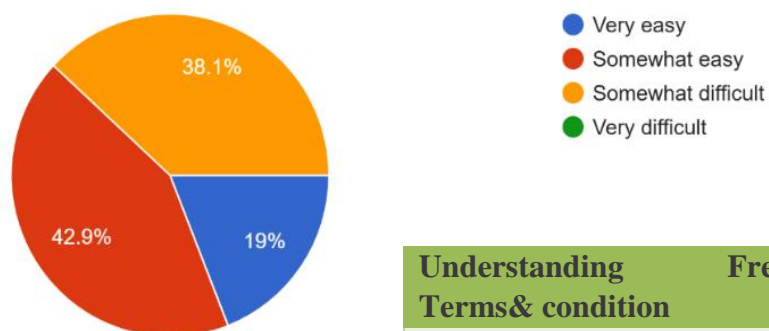
SOURCE: SURVEY

Interpretation:

From the table it is clear that more than 50% of the respondents face difficulties regarding “documentation and paperwork” and “long processing time”; where 28.6% is for the former and 33.3% for the latter. Along with this high interest rate is the problem for 19% of the respondents.

Did you find the terms and conditions of the loan easy to understand?

21 responses



SOURCE: SURVEY

Interpretation:

It can be said that the majority of the respondents found the terms & conditions easy to understand as 19% of the respondents voted for “very easy” and 42.9% of the respondents voted for “somewhat easy”; while 38.1% of the respondents found the terms & conditions “somewhat difficult” to understand.

How do you feel about the repayment terms of your loan?

21 responses



Repayment terms	frequency	percentage
Very manageable	3	14.3
manageable	14	66.7
Unmanageable	4	19
Very unmanageable	0	0

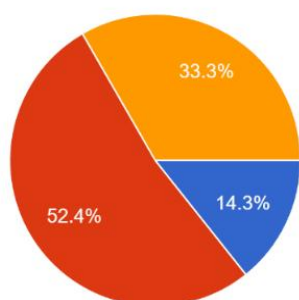
SOURCE: SURVEY

Interpretation:

It is clear from the table that majority of the respondents showing positive attitude towards the repayment term as 14.3% and 66.7% of the respondents found the repayment term “very manageable” and “manageable” respectively, while only 19% of the respondents found the repayment term “unmanageable”.

How would you rate the complexity of the loan application process?

21 responses



- Very complex
- Somewhat complex
- Neutral
- Not complex at all

Rating	No. of Responses	Percentage
Very complex	3	14.3%
Somewhat complex	11	52.4%
Neutral	7	33.3%
Not complex at all	0	0%

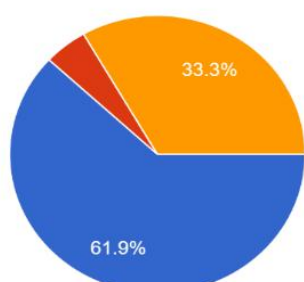
SOURCE: SURVEY

Interpretation:

From the table it is clear that more than 50% of the respondents faces difficulties regarding “documentation and paperwork” and “long processing time”; where 28.6% is for the former and 33.3% for the later. Along with this high interest rate is the problem for 19% of the respondents.

Did you face any issues with loan approval?

21 responses



- Yes, delay in approval
- Yes, rejection of first loan Application
- No issues

Issue in- approval	No of Response	percentage
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Yes, delay in approval	13	61.9%
Yes, rejection of first loan application	1	4.8%
No issues	7	33.3%

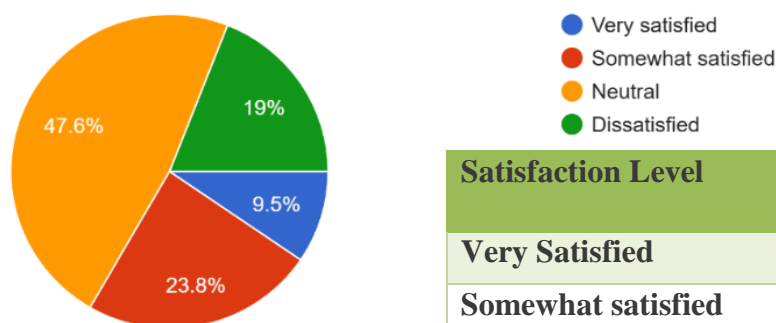
SOURCE: SURVEY

Interpretation:

Out of the total respondents, more than three-fifths (61.9%) of the respondents faced a delay in loan application and only one-third (33.3%) of the respondents faced no issues with loan approval.

