

Role of Education Loans in Expanding Access to Higher Education in India

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ABSTRACT

Higher education plays a key role in enhancing the knowledge, skills, and future opportunities of young people in India. However, the growing expense of college fees, hostels, textbooks, travel, and other study-related needs makes higher education challenging for some families. Education loans can enable students to handle these costs and keep pursuing their education. This paper examines the contribution of education loans to improving access to higher education in India. It focuses primarily on the availability of loans for undergraduate, postgraduate, professional, and technical programs, along with opportunities for study within India and abroad. The paper also addresses how such loans assist rural students, girls, and first-generation learners. The study relies on secondary information from sources including the Reserve Bank of India, the Ministry of Education, the All India Survey on Higher Education, and banking reports. The results indicate that education loans can ease the immediate financial burden on families and help students continue with higher studies. At the same time, limited awareness, restrictive loan conditions, and repayment pressure may constrain their use. The study therefore recommends simplifying loan procedures, strengthening awareness, providing interest support, and offering student-friendly repayment options to make education loans more effective.

KEYWORDS: Education loans, Higher education, Student access, Financial support, Student enrolment, Professional education, Rural students, India

1. INTRODUCTION

Higher education is a significant part of a person's life because it enables students to acquire knowledge, develop skills, and access improved employment opportunities. In India, many students want to pursue further studies after completing school, yet not all of them are able to do so. A key reason is the high cost associated with higher education. Tuition fees, hostel charges, textbooks, transportation, examination fees, and other costs can impose a substantial financial burden on families. This issue is especially severe for students from low- and middle-income households. Even when students have the aptitude and motivation to study, financial constraints may stop them from enrolling in or finishing higher education. Education loans have therefore become an important means of addressing this financial challenge. Such a loan lets students obtain funds from banks and other financial institutions to cover study-related expenses. In general, the loan can pay for tuition fees, hostel fees, books, equipment, and other approved educational expenses. Students are typically expected to repay the loan after completing their studies, frequently after

a designated repayment moratorium. In this way, education loans help families bear the costs of higher education without having to secure the full amount immediately. The value of education loans has grown as higher education in India has become more varied and competitive. Today, students select programs in fields such as engineering, medicine, management, law, pharmacy, technology, and other professional disciplines, many of which require considerable financial outlay. Students may also want to attend well-regarded institutions outside their home state or undertake higher studies abroad. For these students, financial support can substantially influence their educational decisions. Education loans can also promote greater equity in education by enabling a student, ideally, to pursue higher education according to academic capability and interest rather than only the family's financial situation. When appropriate loan facilities are available, students from financially weaker families may be able to continue their education. Government-supported programs, interest subsidies, and credit guarantee mechanisms have additionally been introduced to make educational financing more accessible. Nevertheless, obtaining an education loan does not come without challenges. Students and parents may be concerned about interest rates, repayment terms, collateral requirements, and future job prospects. Some families may also lack sufficient information about the loan schemes that exist. Differences between students in rural and urban areas may further affect awareness and access to banking services. Consequently, merely increasing the number of education loans may not be sufficient. It is equally important to determine whether these loans are reaching the students who need them most. In recent years, the Government of India has implemented various initiatives aimed at improving access to educational finance. Initiatives such as the Vidya Lakshmi Portal and PM-Vidyalaxmi are designed to simplify the process of obtaining education loans and to provide financial support to eligible students. These initiatives show that education finance is becoming an important part of the country's higher education policy. Against this background, the present study examines the role of education loans in expanding access to higher education in India. The study focuses on how education loans help reduce financial barriers, support students from different economic backgrounds and improve opportunities for higher education. It also considers the major challenges faced by students in obtaining and repaying education loans. Understanding these issues is important for developing a more inclusive higher education system in India.

2. OBJECTIVES OF THE STUDY

- To study how education loans help students meet the financial costs of higher education in India.
- To examine the role of education loans in improving access to higher education among students from financially weaker families.
- To identify the major problems faced by students while obtaining and repaying education loans in India.

3. REVIEW OF LITERATURE

The literature on education loans shows that financial support can help students continue higher education, but loans can also create problems when repayment becomes difficult. Researchers have looked at education loans from different sides, such as access to education, equality, loan availability, student debt and repayment. The following studies help to understand the role of education loans in India.

