

A PROJECT REPORT ON
“A STUDY OF EDUCATION LOAN”

A Project Submitted to
University of Mumbai for Partial Completion of the Degree
of Bachelor in Commerce (Banking and Insurance)

Under the Faculty of Commerce

By

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Under the Guidance of

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JNAN VIKAS MANDAL’S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708



FEBRUARY, 2024.



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CERTIFICATE

This is to certify that **MR.**_____ has worked and duly completed his Project work for the degree as Bachelor in Commerce (Banking and Insurance) under the Faculty of Commerce in the subject of **Banking** and his project is entitled, “_____”. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION

I the undersigned **MR. DIPESH VEERAPPA POOJARI** here by, declare that the work embodied in this project work titled “*A STUDY OF EDUCATION LOAN*”, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

(DIPESH POOJARI)

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

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To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

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EXECUTIVE SUMMARY

Education loan is the most important aspect from all points of view whether from the point of student or from the point of banks. Education helps the students to study further. Education loans are open to all people in all its myriad forms. Education loans can realize your education plans or the education plans of your children.

It help the student to achieve great knowledge. The student who can't pay the fees of college they take this type loan.

The objective of this project

To know the process of education loan in public sector bank &co operative bank.

To find out which bank is more prefer by student.

The research is done by both methodsprimary method as well as secondary method. Means doing survey, having a questioner, referring books, as well as the news paper and the search engine.

Chapter 1

1.1 Introduction to study

Education is central to the Human Resources Development and empowerment in any country. National and State level policies are framed to ensure that this basic need of the population is met through appropriate public and private sector initiatives. While government endeavours to provide primary education to all on a universal basis, higher education is progressively moving into the domain of private sector. With a gradual reduction in government subsidies higher education is getting more and more costly and hence the need for institutional funding in this area.

1.2 Objective of study

- To know the process of education loan in public sector bank & co operative bank.
- To find out which bank is more prefer by student.

1.3 Research Methodology

Primary data

Primary data is a term for data collected from a source. Raw data has not been subjected to processing or any other manipulation, and are also referred to as primary data.

Questionnaire with student & customer of both the bank.

Secondary data

Secondary data is data collected by someone other than the user.

1. Websites
2. Newspaper
3. Reference books

❖ OBJECTIVES OF THE EDUCATION LOAN:



- Providing financial assistance to students who may not have the means to afford higher education on their own.
- Encouraging individuals to pursue higher education by removing financial barriers.
- Recognizing education as an investment in the individual's future and the country's human capital development.
- Empowering students to achieve their academic and career goals, thereby contributing to personal and societal development.
- Supporting the development of skills and knowledge necessary for the individual's professional and personal growth.
- Fostering socio-economic development by increasing access to education and improving employability.
- Enabling students to repay the loan after completing their education, ensuring the sustainability of the loan program.

❖ **HYPOTHESIS:**

Here are some hypotheses (**H1**) and their corresponding null hypotheses (**H0**) related to education loans:

H1: Loan forgiveness programs will lead to a higher rate of borrowing for education among students.

H0: Loan forgiveness programs do not affect the borrowing behavior of students.

H1: Higher student loan debt is associated with lower rates of homeownership among recent graduates.

H0: There is no association between student loan debt and homeownership rates among recent graduates.

H1: Students from low-income backgrounds have less access to education loans compared to students from higher-income backgrounds.

H0: There is no difference in access to education loans between students from low-income and higher-income backgrounds.

H1: Psychological distress is higher among individuals with high levels of student loan debt.

H0: There is no association between student loan debt and psychological distress.

H1: Students who receive education loans are more likely to pursue higher levels of education compared to those who do not.

H0: There is no difference in educational attainment between students who receive education loans and those who do not.

❖ Limitations Of Education Loan:

While education loans provide an avenue for individuals to finance their education, it is important to consider the potential disadvantages that come with borrowing. The following limitations are given below:

- Taking an education loan means accumulating debt that needs to be repaid. Depending on the amount borrowed and interest rates, this debt burden can be significant and may take years to pay off, impacting an individual's financial situation for an extended period.
- Education loans typically accrue interest over the repayment period, adding to the overall cost of borrowing. Higher interest rates can significantly increase the total amount repaid, making education more expensive in the long run.
- Loan repayments can be a financial burden, especially for individuals who are just starting their careers or facing other financial obligations.
- Monthly loan payments can limit financial flexibility, affecting one's ability to save, invest, or pursue other life goals, such as homeownership or starting a business.
- Failing to meet loan repayment obligations can lead to serious consequences, including damage to credit scores and potential legal action.
- Loan repayments are often tied to income, which means that individuals may be required to allocate a significant portion of their earnings toward loan repayment.
- Defaulting on an education loan can have long-lasting effects on an individual's financial health and future borrowing opportunities.

Chapter 2

INTRODUCTION TO EDUCATION LOAN

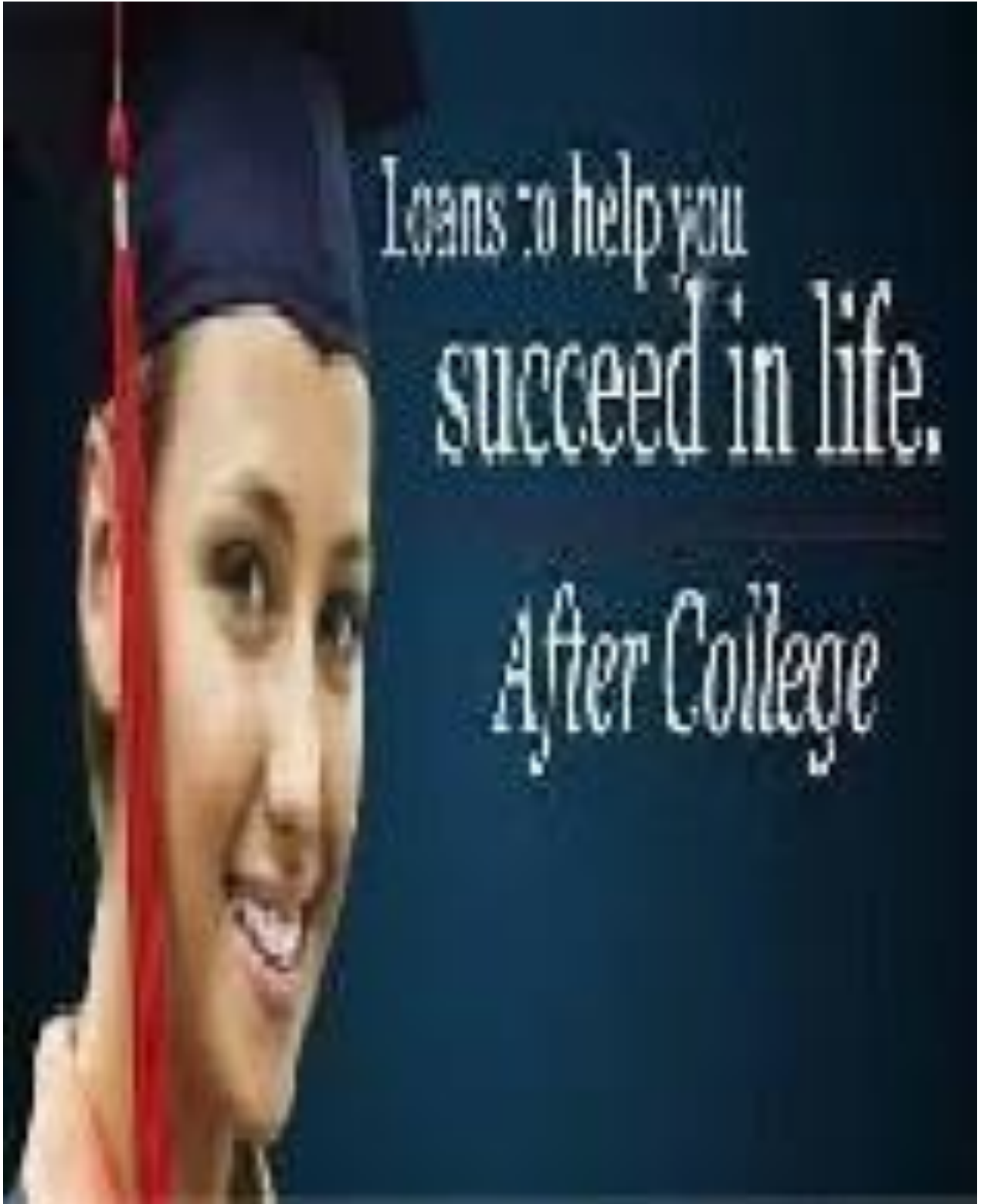


What is education loan?

The Reserve Bank of India, from August, 1999 introduced a new Educational Loan Scheme for students of full time graduate/post-graduate professional courses in private professional colleges. Under the scheme all public sector banks have been directed to provide educational loan up to Rs. 15,000 for free seat and Rs. 50,000 for payment seat student at interest not more than 12 per cent per annum. This loan is on clean basis i.e., without calling for security. This loan is available only for students whose annual family income does not exceed Rs. 1, 00,000. The loan has to be repaid together with interest within five years from the date of completion of the course. Studies in respect of the following subjects/areas are covered under the scheme.

- (a) Medical and dental course.
- (b) Engineering course.
- (c) Chemical Technology.
- (d) Management courses like MBA.
- (e) Law studies.
- (f) Computer Science and Applications.

This apart, some of the banks have other educational loan schemes against security etc.



Education never ends it is not said without reason. We are educated all our lives and getting an education not only is a great achievement but something that gives you the tool to find your own way in the world. Education is indispensable little do we like how much more it can bring to us in terms of worldly amplifications. Anyone can have propensity and the natural endowment for education. But one might not have the resources to finance their education. Education is indispensable; little do we like how much more it can bring to us in terms of worldly amplifications. Anyone can have propensity and the natural endowment for education. But one might not have the resources to finance their education. You certainly cannot let lack of resources impede you from advancing your prospects through education. Then you accidentally stumble upon the word education loan. Loans for education – you have never thought about it as a feasible arrangement. Education loans can open newer panoramas in regard to your education aspirations. Education loans are open to all people in all its myriad forms. Education loans can realize your education plans or the education plans of your children. You can strengthen your own future and the future of your son or daughter with education loans. An extensive range of student and parent loans are presented under the category of education loans. There are many types of education loans. Discerning about the types of education loans will help you in making the accurate decision. The single largest resource of education loans is federal loan.

The two main federal education loan programs are the Federal Family Education Loan Program and the Federal Direct Loan Program. In the Federal Family Education Loan Program the bank, credit union Or the school is the lender. While the federal direct loans program, the department of education is the lender. Private education loans are offered to people so that they can provide financial back up to their education plans. Private education loans are not endorsed by other government agencies but are provided by other financial institutions. Private education loans program are optimum for both undergraduate and graduate studies. Formal education is requisite for future success. Though this is not a hard and fast rule but education certainly helps you in gaining an upper hand. With universities getting expensive by each day an education loan will certainly give you an incentive to go ahead with your

education plans. Each year while contemplating on your education plans the thought of finances almost invariably comes in. While working towards your degree, you are constantly plagued about paying for the education fees, books, and other living expenses. Education loans can provide funding for tuition fees, board and room, books computer, and even student travel. An education loan can help you with all these expenses. Education loans are sufficient enough to take care of all these expenses. If you have been forced to drop your education for any reason, you can still take up your education at any point of time. Irrespective of your age and also where you have left your education.

There are no specific eligibility criteria for education loans. Any person who is in need of sponsorship for education can find an education loan that befits his or her financial necessity. Loan amount on education loans vary with the kind of education you want to pursue. The repayment options with education loans will similarly accommodate your personal financial preferences. You can either repay interest amount while still in school or six months after graduation. Education loans offer up to ten years for repayments. The refund alternatives on education loans also include deferment, forbearance and consolidation. The various sites on education loans can give you innumerable repayment options and monetary remuneration. Education loans will help you in planning your life after graduation. However, an education loan like every loan is a huge financial obligation. An education loan is generally the first substantial loan for most people and therefore the first major expense. Do not be completely dependent on your education loans for the funding of your complete education. Try to apply for any other financial sustenance like university grants, scholarships, fellowships, work study programs and assistance ship and any other form of aid. This will certainly encourage a fluid dispensation of your education loans. You can start by going to the financial aid office in your school or university. It will provide you further insight to the kind of education loans, you must apply for. Education is an experience to pursue. The repayment options with education loans will similarly accommodate your personal financial preferences. You can either repay interest amount while still in school or six months after graduation. Education loans offer up to ten years for repayments. The

refund alternatives on education loans also include deferment, forbearance and consolidation. The various sites on education loans can give you innumerable repayment options and monetary remuneration. Education loans will help you in planning your life after graduation. However, an education loan like every loan is a huge financial obligation. An education loans is generally the first substantial loan for most people and therefore the first major expense. to pursue.

2.1 Meaning & definition of bank



Banking means is a service that provided to the customer in which the accepting deposits of money from public & issues & pays cheques. The bank is an institution which deals in money & credit. Thus bank is an intermediary which handles other people money both for their advantage & to its own profit. But bank is not merely a trader in money but also an important manufactures of money .in other words a bank isa factory of credits. Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and

collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as Automated Clearing House(ACH), Wire transfers or telegraphic transfer, EFTPOS, and automated teller machine(ATM).

Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making Installment loan, and by investing in marketable debt securities and other forms of money lending.

Banks provide different payment services, and a bank account is considered indispensable by most businesses and individuals. Non-banks that provide payment services such as remittance companies are normally not considered as an adequate substitute for a bank account.