How satisfied are you with the interest rate charged on your educational loan?

21 responses



Satisfaction Level	No of Responses	Percentage
Very Satisfied	2	9.5%
Somewhat satisfied	5	23.8%
Neutral	10	47.6%
Dissatisfied	4	19%

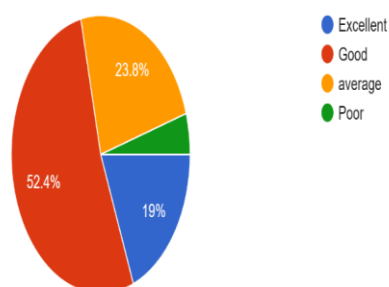
SOURCE: SURVEY

Interpretation:

One-third of the respondents are satisfied with the interest rate charged on their educational loan and almost one-fifth of the respondents are dissatisfied with the interest rate, while almost half of the respondents are neither satisfied nor dissatisfied with the interest rate.

How would you rate the overall transparency and communication from your lender during the loan process and repayment period?

21 responses



Rating	No of Responses	Percentage
Excellent	4	19%
Good	11	52.4%
Average	5	23.8%
Poor	1	4.8%

Interpretation:

From the above table, it is clear that almost all of the respondents found the customer service provided by the lender excellent, 42.9% of the respondents found the customer service provided by the lender good, one third of the respondents found the customer service provided by the lender good and only 4.8% of the respondents found the customer service poor.

SOURCE: SURVEY

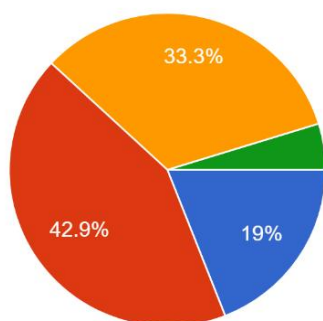
Interpretation:

Customer service	No of Responses	Percentage
Excellent	4	19
Good	9	42.9
average	7	33.3
poor	1	4.8

Out of the total respondents 19% of the respondents found the customer service provided by the lender excellent, 42.9% of the respondents found the customer service provided by the lender good, one third of the respondents found the customer service provided by the lender good and only 4.8% of the respondents found the customer service poor.

How would you rate the customer service provided by the lender?

21 responses



- Excellent
- Good
- average
- Poor

Would you recommend the lender?
21 responses

Response	Percentage	Number of Responses
Yes	9	42.9%
Maybe	12	57.1%
No	0	0.0%

COMPARISON BETWEEN STATE BANK OF INDIA AND HDFC BANK WITH RESPECT TO CUSTOMER EXPERIENCE AND SATISFACTION LEVEL

BASIS	STATE BANK OF INDIA	HDFC BANK
Terms and condition	58.8% of the respondents found the terms and conditions easy to understand.	75% of the respondents found the terms and conditions easy to understand.
Repayment terms	76.4% of the respondents found the repayment terms manageable.	75% of the respondents found the repayment terms manageable.
Satisfaction with interest rate	23.52% of the respondents are	50% of the respondents are

	satisfied with the interest charged.	satisfied with the interest charged.
Transparency and communication	64.7% of the respondents are satisfied with the transparency level and communication from their lenders.	75% of the respondents are satisfied with the transparency level and communication from their lenders.
Issue during loan approval	64.7% of the respondents faced issues during loan approval.	75% of the respondents faced issues during loan approval.