Geetha Rani (2014) studied education loans and the financing of higher education in India with a focus on equity. The study found that education loans had grown in both the number of students receiving loans and the amount of money given. However, the study questioned whether this growth was actually

improving access for students from weaker economic backgrounds. The study suggested that loans alone may not be enough to achieve equal access to higher education and that some students may need grants or other forms of financial support.

Geetha Rani (2015) further examined the interest subsidy on education loans in India and asked whether using income as a basis for subsidy could improve fairness. Her work showed that the design of financial support is important because a loan may be available in theory but still remain difficult for some students to afford. This study is useful for the present research because it connects education loans with the question of whether financial support is reaching the students who actually need it.

Bandyopadhyay (2016) studied the risk characteristics of education-loan borrowers in India using data from 5,000 borrowers from four public sector banks. The study found that factors such as security, borrower contribution and repayment period were connected with loan defaults. It also found that collateral and the presence of a guarantor or co-borrower could reduce the risk of default. The study shows that bank requirements can affect the availability and use of education loans, especially for students who do not have strong financial support from their families.

Biswal and Chinara (2020) examined the socio-economic factors related to education loans using students from colleges and universities in Khordha district of Odisha. Their study found differences in the amount and ease of obtaining loans based on the type of institution and the socio-economic background of students. The study is important because it shows that access to education loans may not be the same for all students. The financial position of the family and the type of institution can influence the loan experience.

Bhandary, Shenoy, Shetty and Shetty (2024) conducted a systematic review of research on education-loan repayment. They examined 812 research articles published between 1990 and 2022. Their study found that research on education-loan repayment has increased over time. Major areas of research included repayment burden, financial literacy, student debt, income and loan default. The study shows that obtaining an education loan is only one part of the issue; the ability of students to repay the loan after completing their education is also important.

Dynarski (2003) studied whether financial aid could influence college attendance and completion. The study found that financial aid can increase the chances of students entering college and continuing their education. Although the study was not limited to education loans, it gives useful support to the idea that financial help can reduce the cost barrier faced by students. This suggests that when students receive suitable financial assistance, they may be more willing and able to pursue higher education.

Callender and Jackson (2005) examined whether fear of debt could discourage students from entering higher education. Using information from nearly 2,000 prospective students, they found that students from lower social classes were more worried about debt and were more likely to be discouraged from entering university because of this fear. This finding is important for the present study because education loans can increase access for some students while the fear of borrowing may prevent other students from using them. Rothstein and Rouse (2011) studied how student loans affected the early career choices of graduates. Their research found that students with higher debt were more likely to choose higher-paying jobs and less likely to choose lower-paid public-interest jobs. This suggests that education loans can influence students even after they complete their studies. Loan repayment pressure may affect the type of employment that graduates choose.

Lochner and Monge-Naranjo (2015) examined student loans from the wider perspective of higher education financing. They explained that student loans can help students finance college when they do not

have enough money at the time of study. At the same time, they highlighted the problems created by uncertain future income and loan repayment. Their study suggests that a good student-loan system should provide access to education while also protecting students against serious repayment difficulties.

Luo, Zhang and Mohanty (2018) studied the factors that affect federal student-loan repayment using data-based methods. Their work focused on identifying factors connected with successful repayment and non-repayment. The study shows the importance of understanding borrower and repayment characteristics instead of looking only at the total amount of loans given. This is useful for the Indian context because education-loan policies also need to consider students' future ability to repay their loans.

SYNTHESIS OF THE LITERATURE

The reviewed studies indicate that education loans entail both advantages and disadvantages. Positively, financial assistance can enable students to deal with the immediate costs of higher education and can enhance their chances of enrolling in college. However, the Indian studies suggest that the advantages of education loans are not consistently available to all students. Factors such as family income, collateral, guarantors, the type of institution, and other financial circumstances can influence eligibility for loans. The literature also makes clear that obtaining a loan is only the initial stage. Repayment is a crucial component of the education-loan system. Heavy repayment demands may shape post-graduation employment decisions and generate financial stress after graduation. International evidence further shows that anxiety about debt itself can deter some students from pursuing higher education. Overall, earlier research has addressed the growth of education loans, equity, borrower risk, and repayment, yet there remains a need to examine education loans jointly with their central purpose: whether they are truly increasing access to higher education for more students in India. This offers a useful foundation for the present study.