Definition of bank

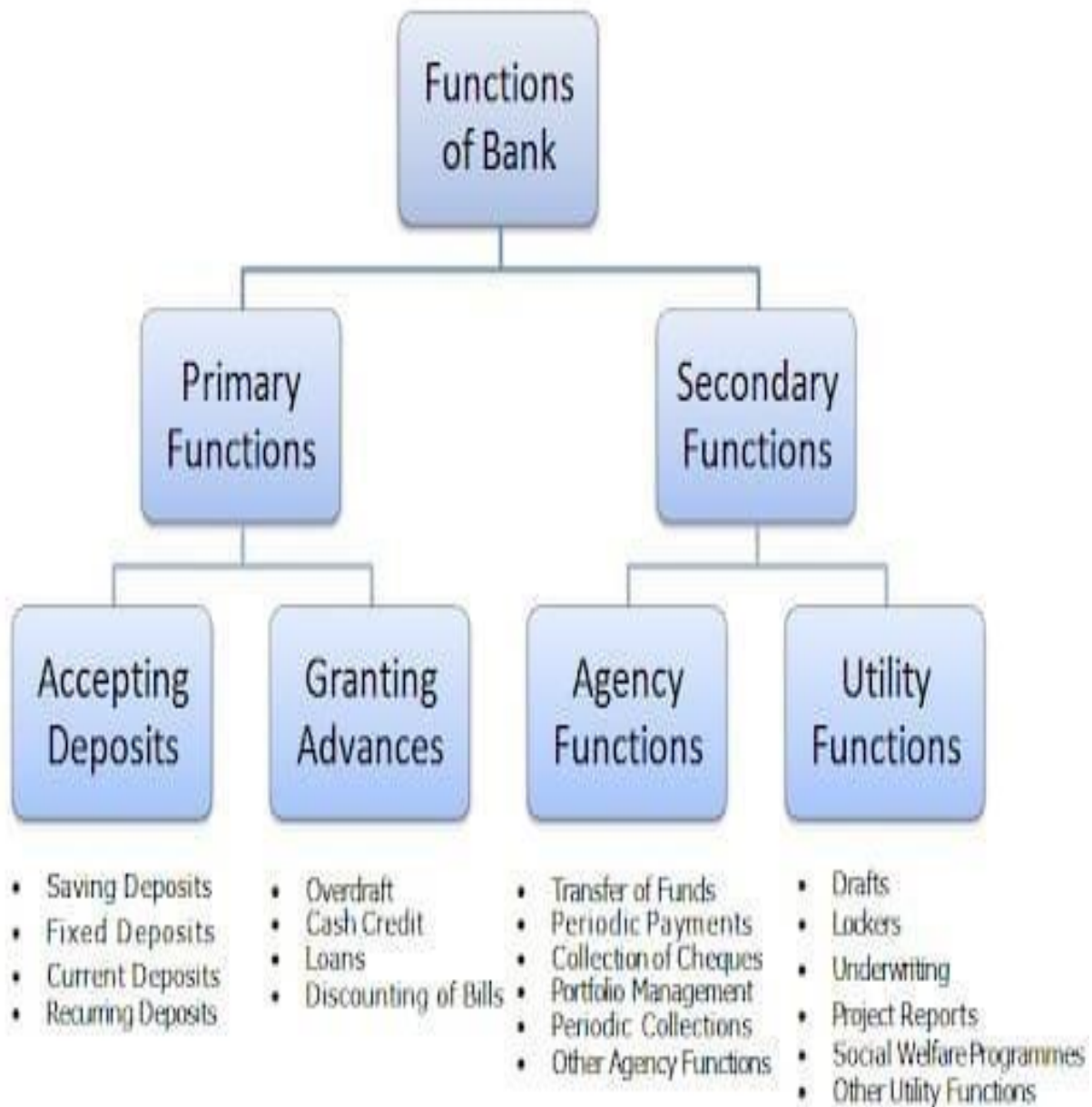
Sec 5(b) of banking regulation act 1949 define banking as accepting for the purpose of lending or investment of deposit of money from the public repayable on demand or otherwise and withdraw by check draft order or other.

Crowther defines a bank "as one that collects money from those who have it to spare or who are saving it out of their income and lends the money so collected to those who require it".

In simple words, Banking can be defined as the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn a profit. However with the passage of time, the activities covered by banking business have widened and now various other services are also offered by banks. The banking services these days include issue of debit and credit cards, providing safe custody of valuable items, lockers, ATM services and online transfer of funds across the country / world. It is well said that banking plays a silent, yet crucial part in our day-to-day lives. The banks perform financial intermediation by pooling savings and channelizing them into investments through maturity and risk transformations, thereby keeping the economy's growth engine revving.

Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business savings would sit idle in our homes the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses.

2.2 FUNCTION OF BANK:



Primary Functions

A. Acceptance of Deposits

1. Time Deposits: - These are deposits repayable after a certain fixed period. These deposits are not withdrawn able by cheque, draft or by other means. It includes the following.

(a) Fixed Deposits:- The deposits can be withdrawn only after expiry of certain period say 3 years, 5 years or 10 years. The banker allows a higher rate of interest depending upon the amount and period of time. Previously the rates of interest payable on fixed deposits were determined by ReserveBank. Presently banks are permitted to offer interest as determined by each bank. However, banks are not permitted to offer different interest rates to different customers for deposits of same maturity period, except in the case of deposits of Rs. 15 lakhs and above. These days the banks accept deposits even for 15 days or one month etc. In times of urgent need for money, the bank allows premature closure of fixed deposits by paying interest at reduced rate. Depositors can also avail of loans against Fixed Deposits. The Fixed Deposit Receipt cannot be transferred to other persons.

(b) Recurring Deposits:- In recurring deposit, the customer opens an account and deposit a certain sum of money every month. After a certain period, say 1 year or 3 years or 5 years, the accumulated amount along with interest is paid to the customer. It is very helpful to the middle and poor sections of the people. The interest paid on such deposits is generally on cumulative basis. This deposit system is a useful mechanism for regular savers of money.

(c) Cash Certificates:

Cash certificates are issued to the public for a longer period of time. It attracts the people because its maturity value is in multiples of the sum invested. It is an attractive and high yielding investment for those who can keep the funds for a long time. It is a very useful account for meeting future financial requirements at the occasion of marriage, education of children etc. Cash certificates are generally issued at discount to face value. It means a cash certificate of Rs. 1, 00,000 payable after 10 years can be purchased now, say for Rs. 20,000.

2. Demand Deposits:

These are the deposits which may be withdrawn by the depositor at any time without previous notice. It is withdraw able by cheque/draft. It includes the following:

(a) Savings Deposits:

The savings deposit promotes thrift among people. The savings deposits can only be held by individuals and non-profit institutions. The rate of interest paid on savings deposits is lower than that of time deposits. The savings account holder gets the advantage of liquidity (as in current a/c) and small income in the form of interests. But there are some restrictions on withdrawals. Corporate bodies and business firms are not allowed to open SB Accounts. Presently interest on SB Accounts is determined by RBI. It is 4.5 per cent per annum. Co-operative banks are allowed to pay an extra 0.5 per cent on its savings bank deposits.

(b) Current Account Deposits:

These accounts are maintained by the people who need to have a liquid balance. Current account offers high liquidity. No interest is paid on current deposits and there are no restrictions on withdrawals from the current account. These accounts are generally in the case of business firms, institutions and co-operative bodies.

Nowadays, banks are designing and offering various investment schemes for deposit of money. These schemes vary from bank to bank. It may be stated that the banks are currently working out with different innovative schemes for deposits. Such deposit accounts offer better interest rate and at the same time withdraw able facility also. These schemes are mostly offered by foreign banks. In USA, Current Accounts are known as 'Checking Accounts' as a cheque is equivalent to check in America.

B. Advancing of Loans

The commercial banks provide loans and advances in various forms. They are given below:

1. Overdraft:

This facility is given to holders of current accounts only. This is an arrangement with the bankers whereby the customer is allowed to draw money over and above the balance in his/her account. This facility of overdrawing his account is generally pre-arranged with the bank up to a certain limit. It is a short-term temporary fund facility from bank and the bank will charge interest over the amount overdrawn. This facility is generally available to business firms and companies.

2. Cash Credit:

Cash credit is a form of working capital credit given to the business firms. Under this arrangement, the customer opens an account and the sanctioned amount is credited with that account. The customer can operate that account within the sanctioned limit as and when required. On the basis of operation, the period of credit facility may be extended further. One advantage under this method is that bank charges interest only on the amount utilized and not on total amount sanctioned or credited to the account.

3. Discounting of Bills:

Discounting of Bills may be another form of bank credit. The bank may purchase inland and foreign bills before these are due for payment by the drawer debtors, at discounted values, i.e., values a little lower than the face values. The Banker's discount is generally the interest on the full amount for the unexpired period of the bill. The banks reserve the right of debiting the accounts of the customers in case the bills are ultimately not paid, i.e., dishonored. The bill passes to the Banker after endorsement. Discounting of bills by banks provide immediate finance to sellers of goods. This helps them to carry on their business. Banks can discount only genuine commercial bills i.e., those drawn against sale of goods on Credit. Banks will not discount Accommodation Bills.

4. Loans and Advances:

It includes both demand and term loans, direct loans and advances given to all type of customers mainly to businessmen and investors against personal security or goods of movable or immovable in nature. The loan amount is paid in cash or by credit to customer account which the customer can draw at any time. The interest is charged for the full amount whether he withdraws the money from his account or not. Short-term loans are granted to meet the working capital requirements where as long-term loans are granted to meet capital expenditure.

Previously interest on loan was also regulated by RBI. Currently, banks can determine the rate themselves. Each bank is, however required to fix a minimum rate known as Prime Lending Rate (PLR).

Classification of Loans and Advances

Loans and advances given by bankers can be classified broadly into the following categories:

(i) Advances which are given on the personal security of the debtor, and for which no tangible or collateral security is taken; this type of advance is given either when the amount of the advance is very small, or when the borrower is known to the Banker and the Banker has complete confidence in him (Clean Advance).

(ii) Advances which are covered by tangible or collateral security. In this section of the study we are concerned with this type of advance and with different types of securities which a Banker may accept for such advances (Secured Advance).

(iii) Advances which are given against the personal security of the debtor but for which the Banker also holds in addition the guarantee of one or more sureties. This type of advance is often given by Banker to persons who are not known to them but whose surety is known to the Banker. Bankers also often take the personal guarantee of the Directors of a company to whom they agree to advance a clean or unsecured loan.

4. Housing Finance:

Nowadays the commercial banks are competing among themselves in providing housing finance facilities to their customers. It is mainly to increase the housing facilities in the country. State Bank of India, Indian Bank, Canara Bank, Punjab National Bank, has formed housing subsidiaries to provide housing finance. The other banks are also providing housing finances to the public. Government of India also encourages banks to provide adequate housing finance. Borrowers of housing finance get tax exemption benefits on interest paid. Further housing finance up to Rs. 5 lakh is treated as priority sector advances for banks. The limit has been raised to Rs. 10 lakhs per borrower in cities.

5) Loans against Shares/Securities:

Commercial banks provide loans against the security of shares/debentures of reputed companies. Loans are usually given only up to 50% value (Market Value) of the shares subject to a maximum amount permissible as per RBI directives. Presently one can obtain a loan up to Rs.10 lakhs against the physical shares and up to Rs. 20 lakhs against dematerialized shares.

6. Educational Loan Scheme:

The Reserve Bank of India, from August, 1999 introduced a new Educational Loan Scheme for students of full time graduate/post-graduate professional courses in private professional colleges. Under the scheme all public sector banks have been directed to provide educational loan up to Rs. 15,000 for free seat and Rs. 50,000 for payment seat student at interest not more than 12 per cent per annum. This loan is on clean basis i.e., without calling for security. This loan is available only for students whose annual family income does not exceed Rs. 1, 00,000. The loan has to be repaid together with interest within five years from the date of completion of the course. Studies in respect of the following subjects/areas are covered under the scheme.

- (a) Medical and dental course.
- (b) Engineering course.
- (c) Chemical Technology.
- (d) Management courses like MBA.
- (e) Law studies.
- (f) Computer Science and Applications.

This apart, some of the banks have other educational loan schemes against security etc.

7. Loans against Savings Certificates:

Banks are also providing loans up to certain value of savings certificates like National Savings Certificate, Fixed Deposit Receipt, Indira VikasPatra, etc. The loan may be obtained for personal or business purposes.

8. Consumer Loans and Advances:

One of the important areas for bank financing in recent years is towards purchase of consumer durables like TV sets, Washing Machines, Micro Oven, etc. Banks also provide liberal Car finance. These days banks are competing with one another to lend money for these purposes as default of payment is not high in these areas as the borrowers are usually salaried persons having regular income? Further, bank's interest rate is also higher. Hence, banks improve their profit through such profitable loans.

Secondary Functions

The secondary functions of the banks consist of agency functions and general utility functions.

A. Agency Functions

Agency functions include the following:

(i) Collection of cheques, dividends, and interests:

As an agent the bank collects cheques, drafts, promissory notes, interest, dividends etc., on behalf of its customers and credits the amounts to their accounts. Customers may furnish their bank details to corporate where investment is made in shares, debentures, etc. As and when dividend, interest, is due, the companies directly send the warrants/cheques to the bank for credit to customer account.

(ii) Payment of rent, insurance premiums:

The bank makes the payments such as rent, insurance premiums, subscriptions, on standing instructions until further notice. Till the order is revoked, the bank will continue to make such payments regularly by debiting the customer's account.

(iii) Dealing in foreign exchange:

As an agent the commercial banks purchase and sell foreign exchange as well for customers as per RBI Exchange Control Regulations.

(iv) Purchase and sale of securities:

Commercial banks undertake the purchase and sale of different securities such as shares, debentures, bonds etc., on behalf of their customers. They run a separate 'Portfolio Management Scheme' for their big customers.

B. General Utility Services

The General utility services include the following:

(i) Safety Locker facility:

Safekeeping of important documents, valuables like jewels are one of the oldest services provided by commercial banks. 'Lockers' are small receptacles which are fitted in steel racks and kept inside strong rooms known as vaults. These lockers are available on half-yearly or annual rental basis. The bank merely provides lockers and the key but the valuables are always under the control of its users. Any customer cannot have access to vault. Only customers of safety lockers after entering into a register his name account number and time can enter into the vault. Because the vault is holding important valuables of customers in lockers, it is also known as 'Strong Room'.