Hypothesis testing

Based on the hypotheses stated in the study on educational loans provided by public and private sector banks, here's a breakdown of the hypotheses and the findings supporting them:

Hypothesis	Description	Findings & Suggested Acceptance
H0	There is no difference between public and private sector banks in terms of educational loans.	Reject H0: Based on the study's findings, there is a significant preference for public sector banks (81% of students), primarily due to lower interest rates, manageable repayment terms, and government-backed benefits. This suggests a notable difference in loan offerings between public and private banks.
H1 or Ha	There is a difference between public and private sector banks in providing educational loans.	Accept H1: The study reveals that public banks, such as SBI, offer more favourable terms (like lower interest rates and extended repayment periods), whereas private banks, such as HDFC, provide quicker processing but often at higher costs. This observed distinction supports the acceptance of H1.

Thus, the findings suggest that H1 (there is a difference between public and private sector banks in educational loan offerings) should be accepted based on the observed contrasts in customer preferences, interest rates, and loan terms between the banks studied.

FINDINGS OF THE STUDY

- **Preference for Public Sector Banks:** The majority of students at Dibrugarh University prefer public sector banks over private ones for educational loans, with around 81% choosing this option due to factors like favorable terms and lower interest rates.
- **Challenges in Loan Application:** Students face significant challenges in the loan application process, primarily due to long processing times (33.3%) and extensive documentation requirements (28.6%).
- **Understanding of Terms and Conditions:** While 61.9% of students find the loan terms either "very manageable" or "manageable," some (38.1%) struggle with understanding these terms, indicating a potential gap in transparency or guidance during the loan process.
- **Repayment Terms Satisfaction:** Most respondents feel that the repayment terms are feasible, with 66.7% finding them manageable. However, some students (19%) express

concerns about the manageability of repayment.

- **Approval Delays and Complexity:** Over half of the respondents report delays in loan approval, which may deter students from pursuing loans with banks. Additionally, around two-thirds find the loan application process complex, which could indicate an area for improvement in user support and information availability.

SUGGESTIONS

- **Reducing Loan Processing Times:** Given that long processing times are a major challenge for students, banks should consider optimizing their application and approval processes. Implementing digital solutions and reducing redundant documentation could speed up approvals and enhance customer satisfaction.
- **Simplify Documentation Requirements:** Extensive paperwork is another barrier faced by students. Banks could streamline the required documents by consolidating forms, adopting digital signatures, and allowing online submissions to simplify the process.
- **Enhance Transparency and Communication:** To address difficulties in understanding loan terms, banks should offer clearer explanations and regular updates.

LIMITATIONS OF THE STUDY

- Only two banks (State Bank of India and HDFC) are compared. This limited selection might not fully capture the diversity in educational loan schemes offered by other public and private sector banks.
- **Geographic Limitation:** The study is conducted within a single geographic area (Assam), which may limit the applicability of findings in regions with different economic conditions or banking policies.
- **Evolving Financial Policies:** Loan schemes, interest rates, and government subsidies can change frequently. The findings of this study may quickly become outdated if banks adjust their policies in response to market changes or regulatory shifts.
- The data collected through the questionnaire may be subject to self-reporting bias, where respondents may provide inaccurate or socially desirable responses.

CONCLUSION

In conclusion, this study provides a comparative analysis of educational loan schemes offered by public and private sector banks, focusing on the State Bank of India (SBI) and HDFC Bank. The findings reveal that public banks, particularly SBI, are favoured by students for their lower interest rates, flexible repayment terms, and government-backed benefits, making them accessible to a broader range of students. In contrast, HDFC Bank, as a private institution, appeals to those who prioritize faster processing times and flexible loan amounts, despite higher interest rates and stricter eligibility criteria.

Challenges identified include long processing times and extensive documentation requirements, which discourage some students from applying for loans. Additionally, while a majority find repayment terms manageable, a segment of students struggle with understanding

loan conditions, suggesting a need for clearer guidance from banks.

Recommendations include streamlining the loan application process, simplifying documentation, and enhancing transparency in communication. Although limited to two banks and a specific geographic area, this study sheds light on the essential differences in educational loan schemes, offering valuable insights for students navigating financial options for higher education. Further research across a broader range of banks and regions is suggested to generalize these findings.

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