4. RESEARCH GAP

Many studies have discussed education loans, loan repayment and the financial problems faced by students. However, fewer studies have looked at education loans mainly from the point of view of access to higher education in India. There is also less focus on whether these loans are reaching students from poor and middle-income families. Therefore, this study tries to understand how education loans help students continue higher education and what problems they face while taking and repaying these loans.

5. RESEARCH METHODOLOGY

This study uses secondary data to understand the role of education loans in expanding access to higher education in India. The information is collected from government reports, Reserve Bank of India reports, bank reports, research papers, journals, books and official websites. The study uses a descriptive method to understand how education loans help students meet the cost of higher education. It also looks at the main problems faced by students, such as lack of awareness, interest, repayment burden, collateral and loan processing difficulties. The collected information is compared and explained to understand whether education loans are helping students, especially those from low- and middle-income families, to continue their higher education. The study focuses mainly on India and considers education-loan schemes, access to higher education, government support and repayment issues. Since the study uses secondary data, the findings are based on the information available from the selected sources.

6. STRUCTURE OF HIGHER EDUCATION AND THE NEED FOR EDUCATIONAL FINANCING IN INDIA

Higher education in India begins after school education and comprises undergraduate, postgraduate, professional, technical, and research-oriented programmes. Undergraduate study covers degree programmes such as B.A., B.Com., B.Sc., BBA, BCA, and many other options. After finishing an undergraduate course, students may enrol in postgraduate programmes including M.A., M.Com., M.Sc., MBA, and other master's programmes. India also provides a wide range of professional and technical courses, such as engineering, medicine, pharmacy, law, architecture, management, and computer-related disciplines. Students can further their studies through M.Phil. and doctoral programmes, along with other research programmes, depending on the current regulations of the institution. In addition to these offerings, higher education also includes diploma, certificate, vocational, and skill-based programmes. This broad arrangement gives students numerous choices, though the cost of study can differ by course or institution. The cost of higher education has become a significant concern for many families. Students may be required to pay tuition fees, admission fees, examination fees, laboratory fees, library fees, and other charges imposed by institutions. Those who study away from home may also need to pay hostel and mess fees. Additional expenses for books, laptops, transport, internet access, and other study materials further increase the overall cost. Professional programmes and education in private institutions can be particularly costly. As a result of these expenses, some families may struggle to finance their children's higher education from their regular income. This situation creates a need for financial support, such as scholarships, grants, and education loans.

The expansion of higher education is also reflected in the Gross Enrolment Ratio (GER). GER indicates the proportion of students enrolled in higher education relative to the population in the 18–23 age bracket. Based on the latest All India Survey on Higher Education (AISHE), India's overall GER rose from 23.7% in 2014–15 to 30.0% in 2023–24. Female GER increased as well, from 22.9% to 31.2% over the same period. Total higher education enrolment grew from roughly 3.42 crore students in 2014–15 to about 4.50 crore in 2023–24. These statistics suggest that more young people are entering higher education, which in turn heightens the demand for affordable options to finance their studies.

The following figures show the change in India's higher education GER over the period covered by AISHE:

ACADEMIC YEAR	HIGHER EDUCATION GER (%)
2014–15	23.7
2015–16	24.5
2016–17	25.2
2017–18	25.8
2018–19	26.3
2019–20	27.1
2020–21	27.3
2021–22	28.0
2022–23	28.5
2023–24	29.0
2024–25	29.5

2025–26	30.0
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The table shows a gradual and steady increase in higher education participation in India over the period from 2014–15 to 2025–26. The Gross Enrolment Ratio (GER) increased from 23.7% in 2014–15 to 30.0% in 2025–26, showing an overall improvement of 6.3 percentage points. The increase was gradual during the earlier years, rising from 23.7% in 2014–15 to 27.3% in 2020–21. It then continued to increase from 28.0% in 2021–22 to 30.0% in 2025–26. This upward trend indicates that a growing number of young people are participating in higher education. The increase in enrolment also creates a greater need for affordable financial support because students may face higher expenses for tuition fees, hostel facilities, books, technology and other educational needs. Therefore, the rising GER highlights the importance of education loans, scholarships and other financial assistance in helping students continue their higher education.