(ii) Payment Mechanism or Money Transfer:

Transfer of funds is one of the important functions performed by commercial banks. Cheques and credit cards are two important payment mechanisms through banks. Despite an increase in financial transactions, banks are managing the transfer of funds process very efficiently. Cheques is also cleared through the banking system. Correspondent banking is another method of transferring funds over long distance, usually from one country to another. Banks, these days employ computers to speed up money transfer and to reduce cost of transferring funds.

Electronic Transfer of funds is also known as 'Chequeless banking' where funds are transferred through computers and sophisticated electronic system by using code words. They offer Mail Transfer, Telegraphic Transfer (TT) facility also.

(iii) Travelers' cheques:

Travelers Cheques are used by domestic travelers as well as by international travelers. However the use of traveler's cheques is more common by international travelers because of their safety and convenience. These can be also termed as a modified form of traveler's letter of credit. A bank issuing travelers cheques usually have banking arrangement with many of the foreign banks abroad, known as correspondent banks. The purchaser of traveler's cheques can encase the cheques from all the overseas banks with whom the issuing bank has such an arrangement. Thus traveler's cheques are not drawn on specific bank abroad. The cheques are issued in foreign currency and in convenient denominations of ten, twenty, fifty, one hundred dollar, etc. The signature of the buyer/traveler is written on the face of the cheques at the time of their purchase. The cheques also provide blank space for the signature of the traveler to be signed at the time of encashment of each cheque.

A traveler has to sign in the blank space at the time of drawing money and in the presence of the paying banker. The paying banker will pay the money only when the signature of the traveler tallies with the signature already available on the cheque. A traveler should never sign the cheque except in the presence of paying banker and only when the traveler desires to encash the cheque. Otherwise it may be misused. The cheques are also accepted by hotels, restaurants, shops, airlines companies for respectable persons. Encashment of a traveler cheque abroad is tantamount to a foreign exchange transaction as it involves conversion of domestic currency into a foreign currency. When a traveler cheque is lost or stolen, the buyer of the cheques has to give a notice to the issuing bank so that stop order can be issued against such lost/stolen cheques to the banks where they are permitted to be encased. It is also difficult to the finder of the cheque to draw cash against it since the encasher has to sign the cheque in the presence of the paying banker. Unused travelers cheques can be surrendered to the issuing bank and balance of cash obtained. The issuing bank levies certain commission depending upon the number and value of travellerscheques issued.

(iv) Circular Notes or Circular Letters of Credit:

Under Circular Letters of Credit, the customer/traveler negotiates the drafts with any of the various branches to which they are addressed. Thus the traveller can obtain funds from many of the branches of banks instead only from a particular branch. Circular Letters of Credit are therefore a more useful method for obtaining funds while travelling to many countries. It may be noted that travellers letter of credit are usually paid for in advance. In other words, the traveller first makes payments to the issuing bank before obtaining the Circular Notes.

(v) Issue "Travelers' Cheques":

Banks issue travelers cheques to help carry money safely while travelling within India or abroad. Thus, the customers can travel without fear, theft or loss of money.

(vi) Letters of Credit:

Letter of Credit is a payment document provided by the buyer's banker in favor of seller. This document guarantees payment to the seller upon production of document mentioned in the Letter of Credit evidencing dispatch of goods to the buyer. The Letter of Credit is an assurance of payment upon fulfilling conditions mentioned in the Letter of Credit. The letter of credit is an important method of payment in international trade. There are primarily 4 parties to a letter of credit. The buyer or importer, the bank which issues the letter of credit, known as opening bank, the person in whose favors the letter of credit is issued or opened (The seller or exporter, known as 'Beneficiary of Letter of Credit'), and the credit receiving/advising bank.

The Letter of Credit is generally advised/sent through the seller's bank, known as Negotiating or Advising bank. This is done because the conditions mentioned in the Letter of Credit are, in the first instance; have to be verified by the Negotiating Bank. It is mostly used in international trade.

(vii) Acting as Referees:

The banks act as referees and supply information about the business transactions and financial standing of their customers on enquiries made by third parties. This is done on the acceptance of the customers and help to increase the business activity in general.

(viii) Provides Trade Information:

The commercial banks collect information on business and financial conditions etc., and make it available to their customers to help plan their strategy. Trade information service is very useful for those customers going for cross-border business. It will help traders to know the exact business conditions, payment rules and buyers' financial status in other countries.

(ix) ATM facilities:

The banks today have ATM facilities. Under this system the customers can withdraw their money easily and quickly and 24 hours a day. This is also known as 'Any Time Money'. Customers under this system can withdraw funds i.e., currency notes with the help of certain magnetic card issued by the bank and similarly deposit cash/cheque for credit to account.

2.3 TYPES OF BANK

There are various types of banks. The necessity for the variety among these banks is because each bank is specialized in their own field. Each bank has its own principles and policies. Different rates of interests are also noted among these banks. All these banks are listed as below:

CENTRAL BANK

Central bank is a bank of the country. Its main function is to issue currency known as bank notes. These banks are the bankers to the government they are bankers bank and the ultimate custodian of a nation foreign exchange reserves. The Central bank of different country is known by different name like RBI in India, Bank of England in U.K and Federal Reserve System in U.S.A etc.

SAVING BANK

A savings bank is a financial institution whose primary purpose is accepting savings deposits and paying interest on those deposits. Their original objective is to provide easily accessible savings products to all strata of the population. In some countries savings banks were created on public initiative while in others socially committed individuals created foundations to put in place the necessary infrastructure.

COMMERCIAL BANK

A commercial bank is a type of bank that provides services such as accepting deposits, making business loans, and offering basic investment products. Commercial bank can also refer to a bank or a division of a bank that mostly deals with deposits and loans from corporations or large businesses, as opposed to individual members of the public These bank collects money from people in various sectors and gives the same as a loan to business men and make profits in interests these business men pay. Since the loan is large the interest rates are also high.

INDUSTRIAL DEVELOPMENT BANK

The Industrial Development Bank of India is one of the well known public financial institutions in India. It is also known as IDBI and is the fourth largest bank in terms of the ratings. According to the Reserve Bank of India the Industrial Development Bank of India is categorized as other public sector bank. The main aim of the formation of the IDBI was to provide easy loans and financial support to the industrial sector in order to develop the industrial sector and also the Indian economy. These banks are committed towards enhancing the growth of industries by providing loans for a very long period of time. This is vital for the long term growth of the industries.

PUBLIC SECTOR BANK:-

The term public sector banks are used commonly in India. This refers to banks that have their shares listed in the stock exchanges NSE and BSE and also the government of India holds majority stake in these banks. They can also be termed as government owned banks.

PVT SECTOR BANK

Private banking in India was practiced since the beginning of banking system in India. The first private bank in India to be set up in Private Sector Banks in India was IndusInd Bank. It is one of the fastest growing Bank Private Sector Banks in India. IDBI ranks the tenth largest development bank in the world as Private Banks in India and has promoted world class institutions in India. The first Private Bank in India to receive an in principle approval from the Reserve Bank of India was Housing Development Finance Corporation Limited, to set up a bank in the private sector banks in India as part of the RBI's liberalisation of the Indian Banking Industry. It was incorporated in August 1994 as HDFC Bank Limited with registered office in Mumbai and commenced operations as Scheduled Commercial Bank in January 1995. ING Vysya, yet another Private Bank of India was incorporated in the year 1930. Bangalore has a pride of place for having the first branch inception in the year 1934.

2.4 Advantage & Disadvantage of Education loan:

A dignified education can change the entire life of a person, leading him towards a successful life and financial independence. Education loan enables you to meet the financial demands of a reputed MBA program or any such professional course. The best part of these loans is that once you complete your objective and achieve financial freedom, you can pay back them easily. Hence, the commitment involved with such loans is very reasonable and appealing.

Financial institutions have made an education loan an easygoing task for the applicants. One can apply for the loan by visiting the bank in person or through website of the bank. Majority of the banks provide online application forms and detailed relevant information for applicants' convenience.

Student loans are great alternatives as compared to conventional loans. They not only offer lucrative interest rates but also have easier terms and conditions. Majority of the nationalized banks generally do not ask for any security and charge no margins for a loan amount up to Rs. 4 Lacs.

Another key benefit of these loans is the deferment of re-payments. The borrower is not required to repay the loans while studying as the re-payment process commences after completion of the said course and attaining a job within a stipulated span of time. Student loans also show considerable flexibility towards loaner in terms of repayment schedule.

The best advantage of education loan is that it not only satisfies the financial need to proceed with higher education but helps in saving income tax also while repayment. Tax benefits on education loan end up reducing overall cost of the loan.

Disadvantage of Education loan

Education loans are definitely a boon for students aspiring for higher studies and aid them financially but in most cases, the choice is driven by the aggressive and forceful marketing strategies done by banks offering these loans. More than aiding a student, the stake of the financial institutions lies in, increasing the profitability of their business. They stand out as a prudent product for the banks to sell and achieve margins.

Students get trapped in the web of unsuitable education loans due to lack of proper knowledge and understanding about the loan procedures and banks' terms and conditions. In many cases, bank disclosures for securities (viz. mortgages, guarantee) are not adequate or presented in a very complex manner for applicants to understand, given their limited understanding of credit market. Due to such complexity, applicants are not fully acquainted with the schemes and risks involved in availing the credit. Hence, when re-payment process starts, borrowers have to deal with unexpected problems which leave them helpless.

It's very important for borrowers to analyze the long run suitability of the loan beforehand so that debt does not lead to an unmanageable situation. In case a candidate is not able to repay the loan as per schedule due to some unavoidable situations, he has to suffer great hassles owing to the bank's mounting pressure for repayments.

Majority of the banks are unable to provide proper assistance to the borrowers who are facing a tough time during repayments. Loaners are not ensured any rights and remedies by the banks if caught in unaffordable loans. Loans may go into default very soon after missed payment.

Generally in the beginning banks, do not inform adequately about workout and cancellation procedures and later start putting late fee, and other charges for delayed payments, further increasing the overall cost of loan. Although most of the banks try to co-operate and show considerable flexibility in terms of payment schedule, they usually turn out to be inflexible in granting long- term repayment relief for borrowers.

Undoubtedly, today, when higher education is costlier than ever, education loans are the most welcomed antidote by aspiring candidates. Certainly, these loans are the best answer to financial shortage for a successful career if chosen wisely; else, they become a burden and lead the borrower to a disastrous situation.

2.5 EDUCATION LOAN CHECK LIST & RECKONER

- ❖ Obtain a checklist from the bank beforehand and keep all the papers and documents ready which the lender would require.
- ❖ Approach the bank with which you (your parents) have an existing relationship with.
- ❖ Check up if the institute you have applied has any tie-up with banks for education loans. This expedites the process
- ❖ Compare the rate of interests of banks. Axis Bank interest rate is 14.25% for studies in India, Bank of Baroda charges 13.5% for loans above Rs 4 lakhs.
- ❖ On paper, lenders may declare they loan processing is 7-14 or 30 days but be prepared, it may take more time.

Most banks would state that repayment starts after one year moratorium period, or after six months of securing a job, whichever is earlier but in reality some banks lend only on the clause that the servicing of loan starts from six months after the course completion.

EDUCATION LOAN RECKONER

- ❖ Education loan procurement is easy if the programme is recognised and the college/ university is government affiliated/ approved. Education loan sanction is easy for job-oriented professional/technical courses. Students applying in private colleges which have good placement record are entertained.
- ❖ Banks lend up to Rs. 10 lakh for studies in India and Rs. 20 lakh for education overseas.
- ❖ Banks provide loans only between 75 to 90 per cent depending on the total cost of the course and the rest of the fund percentage you have to generate from your own sources. Credila, however, provides loans above Rs. 20 lakhs and without any margin money, says Dinesh Gehlot Assistant.V.P, HDFC Credila,an education loan company
- ❖ Education loan interest rate varies from bank to bank, which could be anywhere between 11-14%
- ❖ Banks may claim to offer loan up to Rs 4 lakh without collateral, however, that's usually on paper. Banks ask for collateral.
- ❖ Collateral includes assets like national security certificates, insurance policies, bonds and property papers.
- ❖ How much credit to take? Check the placement record of the institution and do a rough calculation on the expected monthly income you are likely to draw as fresh employee. Don't forget to take into account the running expenses.

A few banks allow a moratorium on interest payment, but under this option, the interest is compounded quarterly and added to the principal sum for repayment. Banks offer lower interest rates (usually one percent if you start repayment during the moratorium period).

2.6 Introduction to State Bank of India





State Bank of India with a 200 year history is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. The Government of India is the single largest shareholder of this Fortune 500 entity with 61.58% ownership. SBI is ranked 60th in the list of Top 1000 Banks in the world by "TheBanker" in July 2012. The origins of State Bank of India date back to 1806 when the Bank of Calcutta (later called the Bank of Bengal) was established. In 1921, the Bank of Bengal and two other banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In 1955, the Reserve Bank of India acquired the controlling interests of the Imperial Bank of India and SBI was created by an act of Parliament to succeed the Imperial Bank of India.

The SBI group consists of SBI and five associate banks. The group has an extensive network, with over 20000 plus branches in India and another 186 offices in 34 countries across the world. As of 31st March 2013, the group had assets worth USD 392 billion, deposits of USD 299 billion and capital & reserves in excess of USD 23.03 billion. The group commands over 23% share of the domestic Indian banking market. SBI's non-banking subsidiaries/joint ventures are market leaders in their respective areas and provide wide ranging services, which include life insurance, merchant banking, mutual funds, credit cards, factoring services, security trading and

primary dealership, making the SBI Group a truly large financial supermarket and India's financial icon. SBI has arrangements with over 1500 various international / local banks to exchange financial messages through SWIFT in all business centers of the world to facilitate trade related banking business, reinforced by dedicated and highly skilled teams of professionals.'

Accordingly an act pass in parliament in may 1955 State bank of India was constituted on 1 July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of government .the state bank of India act was pass in 1959, enabling the sbi to take over eight former state associated bank s as its subsidiaries

Sbi has seven associated banks: presently it has fiveassociativvebnaks

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore

State Bank of Saurashtra – merged with SBI in 2008

State Bank of Indore- merged with SBI in 2010.