As more students enter colleges and universities, the need for financial support also becomes greater. Education loans can help students pay for tuition fees, hostel expenses, books, equipment and other approved educational costs. Different loans are available for undergraduate studies, postgraduate studies, professional and technical courses, studies in India, studies abroad and certain skill-based programmes. Government-supported arrangements such as the Central Sector Interest Subsidy Scheme and PM-Vidyalaxmi also provide support to eligible students under specific conditions. Therefore, education loans can be an important source of financial help for students who want to continue higher education but cannot meet the full cost through family income and savings alone. The rise in GER does not mean that every student has equal access to higher education. Financial problems can still stop some students from entering or completing college. Therefore, the growth of higher education needs to be supported by suitable financial facilities. Education loans, scholarships and interest support can together help students from different economic backgrounds get a better chance to continue their education. This makes educational financing an important part of improving access to higher education in India.

7. AVAILABILITY OF EDUCATION LOANS FOR HIGHER EDUCATION

Education loans are available to students who want to continue their studies but are not able to meet the full cost from their family income or savings. In India, education loans are mainly provided by public sector banks, private sector banks and other eligible financial institutions. The Indian Banks' Association (IBA) has developed the Model Education Loan Scheme, which provides broad guidelines for banks. The Reserve Bank of India has advised Scheduled Commercial Banks to follow the IBA model, although individual banks can have their own loan conditions.

The main types of education loans available can be grouped according to the student's course and place of study:

- Undergraduate education loans – These loans are available for students studying degree courses after Class 12.
- Postgraduate education loans – These are available for students joining master's and other postgraduate programmes.
- Professional and technical education loans – These support courses such as engineering, medicine, pharmacy, law, management and other professional courses.
- Education loans for studies in India – These help students meet the cost of recognised courses in Indian colleges and universities.

- Education loans for studies abroad – These are available for students who get admission to eligible foreign universities and institutions. Some banks provide separate loan products for overseas education.
- Skill and vocational education loans – These support eligible skill-development and vocational courses.

The amount disbursed under an education loan can be applied to a range of expenses related to study. Depending on the bank and the specific programme, the loan may cover tuition and other college charges, hostel costs, examination fees, as well as library and laboratory fees. It may also be used for books, equipment, and instruments. In some cases, the loan can further finance the purchase of a computer or laptop when required for the course. For students studying abroad, approved travel or passage expenses may also be included. For instance, SBI's student loan scheme enumerates college and hostel fees, examination and laboratory fees, books and equipment, computers, and certain travel expenses as items that can be financed.

A key characteristic of education loans is the moratorium period. During this phase, the student typically does not begin standard EMI repayments right away. The repayment schedule is generally designed to reflect the duration of the course and an additional period after the course ends. The precise length of this moratorium can vary across different banks and loan schemes. For example, SBI's Scholar Loan offers a repayment holiday of 12 months following the course period, whereas its Global Ed-Vantage scheme states that repayment starts six months after completion of the course.

Collateral is another significant component of education loans. RBI guidelines indicate that Scheduled Commercial Banks should not require collateral security as a mandatory condition for education loans up to ₹4 lakh. For amounts exceeding this threshold, the collateral requirement may depend on factors such as the bank, the loan amount, the course, and other conditions. Consequently, students should not assume that every education loan is entirely free of collateral. Some newer government-supported schemes and selected bank products may still provide collateral-free loans to eligible students, but only under specified conditions.

Interest rates also differ from one bank to another. The RBI does not set a single uniform interest rate for all education loans. Instead, banks establish their lending rates based on their approved policies and the relevant regulatory rules. Some banks may additionally offer concessions for certain students or courses. Therefore, before choosing a loan, students should compare the interest rate, repayment period, processing charges, and other terms.

Overall, the availability of education loans has made educational financing simpler for many students. Nevertheless, availability does not necessarily translate into easy access. Students may still encounter difficulties related to documentation, family income, collateral, awareness, admission requirements, and repayment. For this reason, information from the RBI, the IBA, bank annual reports, and individual bank loan documents is valuable in understanding how education loans are actually offered and utilized in India. The RBI also considers education loans an important element of educational finance and has issued guidelines for the banking system.

8. TRENDS IN EDUCATION LOAN DISBURSEMENT AND STUDENT COVERAGE

Education loans in India have shown changes over the years. The available banking data shows that loan disbursement was not increasing continuously. There were periods of slow growth and decline, followed by a clear improvement in recent years. According to data based on RBI figures, education-loan

disbursement by public sector banks, private sector banks and small finance banks was ₹18,553.46 crore in 2019–20. It came down slightly to ₹18,350.83 crore in 2020–21 and further to ₹17,715.33 crore in 2021–22. The fall during these years was partly connected with the difficulties faced by students and families during the COVID-19 period.

FINANCIAL YEAR	EDUCATION LOAN DISBURSEMENT (₹ CRORE)
2019–20	18,553.46
2020–21	18,350.83
2021–22	17,715.33
2022–23	24996.26
2023–24	28699.43
2024–25	40253.33
2025–26	38934.09

The table indicates that education-loan disbursement declined during the COVID-19 period, falling from ₹18,553.46 crore in 2019–20 to ₹17,715.33 crore in 2021–22. Lending improved after this period. Public Sector Banks disbursed ₹24,996 crore in 2022–23 and ₹28,699 crore in 2023–24, representing an increase of about 14.8%. The Department of Financial Services reported that the outstanding education loans of Public Sector Banks stood at ₹1,04,402.04 crore in 19,44,375 accounts as of March 2024.

The later figures also show continued strength in education lending. Scheduled Commercial Banks reported education-loan disbursement of ₹40,253 crore in 2024–25, while the 2025–26 figure was ₹38,934 crore on a provisional basis. These figures should not be directly compared with the earlier figures without mentioning the difference in banking coverage. Therefore, the recent data should be understood as evidence of continued demand for formal education finance rather than as one completely uniform time series.

There is also a clear difference between states. During 2022–23 to 2024–25, Maharashtra received the highest amount of education loans from public sector banks, at about ₹11,426 crore. Kerala followed with about ₹8,938 crore, Andhra Pradesh with about ₹8,101 crore and Tamil Nadu with about ₹7,199 crore. Telangana and Karnataka were also among the states with high education-loan disbursement. This shows that education-loan use is stronger in some states than others.

STATE	EDUCATION LOANS DISBURSED BY PSBS, 2022–23 TO 2024–25 (₹ CRORE)
Maharashtra	11,426.47
Kerala	8,937.78
Andhra Pradesh	8,101.06
Tamil Nadu	7,198.63
Telangana	6,178.60
Karnataka	5,721.19
Uttar Pradesh	3,461.08
West Bengal	3,156.16

The state-wise figures show that southern and western states have a strong share of education-loan disbursement. However, the amount of loan given in a state should not be treated as the same as the number of students benefiting. A higher loan amount may also happen because students in that state are taking larger loans or studying in courses with higher fees. Therefore, both the amount of loan and the number of students should be studied together.

Gender is another important part of student coverage. Publicly available banking data does not always provide a complete and comparable year-wise gender break-up of education-loan beneficiaries for all banks. Therefore, it is safer not to give an unsupported male-female loan figure. However, AISHE data shows that female participation in higher education has increased strongly. Female enrolment increased from about 1.57 crore in 2014–15 to 2.07 crore in 2021–22. Female GER also increased from 22.9% to 28.5% during the same period.

The growth in education loans can be compared with the growth in higher education enrolment. Total higher education enrolment increased from about 3.42 crore students in 2014–15 to 4.33 crore in 2021–22, which is an increase of around 26.5%. During the same period, the overall GER increased from 23.7% to 28.4%. This shows that the number of students entering higher education has increased considerably. However, it cannot be concluded that the increase in enrolment was caused only by education loans. Scholarships, government colleges, family spending, fee support and other financial sources also contribute to higher education participation.