Logo and slogan

The logo of the State Bank of India is a blue circle with a small cut in the bottom that depicts perfection and the small man the common man - being the center of the bank's business. The logo came from National Institute of Design (NID), Ahmadabad and it was inspired by Kankaria Lake, Ahmadabad.

Slogans: "PURE BANKING, NOTHING ELSE", "WITH YOU - ALL THE WAY", "A BANK OF THE COMMON MAN", "THE BANKER TO EVERY INDIAN", "THE NATION BANKS ON US"

2.7 EDUCATION LOAN BY SBI



A term loan granted to Indian Nationals for pursuing higher education in India or abroad where admission has been secured.

A. Studies in India:

Graduation, Post-graduation including regular technical and professional Degree/Diploma courses conducted by colleges/universities approved by UGC/AICTE/IMC/Govt. Etc

Regular Degree/ Diploma Courses conducted by autonomous institutions like IIT, IIM etc

Teacher training/ Nursing courses approved by Central government or the State Government.

Regular Degree/Diploma Courses like Aeronautical, pilot training, shipping etc. approved by Director General of Civil Aviation/Shipping.

Vocational Training and Skill Development Study Courses will not be covered under the regular Education Loan Schemes. A separate scheme for 'Loans for Vocational Education and Training' has been launched which covers financing for such Vocational courses.

B. Studies abroad:

Job oriented professional/ technical Graduation Degree courses/ Post Graduation Degree and Diploma courses like MCA, MBA, MS, etc offered by reputed universities

Expenses considered for loan

- ❖ Fees payable to college/school/hostel
- ❖ Examination/Library/Laboratory fees
- ❖ Purchase of Books/Equipment/Instruments/Uniforms, Purchase of computers-essential for completion of the course (maximum 20% of the total tuition fees payable for completion of the course)
- ❖ Caution Deposit/Building Fund/Refundable Deposit (maximum 10% tuition fees for the entire course)
- ❖ Travel Expenses/Passage money for studies abroad
- ❖ Cost of a Two-wheeler up to Rs. 50,000/-
- ❖ Any other expenses required to complete the course like study tours, project work etc.

❖ Amount of Loan:

- For studies in India, maximum Rs. 10 lacs
- Studies abroad, maximum Rs. 30 Lacs

❖ Interest rate:

Loan amount	Rate of interest
4 lakhs	13.50%
4 lakhs to 7.5 lakhs	13.75%
7.5 & above	11.75%

*(0.50% concession in interest for girl students)

* (1% concession for full tenure of the loan, if interest is serviced promptly as and when applied during the moratorium period, including course duration[#])

IT exemption under Section 80(E) in respect of interest paid in all Education Loans.

❖ Repayment Tenure:

Repayment will commence one year after completion of course or 6 months after securing a job, whichever is earlier.

Max loan amt.	Repayment period
4 lakhs	10 years
4 lakhs to 7.5 lakhs	10 years
7.5 & above	12 years

- Security

Particular	Security
4 lakhs	Only parents and guardian are co borrower
4 lakhs to 7.5 lakhs	parents and guardian are co borrower and Collateral security in the form of suitable third party guarantee*. *Third Party Guarantee can be replaced with Parent/Guardian as co-borrower provided the Gross Annual Income of Parent/Guardian (co-borrower) as given in latest Income Tax Return is 3 times of the loan amount.
7.5 & above	Parent/ Guardian as co-borrower and tangible collateral security

In case of married person, co-obligator can be either spouse or the parent(s)/ parents-in-law.

Documentation Required

- Completed Education Loan Application Form.
- Mark sheets of last qualifying examination
- Proof of admission scholarship, studentship etc
- 2 passport size photographs
- PAN Card of the student and the Parent/ Guardian
- Borrower's Bank account statement for the last six months
- Income tax Returns/ IT assessment order, of last 2 yrs (If IT Payee)
- Brief statement of assets and liabilities, of the Co-borrower
- Proof of Income (i.e. Salary slips/ Form 16 etc. if applicable)



STATE BANK OF INDIA

EDUCATION LOAN

APPLICATION CUM APPRAISAL FORM FOR EDUCATION LOAN

(PLEASE COMPLETE ALL PARTICULARS IN BLOCK LETTERS AND TICK BOXES WHEREEVER APPLICABLE)

CIF NO. (FOR OFFICE USE)

ACCOUNT NO. (FOR OFFICE USE)

Signed photograph of Student

Signed photograph of Parent / Guardian

(1) PERSONAL INFORMATION OF THE APPLICANTS

Name in full of the Student			
Name in full -Parent / Guardian			
	FIRST NAME ↑	MIDDLE NAME (Father / Husband)	SURNAME ↑
Relationship with the student			
PARTICULARS	Student	Parent / Guardian	
1. Detailed Residential Address (House No., Road Name, Locality, City, PIN, District, State)			
2. Office Address (House No., Road Name, Locality, City, PIN, District, State)			
3. Permanent Residential Address (House No., Road Name, Locality, City, PIN, District, State)			
4. The name in which the correspondence should be addressed (Mention 1st or 2nd applicant)			
5. Address for correspondence of (tick appropriate box)	<input type="checkbox"/> Residential Address	<input type="checkbox"/> Office address	<input type="checkbox"/> Permanent Address
6. E mail address			
7. Date of birth (DD / MM / YYYY)			
8. Age	<input type="text"/> Years <input type="text"/> Months	<input type="text"/> Years	<input type="text"/> Months
9. Telephone Number (Office & Residence)	Office <input type="text"/> Residence <input type="text"/>	Office <input type="text"/> Residence <input type="text"/>	
9.A. Whether personal telephone is owned, if not the type of relationship with the owner :			
10. Mobile No.	<input type="text"/>	Fax No. <input type="text"/>	<input type="text"/>
11. Sex	<input type="checkbox"/> M <input type="checkbox"/> F	<input type="checkbox"/> M <input type="checkbox"/> F	
12. Marital Status (Please also tick Single if no living spouse)	<input type="checkbox"/> Single <input type="checkbox"/> Married	<input type="checkbox"/> Single <input type="checkbox"/> Married	
13. Residential Status (indicate date of permanent return, if any)	<input type="checkbox"/> Resident <input type="checkbox"/> NRI / PIO	<input type="checkbox"/> Resident <input type="checkbox"/> NRI / PIO	
14. Type of Identification Proof (Please indicate name of the document at (d), if any)	(a) <input type="checkbox"/> Voter ID No.	(a) <input type="checkbox"/> Voter ID No.	
	(b) <input type="checkbox"/> Pass Port No.	(b) <input type="checkbox"/> Pass Port No.	
	(c) <input type="checkbox"/> PAN	(c) <input type="checkbox"/> PAN	
	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	
14.a. Particulars of Identification Proof, Issue date, place, expiry date, etc.			
15. If you don't have PAN, reasons thereof			
16. Do you belong to	<input type="checkbox"/> SC <input type="checkbox"/> ST <input type="checkbox"/> OBC**	<input type="checkbox"/> SC <input type="checkbox"/> ST <input type="checkbox"/> OBC**	
17. Number of dependents	<input type="text"/> Children <input type="text"/> Others	<input type="text"/> Children <input type="text"/> Others	
18 Educational / Professional qualifications			
**If yes, please enclose proof thereof.			

2.8 Introduction of bank





In the year 1964 several social workers and activists came together and formed Abhyudaya Co-operative Credit Society Ltd with a relatively small share capital of INR5000 (US\$82).

Within a short period of time Abhyudaya Co-op, Credit Society got converted into an Urban Co-operative bank.

In June 1965 Abhyudaya Co-operative Bank Ltd was finally established as a full fledged co-operative Bank.

It was conferred with Scheduled bank status by the Reserve Bank of India in the year 1988.

On 11 January 2007 the Bank was registered as a multi-state co-operative bank by the Central Registrar, New Delhi.

Branch of ABHYUDAYA CO OPERATIVE BANK

It has branches in Metropolitan Mumbai, Navi Mumbai, Pune, Thane, Raigad, Nagpur, Nashik, Nanded, Kankavali and Aurangabad in Maharashtra State, Vadodara and Ahmadabad in Gujarat State, Udupi and Mangalore in Karnataka State.

The area of operation of the bank is confined to 3 States

Maharashtra

Gujarat

Karnataka.

The Bank further proposes to extend its area of operation to other States.

Abhyudaya Co-operative Bank Ltd has 113 computerized branches in India.

2.9 EDUCATION LOAN BY ABHYUDAYA CO OPERATIVE BANK

❖ Studies in India

Approved courses leading to graduate/post graduate degree and PG diplomas conducted by recognized colleges / universities recognized by UGC / Govt. / AICTE / AIBMS / ICMR etc.

Courses like ICWA, CA, CFA etc.

Courses conducted by IIMs, IITs, IISc, XLRI. NIFT, NID etc.

Regular Degree / Diploma courses like Aeronautical, pilot training, shipping, etc., approved by Director General of Civil Aviation / Shipping, if the course is pursued in India.

Approved courses offered in India by reputed foreign universities.

The above list is indicative in nature. Bank may approve other job oriented courses leading to technical / professional degrees, post graduate degrees / diplomas offered by recognized institutions under this scheme

❖ Studies Abroad:-

Graduation: For job oriented professional / technical courses offered by reputed universities.

Post graduation: MCA, MBA, MS, etc.

Courses conducted by CIMA-London, CPA in USA etc.

Degree / diploma courses like aeronautical, pilot training, shipping etc provided these are recognized by competent regulatory bodies in India / abroad for purpose of employment in India / abroad.

Expenses considered for Loan

- ❖ Fee payable to college / school / hostel
- ❖ Examination / Library / Laboratory fee
- ❖ Travel expenses / passage money for studies abroad
- ❖ Insurance premium for student borrower, if applicable
- ❖ Caution deposit, Building fund / refundable deposit supported by Institution bills / receipts.
- ❖ Purchase of books / equipments / instruments / uniforms
- ❖ Purchase of computer at reasonable cost, if required for completion of the course
- ❖ Any other expense required to complete the course - like study tours, project work, thesis, etc

Student Eligibility:-

The student should be an Indian National

Should have secured admission to a higher education course in recognized institutions in India or Abroad through Entrance Test / Merit Based Selection process after completion of HSC(10 plus 2 or equivalent). However, entrance test or selection purely based on marks obtained in qualifying examination may not be the criterion for admission to some of the post graduate courses or research programmers. In such cases, Bank will on its own criteria judge the employability and reputation of the institution concerned.

LOAN LIMITS

Studying in India Up to 10 lakhs

Studying Abroad Up to 20 lakhs

Joint Borrower

The joint borrower should normally be parents / guardian of the student. In case of a married person, joint borrower can be either spouse or the parents / parents-in-law.

INTREST RATE

Prime Lending Rate (PLR)	13.50%
Personal/ Surety Loan	
i) With 50% or more collateral securities upto Rs.5.00 lakh.	14%
ii) Without collateral or less than 50% collateral securities upto Rs.5.00 lakh.	14.50%

REPAYMENT

Moratorium period = Course Period + maximum period of 1 year.

However, if student gets employment within 6 months of his/her course completion; EMI shall be pre-poned and will be fixed after 6 months from the date of getting employment.

Repayment of the loan will be in equated monthly installments for periods as under:

For loans up to Rs. 7.50 Lakhs - up to 10 years

For loans above Rs. 7.50 Lakhs - up to 15 years

However, total loan period including Duration of Course/Moratorium Period & Repayment should not exceed 240 months.

2.10 Comparison Between SBI & abhyudaya co operative bank

- ❖ The loan amount provided by SBI is Greater than Abhyudaya cooperative bank.
- ❖ Most of the people refer SBI because of the name.
- ❖ Very few people know about Abhyudaya cooperative bank.
- ❖ Repayment Period of SBI is 12 years where the repayment period of abhyudaya co-operative bank is 15 years.
- ❖ Most of the people have took Education loan to study in Own country.
- ❖ Abhyudaya cooperative bank rate of interest is more than SBI.

As compare to SBI ,Abhyudaya co- operative bank have very low Branches .This co-operative bank have only branches in 3 states.

Chapter 3. Literature review

❖ Bindisha Sarang Hindustan times (June 15, 2012)

One can avail an education loan if he is an Indian citizen and already have a confirmed admission in an institute. Banks usually look for reputed institutes and courses that promise good job.

- Date : 20th July 2014

Education loans double in 2013-14, home loans drop - Piyush Mishra.
The Times of India

As more and more students continue to opt for higher studies, the request for education loans grew by almost double in 2013-14 compared to previous year.

Banks have disbursed education loans to 20,115 students to the tune of Rs 372.60 crores in 2013-14 by March 2014 compared to Rs 241.23 crore disbursed to 10,887 beneficiaries in 2012-13. The outstanding under education loans reached Rs1438.59 crore in 50,656 accounts as of March, 2014.

On the contrary, due to slowdown in real estate and higher interest rates, demand for home loans saw a drop of 26% as less people applied for them. Home loans worth Rs 7028.95 crore were granted to 81,556 beneficiaries during the year 2013-14 under direct housing finance compared to disbursement of Rs 7426.44 crore of loans to 110,309 beneficiaries in 2012-13.

Chapter4. Analysis

Survey Analysis:

A Sample survey was conducted for the project study titled Comparative study on education loan with reference to SBI & abhyudaya co-operative bank. The sample size of the survey is 100. The survey was done off line.