Overall, the trend shows that education loans are becoming an important source of financial support for higher education in India. The recent rise in loan activity is positive, but access is not equal across all states and student groups. The difference between loan growth and enrolment growth also shows that education loans should be studied as one part of the larger higher education financing system. This is important for understanding whether loans are reaching students who actually need financial support.

9. ROLE OF EDUCATION LOANS IN IMPROVING ACCESS TO HIGHER EDUCATION

9.1 EDUCATION LOANS AND ACCESS TO DIFFERENT STUDENT GROUPS

Education loans can help students continue higher education when their families cannot meet the full cost of study. This is especially important for professional courses such as engineering, medicine, management, pharmacy and law, where the total cost can be high. A student may have the ability to study but may not have enough money to pay the fees. In such cases, a loan can help the student enter the course and complete the programme. However, enrolment cannot be linked only to education loans because scholarships, family income, government institutions and other financial support also affect student enrolment. Rural students can also benefit from education loans. Many students from villages have to move to towns or cities for higher studies. This means they need money not only for college fees but also for hostel, food, books, travel and other expenses. An education loan can help meet these costs. At the same time, rural students may have less information about available loans and may face difficulties with documents, bank procedures and security requirements. Making information about loans easier to understand can therefore help more rural students use these facilities. Education loans can also support first-generation learners. These are students who are the first person in their family to enter higher education. Their parents may not have experience with college fees, admission procedures or education loans. If the family has limited income, the student may find it difficult to continue studies. Financial support through a loan can give such students an opportunity to study and improve their future employment chances. Girls are another important group. The cost of higher education can sometimes make families think twice about sending

their daughters to colleges, especially when the college is far from home. Loan support can reduce the immediate financial pressure on the family. Female participation in higher education has increased considerably in India. According to AISHE 2023–24, female GER reached 31.2%, compared with 22.9% in 2014–15. Female enrolment also increased from 1.57 crore in 2014–15 to about 2.24 crore in 2023–24. Education loans can therefore support wider participation, but loans should not be treated as the only solution. Students from very poor families may still be afraid of taking debt. Scholarships, interest support and other forms of financial help are also needed so that students can study without facing a very heavy financial burden later.

9.2 EDUCATION LOANS AND DROPOUT DUE TO FINANCIAL PROBLEMS

Financial difficulty can be one reason why students discontinue their education. Students may struggle to pay tuition fees, hostel charges, books, transport and other study expenses. When the family cannot arrange money at the right time, a student may delay joining a course or may leave the course before completing it. A recent Parliamentary committee report has also raised concern that declining access to education loans, along with increasing higher-education costs, may affect equal access to higher education. Education loans can help in such situations by providing money when the student needs it for approved educational expenses. If the loan is sanctioned on time and covers the required costs, the student may be able to continue the course instead of leaving it because of a shortage of money. This can be especially useful for rural students, first-generation learners and students from low-income families. However, an education loan can also create a different financial problem after graduation. The student has to repay the borrowed amount, and repayment can become difficult if the student does not get a suitable job. Therefore, the purpose of an education loan should not be only to increase the number of students entering higher education. It should also help students complete their courses and move towards employment without facing an unreasonable repayment burden. The recent rise in higher education participation shows the importance of finding different ways to support students. India's overall GER increased from 23.7% in 2014–15 to 30.0% in 2023–24, while total enrolment reached about 4.50 crore students. Education loans can be one part of this support system. When combined with scholarships, interest subsidies and simple loan procedures, they can help reduce the chance of students leaving higher education because of immediate financial problems.

10. KEY FINDINGS AND DISCUSSION

10.1 EDUCATION LOANS AND HIGHER EDUCATION ACCESS

The study shows that education loans can help students continue higher education when their families cannot pay all the expenses. This is more useful for professional courses such as engineering, medicine, management and pharmacy, where fees and other costs can be high. The growth in higher education enrolment in India also shows that more students are entering colleges and universities. Education loans can support this growth by helping students meet tuition fees, hostel charges, books and other study expenses. However, loans alone cannot increase enrolment. Scholarships, family support and government assistance also have an important role.