Analysis of the project

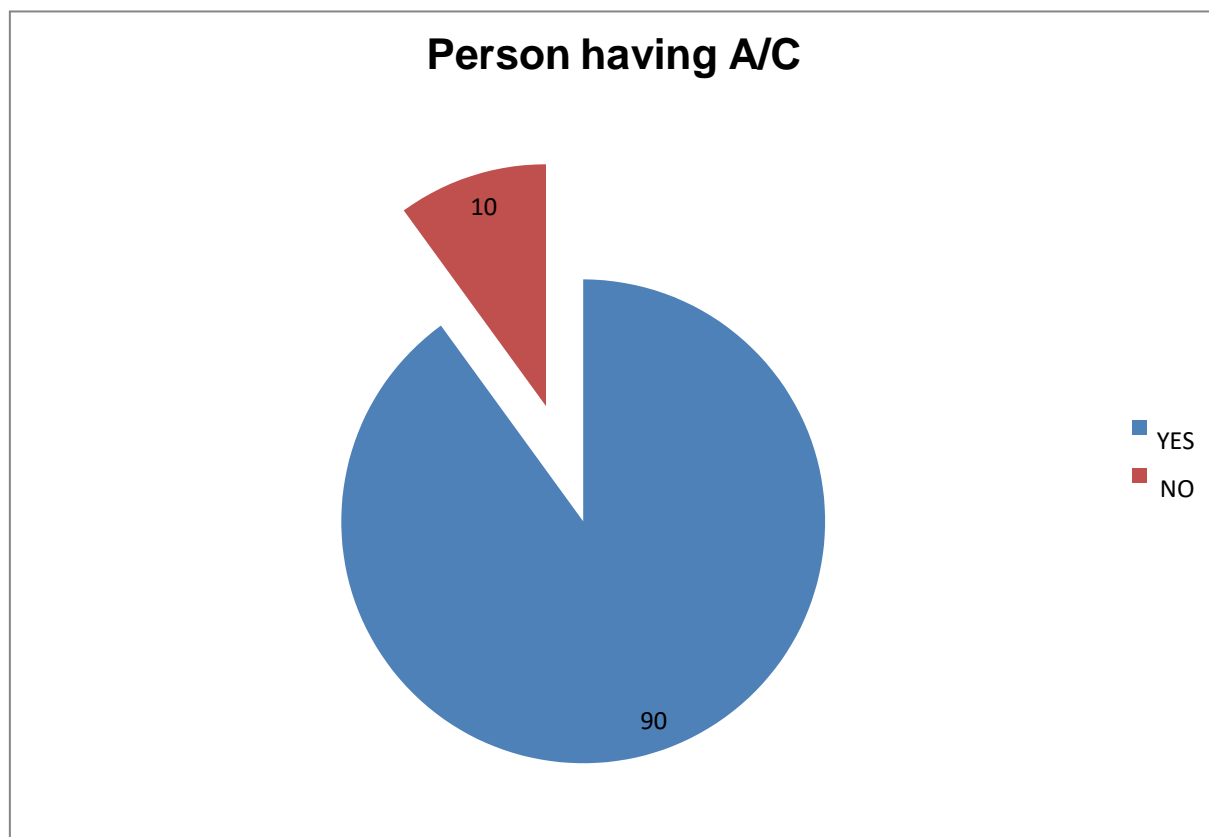
Analysis (offline)

An offline survey was conducted by visiting various branches of the banks in the different areas where the customer can answer the following survey question so that while doing the analysis the final report should be in a proper manner. The offlinesurvey was conducted of the customers of both the banks.

Questionnaire

1) Do you have a bank A/C?

Yes	90
No	10

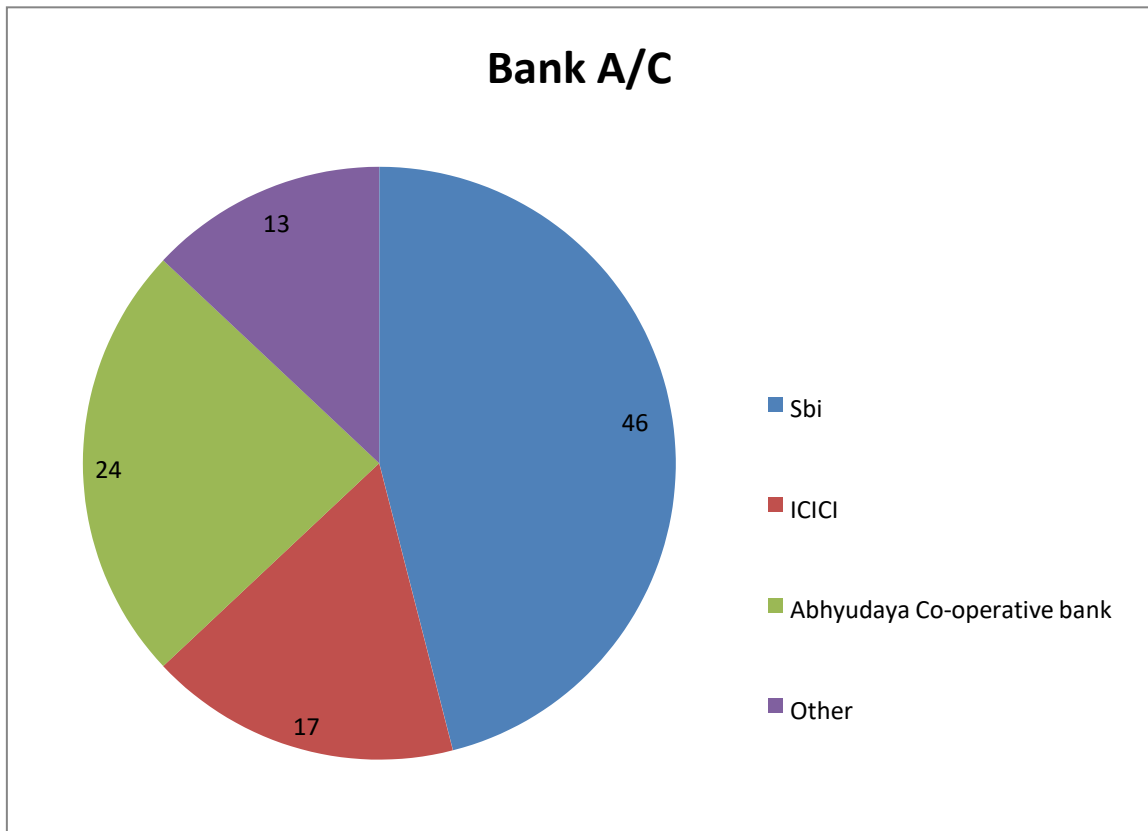


Interpretation

As per the survey conducted most of the people Having Bank A/C. 90% of the population having Bank A/C and 10% don't have A/C.

2) In which bank do you have your A/C?

Sbi	46
Icici	17
Abhyudayaco operative bank	24
Other	13

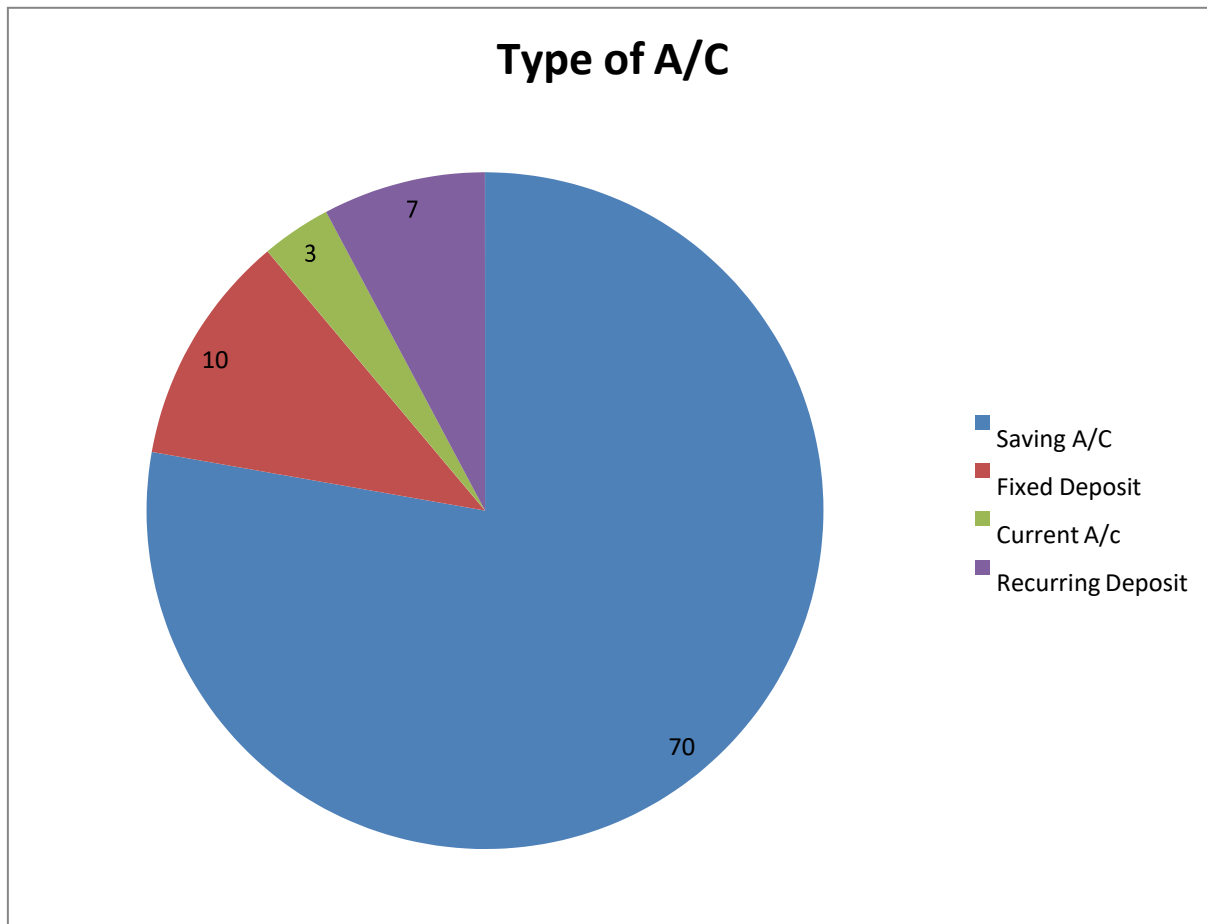


Interpretation

As per the survey conducted Most of the people having Bank A/c in SBI 17% of the sample population has Bank A/c in ICICI& Other bank. Most of the worker of B.P.T have their Salary A/C with Abhyudaya co-operative bank.

3) Which type of A/C do you have?

Saving A/C	70
Fixed Deposit	10
Current A/C	3
Recurring Deposit	7

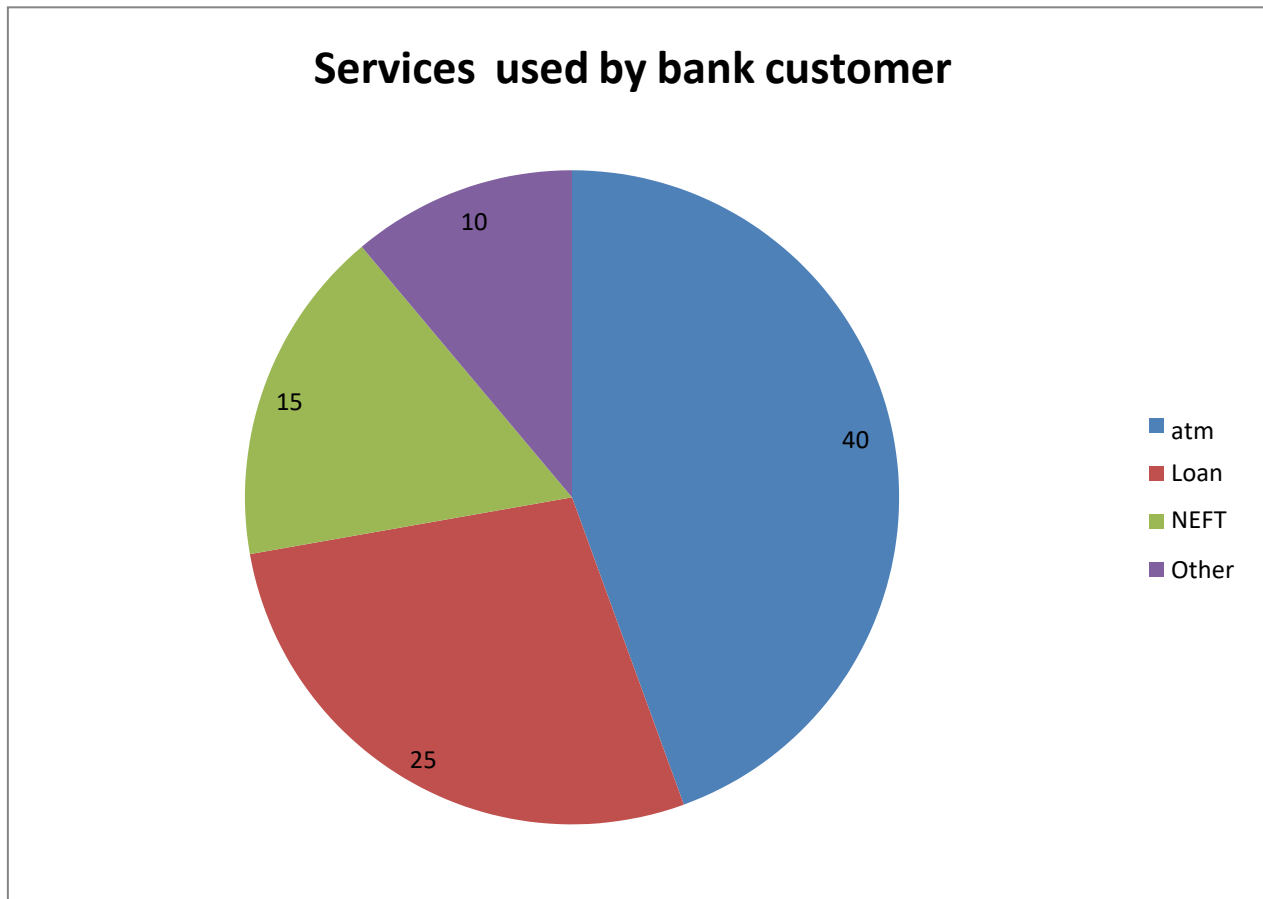


Interpretation

Our Indian population have the habit of saving So most of the people have Saving A/c . 10% of the survey population have Fixed Deposit .3% of the population having current A/C And rests of the population have Recurring A/c.