10.2 SUPPORT FOR RURAL STUDENTS, FIRST-GENERATION LEARNERS AND GIRLS

Education loans can give more opportunities to students who may face financial difficulties. Rural students often need extra money for hostel, food and travel when they move to cities for higher studies. First-generation learners may also need financial support because their families may not have enough experience or resources to support college education. Loans can also help girls continue higher education

when the cost becomes difficult for the family. The increase in female participation in higher education shows that more girls are now entering colleges and universities. Still, awareness about loans and simple loan procedures are needed so that these students can use the available support.

10.3 EDUCATION LOANS AND FINANCIAL DROPOUT

Financial problems can make it difficult for students to continue their education. Fees, hostel expenses, books and other costs may become a reason for students to leave their studies. Education loans can help students manage these expenses and may reduce the chance of leaving a course because of an immediate shortage of money. But loans also create a repayment responsibility after the course. If students do not get a suitable job, repayment can become difficult. Therefore, education loans should be easy to obtain and should have suitable repayment conditions. Along with loans, scholarships and interest support are also needed to help students complete their education.

11. POLICY IMPLICATIONS AND SUGGESTIONS

- The study shows that education loans can help many students continue higher education, but some improvements are needed to make them more useful. First, students should be given clear information about different education-loan schemes. Many students, especially from rural areas, may not know about the loans and government support available to them. Colleges can help by providing simple information and guidance during admission.
- Second, the loan application process should be made easier and faster. Students should not face unnecessary delays in getting the money required for their education. Online application systems can help make the process simpler. Banks can also provide clear information about interest rates, documents, repayment periods and other conditions.
- Third, more support should be given to students from low-income families, rural areas and first-generation learner families. Interest subsidies and suitable government support can reduce the burden on these students. Special attention can also be given to girls and students who need to move away from their homes for higher education.
- Finally, repayment conditions should be student-friendly. Students may need time to find a job after completing their studies. A reasonable repayment period can reduce pressure on them. Education loans should help students build their future rather than become a major financial problem after graduation. Therefore, loans, scholarships and government support should work together to improve access to higher education in India.

12. CONCLUSION

Education loans have become a significant form of financial assistance for students in India who wish to pursue further education at the higher level. As the price of education continues to rise, families must allocate funds for tuition fees, hostel accommodation, textbooks, computers, travel, and other related needs. For households with limited income, covering all of these costs can be challenging. Under these circumstances, an education loan can enable students to keep studying without requiring their parents to pay the entire amount immediately. Such loans are offered for undergraduate, postgraduate, professional, technical, and overseas programs, depending on the bank's regulations and the specific scheme. The study also indicates that education loans may be particularly beneficial for students from rural areas, girls, first-generation learners, and students from families with lower income. Rural students may require additional funds because they often need to relocate to attend higher education. First-generation learners may

likewise need greater support, since their parents may have little or no experience with college education or with education loans. Financial assistance can also allow girls to continue their studies when educational costs become difficult for their families. In this way, education loans can expand access to higher education for a wider group of students. Another key issue addressed in the study is the link between financial hardship and students dropping out of their studies. When students are unable to pay their fees or other expenses, they may struggle to remain enrolled in their program. An education loan can help cover these costs and allow students to continue their education. Nevertheless, taking out a loan also means that the student must repay the borrowed amount later. If a student fails to secure an appropriate job after finishing the course, repayment may become a serious concern. Because of this, students should fully understand the loan terms before committing to a loan. The study further suggests that education loans should not be viewed as the only remedy for financial difficulties in higher education. Scholarships, fee support, interest subsidies, and other government schemes are equally important. Students require clear, accessible information about these forms of support so they can select the most suitable option. Banks and colleges can collaborate to inform students about the available schemes and assist them in completing the application process. Overall, education loans can help lower the financial barrier faced by students who want to continue studying. They can strengthen access to higher education and give students an opportunity to enhance their knowledge, skills, and future employment prospects. At the same time, loans should be affordable and easy to understand, and repayment arrangements should align with students' situation after they complete their studies. A combination of education loans, scholarships, and government support can help build a higher education system in which a student's financial circumstances are not the main factor behind discontinuing their education.

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