4) Which service have you used from bank?

ATM	40
Loan	25
NEFT	15
Other	10

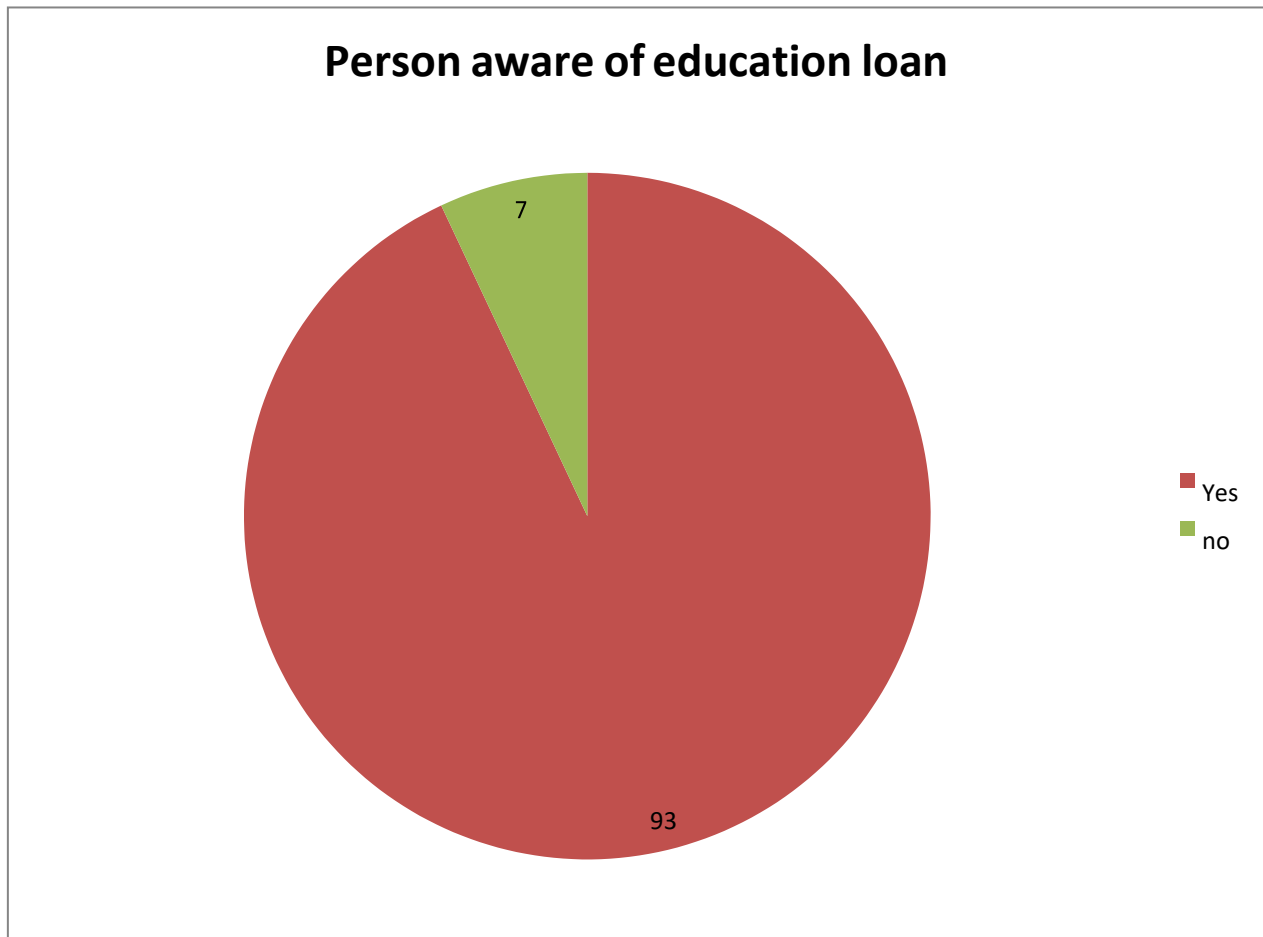


Interpretation

Most of the population use ATM facility by bank Because one can easily remove money By using Debit Card. People don't have enough money Take Loan facility by the bank NEFT is newly service used by the bank to transfer money.10% Of the population used some other service given by bank such as Locker, etc.

5) Are you Aware of Education loan?

Yes	93
No	7

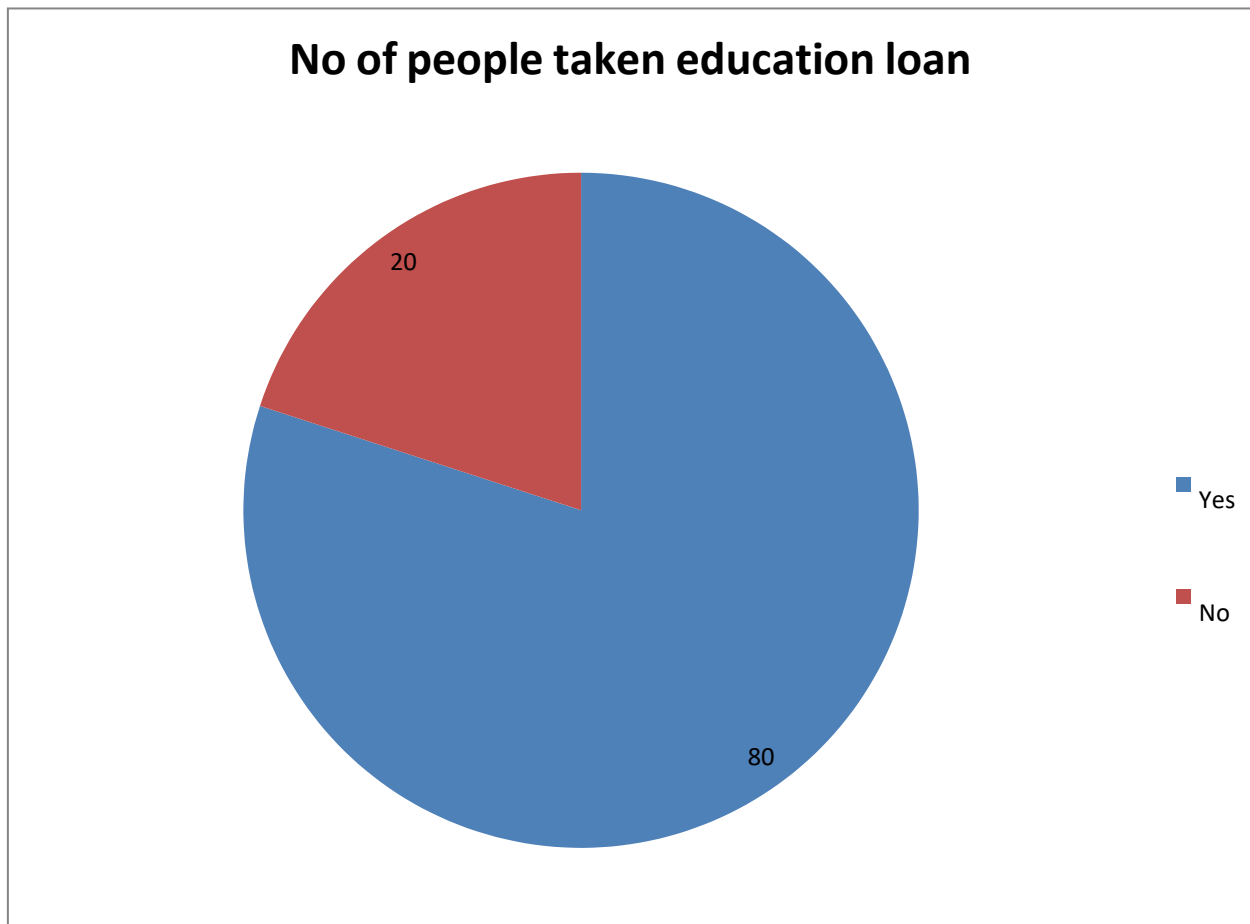


Interpretation

According to the survey conducted 93 % of populations are aware of education loan. Rests of the population are not aware of education loan.

6) Have you taken Education loan?

yes	80
No	20

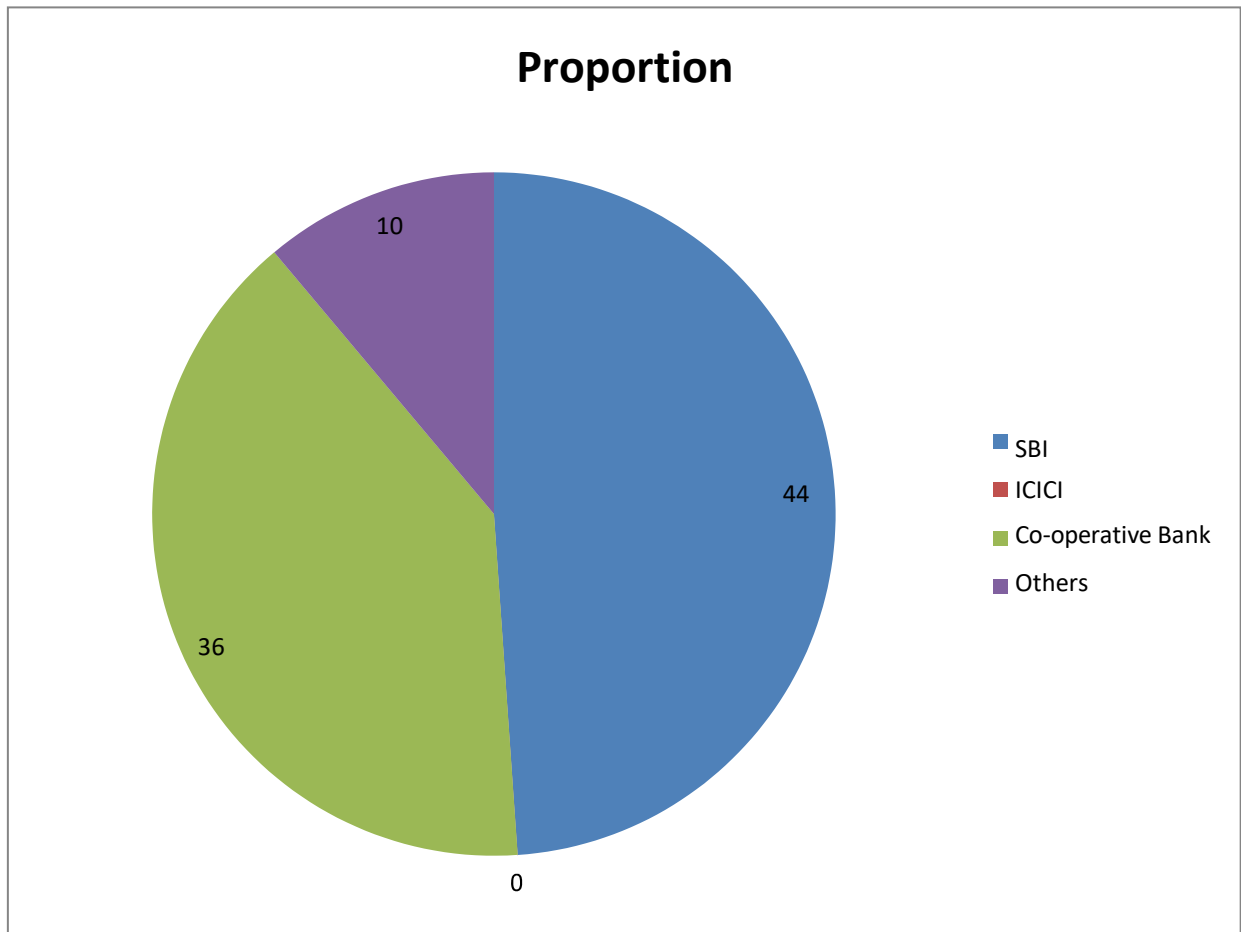


Interpretation

As per the survey conducted Most of the population have taken education loan with the bank. 20% of the population have not taken education loan.

7) From which Bank have you taken Education loan?

SBI	44
ICICI	0
Co operative	36
Other	10

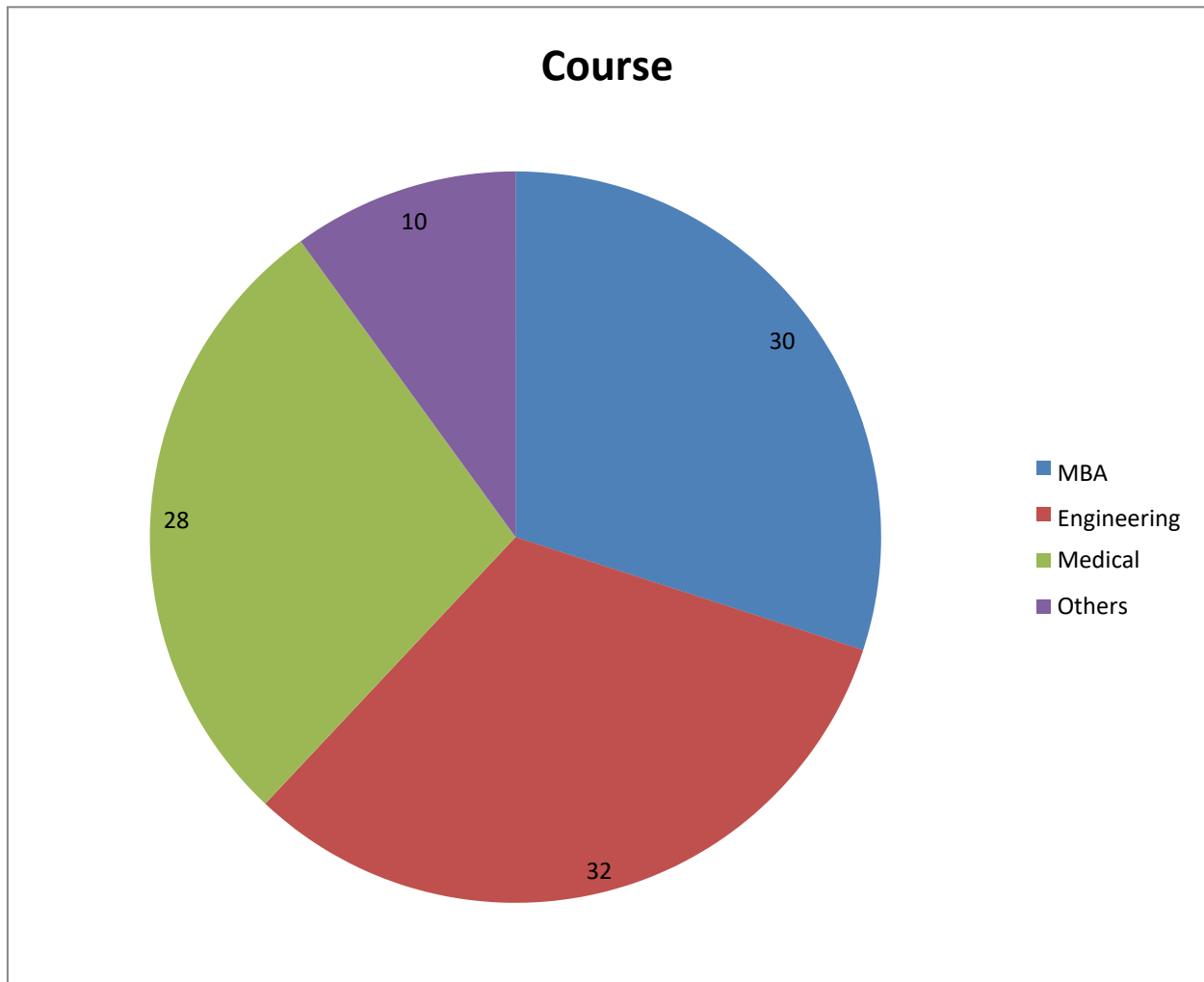


Interpretation

Most of the population has taken Education loan from SBI 36% of the population have taken loan from co-operative bank. ICICI bank doesn't provide education loan.

8) For which course you have taken education loan?

MBA	30
ENGINEERING	32
MEDICAL	28
OTHER	10

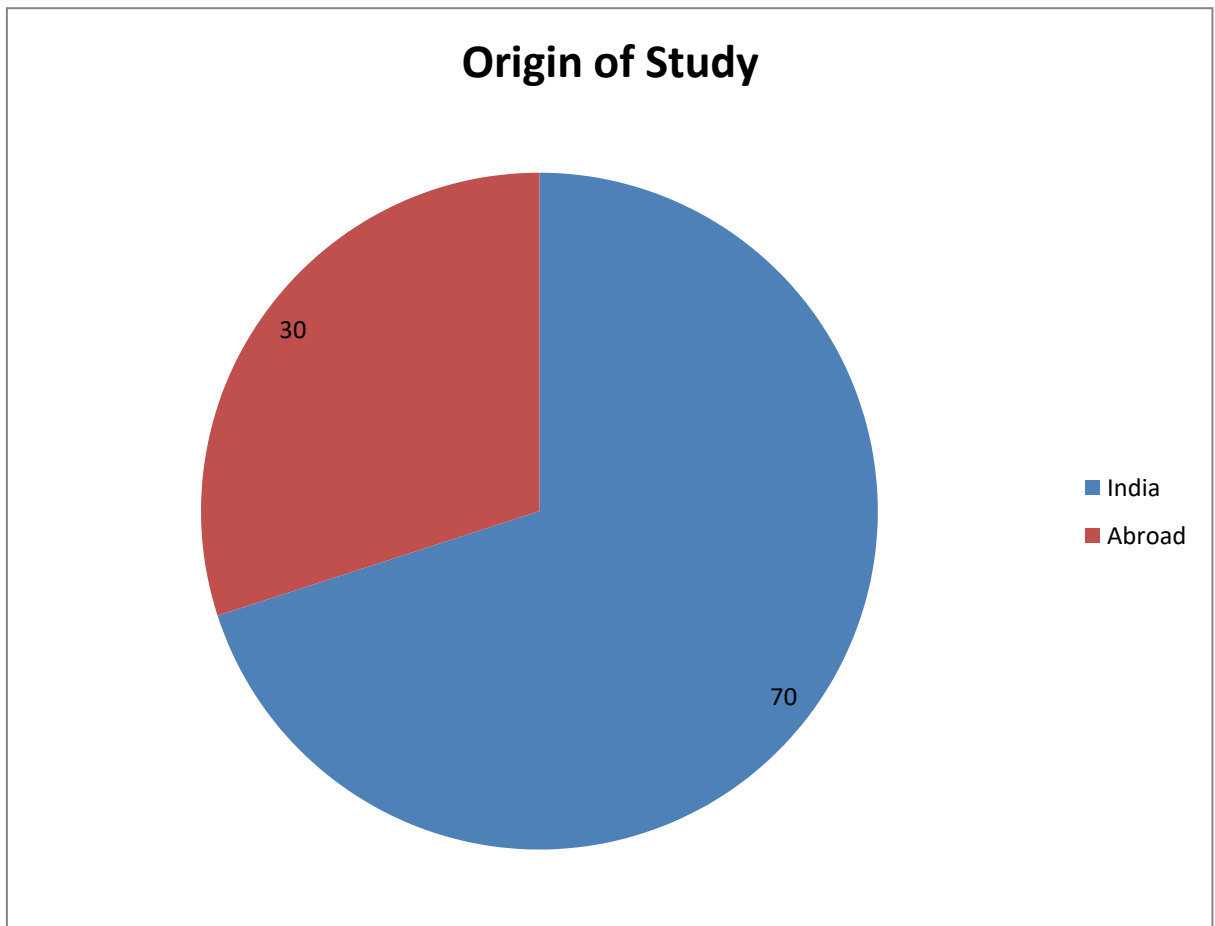


Interpretation

Engineering & MBA Courses are job oriented many of the population have taken loan for this courses.

9) Where have you completed your further studies?

INDIA	70
ABROAD	30

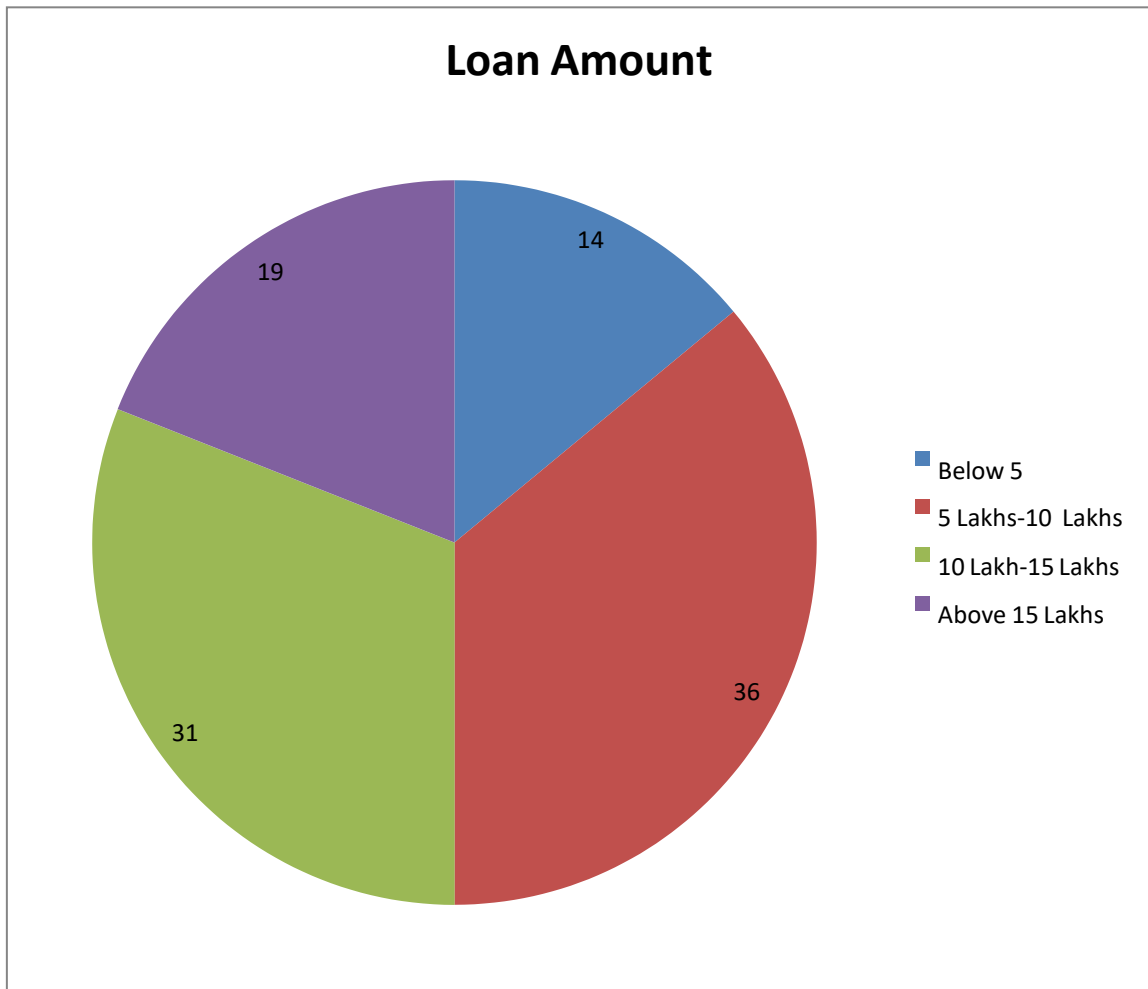


Interpretation

Most of the population has completed their studies in India Only 30 % of population have gone abroad for completion of further study.

10) What was the loan Amount?

BELOW 5 LAKHS	24
5 –10 LAKHS	36
10-15 LAKHS	28
15 & ABOVE	12

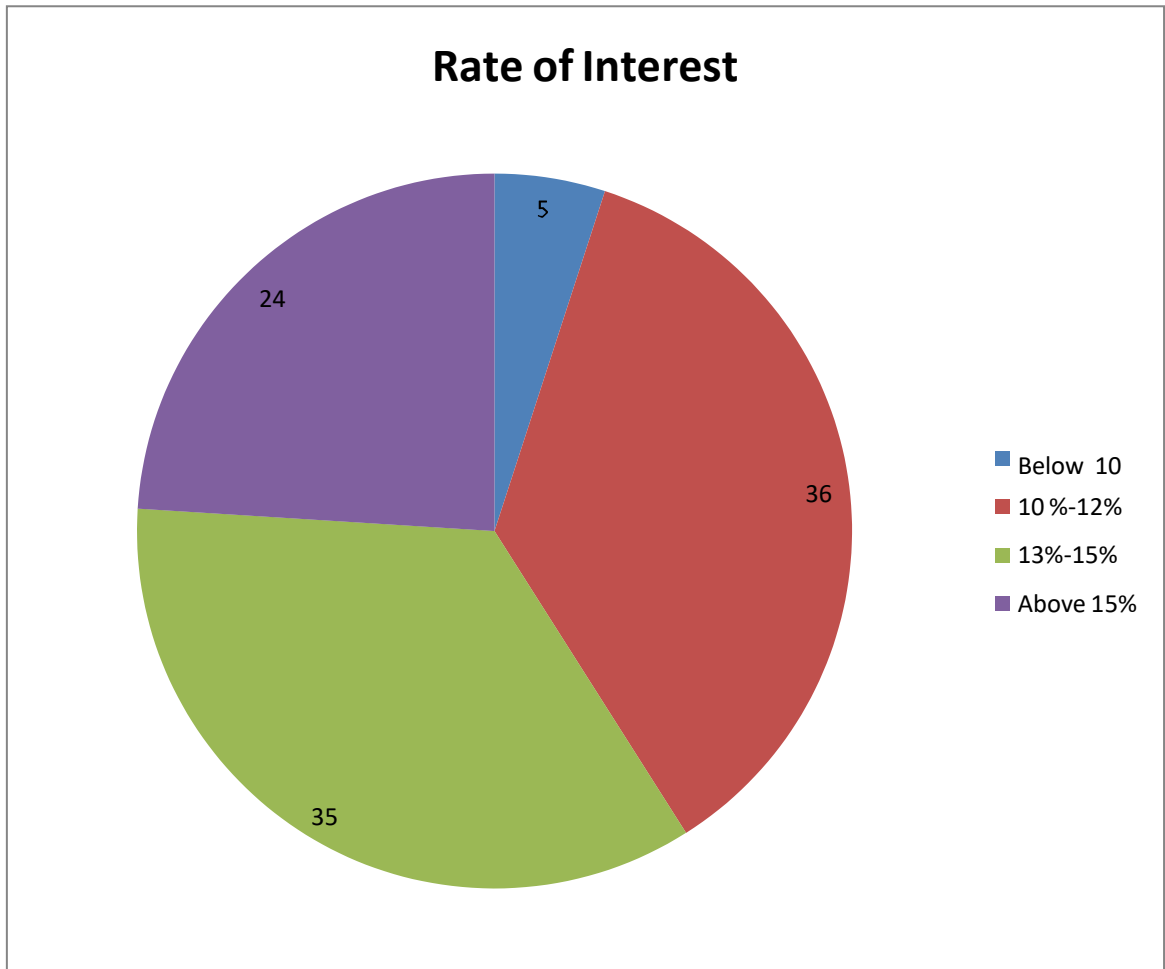


Interpretation

Today Fees of the college have been Increases so the loan amount. Most of the population has taken loan amount between 5 to 10 lakhs. Only 19% of the populationshave taken loan of above 15 lacs.

11) What was the rate of interest charge by your bank?

Below 10	36
10 -12	35
12 -14	24
14 & above	5

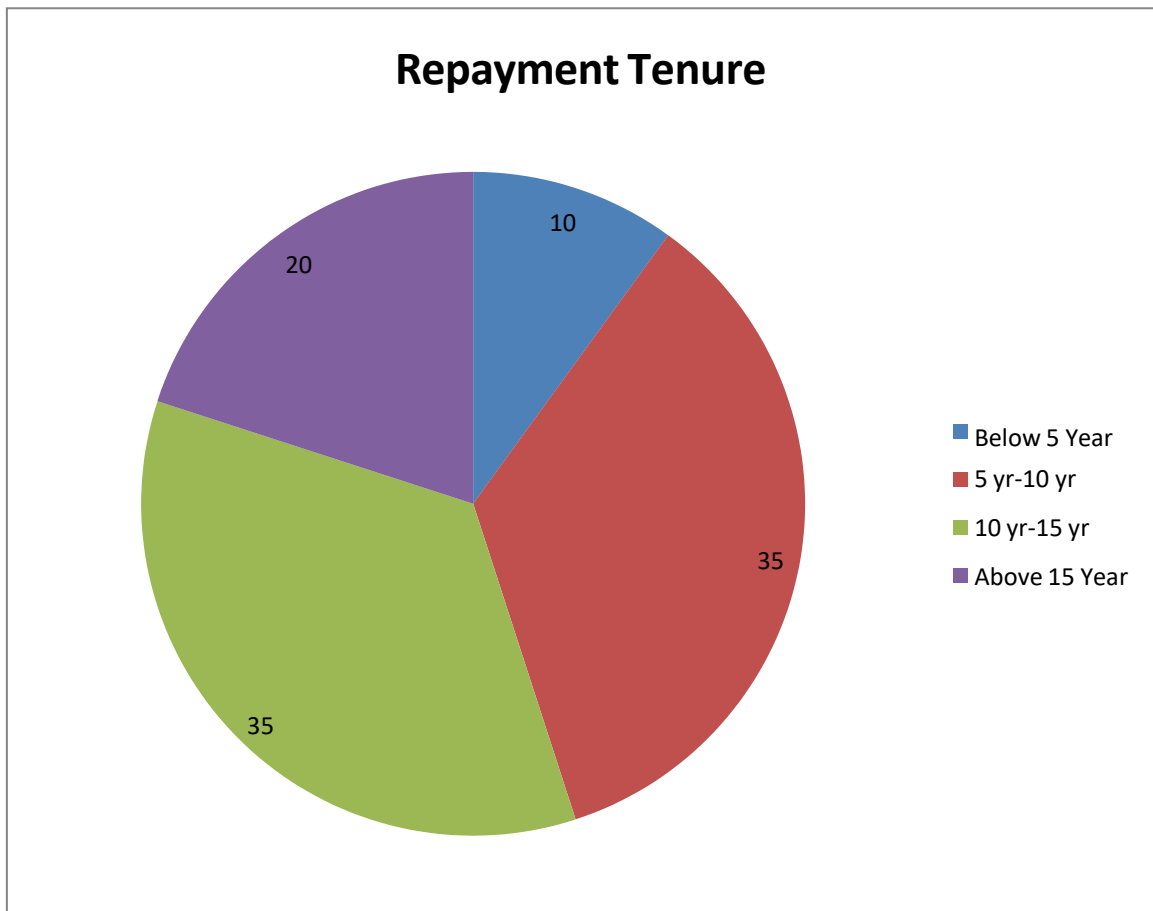


Interpretation

Most of the banks charge Interest between 13% to 13.75%. Most of the co-operative banks Charge 13 -14 % on Education loan.

12) What was the repayment Tenure?

Below 5 year	35
5 – 10 years	35
10 – 15 years	20
15 & above	10

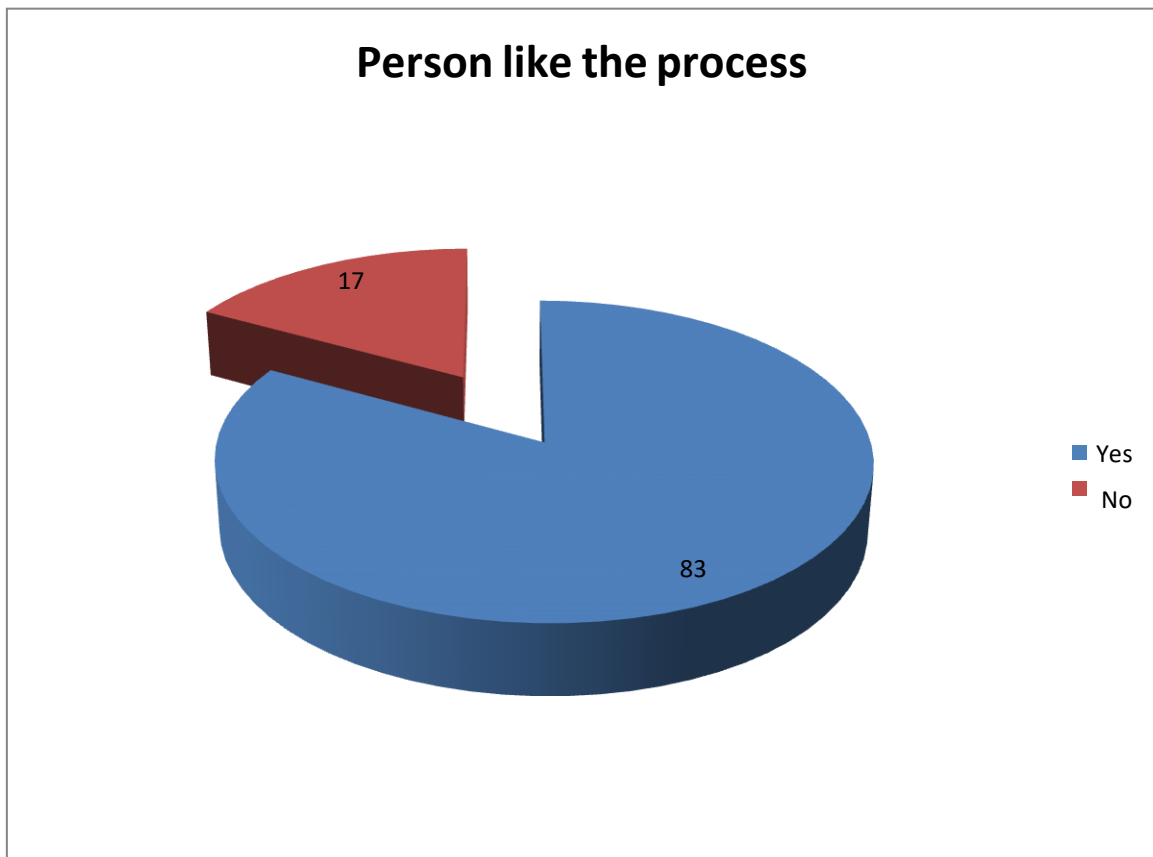


Interpretation

Most of the student pays the loan amount when they start earning. Between 5 to 10 years most of the population has paid their Loan amount. Very few of the people pays the EMI amount till 15 years

13) Do you like the process?

yes	83
No	17

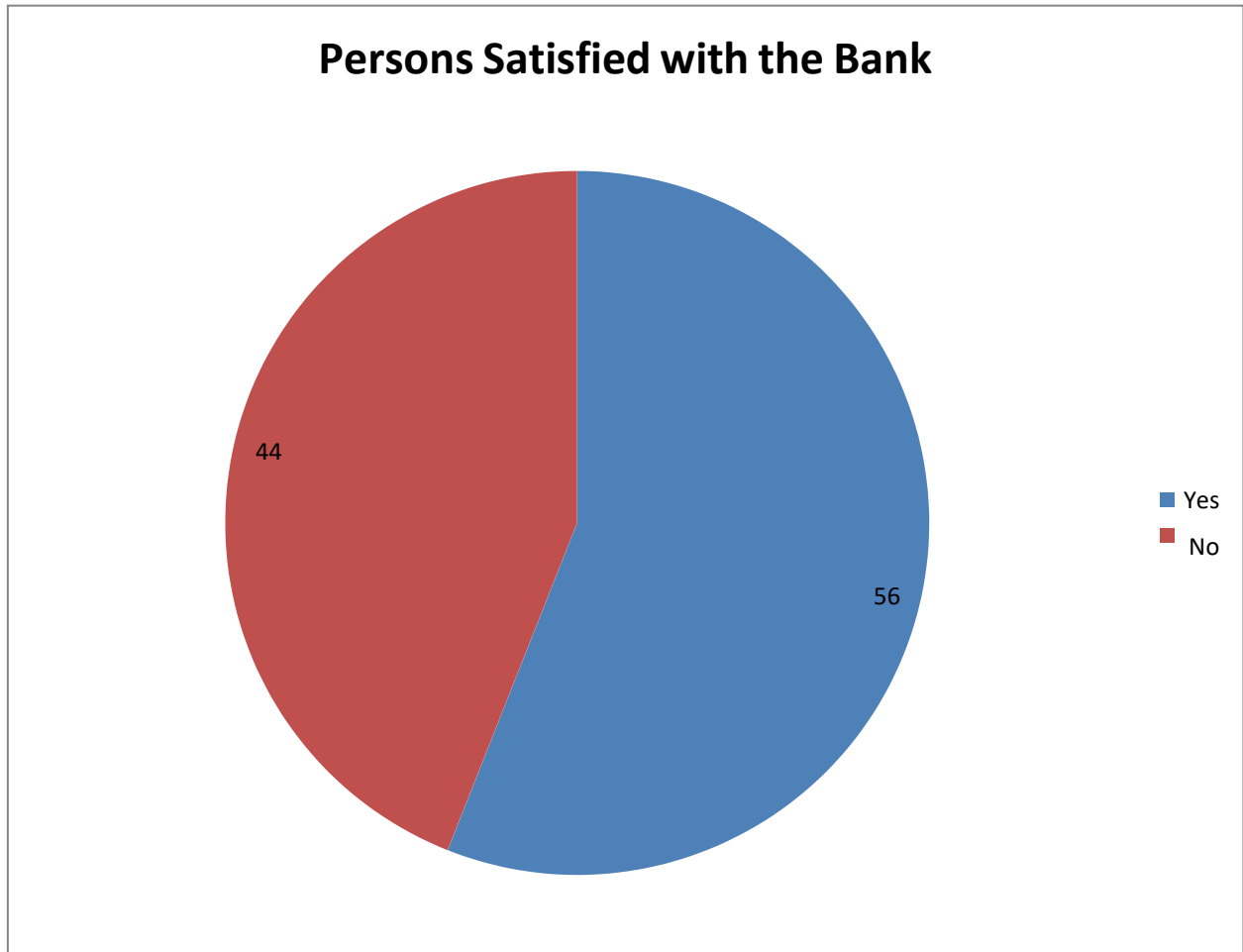


Interpretation

Most of the people like the process of getting education loan. Very low amount of people have no satisfied with the paper work process.

14) Are you satisfied with the service provide by bank?

Yes	56
No	44



Interpretation

56% of the population is satisfied with the Bank. This is a big amount of population Where as only 44% are no satisfied with the bank.

Chapter 5: Findings

- Most of the people have the bank A/c.
- People are trying to save the money so most of the people are having saving A/c.
- ICICI bank doesn't provide Education loan.
- At the time of survey most of the parents have took education loan so that their child can study further.
- Most of the population has completed their studies in India.
- Most of the population has taken loan for Professional course.
- Most of the population use ATM facility by bank because one can easily remove money by using Debit Card.
- Most of the populations are aware of education loan.
- Today Fees of the college have been Increases so the loan amount most of the loan is from 5 to 10 lacs.
- Most of the Public sector bank charge Interest between 13% - 13.75%. Most of the co-operative bank Charge 13%-14% on Education loan.
- Co-operative bank charge high percentage on loan as compare to Public sector banks.
- Student pays the loan amount when they start earning.
- Most of the people like the process of getting education loan. Process may not be time consuming.
- Customer like the documentation work.

Chapter 6: Conclusions

The brand image of co-operative banks is not as developed as any other commercial bank. The customer number of SBI is greater than co-operative banks. Most of the populations are aware of education loan. Education Loan is taken by a student who doesn't have money to study further. This Loan is provided by bank or financial institution. One can easily complete his study by taking loan. Repayment will commence one year after completion of course or 6 months after securing a job, whichever is earlier.

As the comparison is between SBI & Abhyudaya cooperative bank. As per the survey conducted SBI provided better service than abhyudaya co-operative bank. SBI Loan amount is greater than abhyudaya co-operative bank. Whereas interest charge by co-operative bank is greater than SBI.

Appendix

I the student of B.com in banking & insurance in the JVM Mehta college doing a project on Comparative study on education loan with reference to SBI & abhuydayaco operative bank Request you to kindly fill the Questioner bellow.

1) Do you have a bank A/C?

(A) Yes

(B) No

2) In which bank do you have your A/C ?

(A) Sbi

(B) ICICI

(C) Abhyudaya Co-operative bank

(D) Other

3) Which type of A/C do you have ?

- (A) Saving A/C
- (B) Fixed Deposit
- (C) Current A/c
- (D) Recurring Deposit

4) Which service have you used from bank?

- (A) Atm
- (B) Loan
- (C) NEFT
- (D) Other

5) Are you aware of Education loan?

- (A) Yes
- (B) No

6) Have you took Education loan ?

- (A) Yes
- (B) NO

7) From which Bank have you took Educationloan ?

- (A) Sbi
- (B) ICICI
- (C) Co-operative bank
- (D) Other

8) For which course you have took educationloan?

- (A) M.com
- (B) MBA
- (C) Engineering
- (D) Medical

9) Where have you completed your further studies?

- (A) India
- (B) Abroad

10) What was the loan Amount?

- (A) Below 5 Lakhs
- (B) 5-10 Lakhs
- (C) 10-15 Lakhs
- (D) 15 & Above

11) What was the repayment Tenure?

(A) Below 5 year

(B) 5-10 year

(C) 10-15 year

(D) 15 & above

12) Do you like the process?

(A) Yes

(B) No

13) Are you satisfied with the service provide by bank

(A) Yes

(B) No

Chapter 7: Bibliography

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