ANALYZING NON-PERFORMING ASSETS IN EDUCATIONAL LOANS:

A CASE STUDY OF INDIA

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ABSTRACT

The primary objective of this research study is to investigate non-performing assets in Indian educational loans. Education is a critical foundation of the Indian economy. It represents the primary source of livelihood for the development and the development of an economy. Educational loans are very important in order to achieve technological development and, implicitly, to reduce costs and use sustainable strategies. The data sample was collected from 80 lenders (bank managers) and 80 borrowers of education loans from Pudukkottai district, Tamilnadu state in India. The Multi Stage Disproportionate Sampling method has been applied for the purpose of collecting information from both the borrowers and the lenders. The analysis results refute the hypothesis, as there is no substantial variation in how various types of banks manage non-performing assets in educational credit, since the bulk of NPA instances in educational credit are the consequence of borrowers' intentional default. The majority of defaults were caused by political leaders' announcements of debt forgiveness. The empirical results are relevant and contribute to a better understanding of the impact of non-performing assets in educational loans on sustainable economic growth in India.

.**Keywords**: Educational Loans; Non-Performing Assets; Multi Stage Disproportionate Sampling method;Economic Growth; technological development

INTRODUCTION

One of the most critical markers of a country's economic progress is making education available to a wide number of people. The state cannot educate the masses on its own. Private engagement in higher education was signaled by the Government of India's 1986 and 1992 education plans. In the country, self-financing institutions and Deemed Universities were authorized to exist. Tuition fees at self-financing institutions and Deemed Universities were prohibitively expensive for many students. Certain individuals obtained bank loans in order to study there. The state-owned or -aided institutions and universities lacked the capability to enroll all qualified pupils[1]. Educational Loan Scheme is a loan program offered by the Indian banking sector that is both socially and economically beneficial. Its mission is to give need-based financial assistance to deserving students pursuing higher education. Creditworthiness of the borrower and the feasibility of the plan are critical factors in every commercial loan decision[2].

After the first level of globalization, liberalization in 1991, the commercial banks underwent a transformation that resulted in the emergence of credit management.Banks are primarily responsible for lending money to a range of businesses, including agriculture, manufacturing, budgeting, and building, as well as collecting deposits. Receiving a deposit carries no danger, as the banker is obligated to refund the funds on demand.On the other hand, loan is always fraught with danger, as payback is never guaranteed. Banks have grown more careful about issuing loans in recent years, owing to the rise in nonperforming assets[3].

Non-performing assets (NPAs) in educational loans are crucial, and this is especially true in today's globally competitive economic climate. Education creates the groundwork for growth, as well as creating the groundwork for much of our economic and social well-being in general. It is essential for increasing economic efficiency while also increasing social cohesiveness. Increased value and efficacy of their labor contribute to their freedom by increasing the value and efficacy of their labor. It increases the overall productivity of the working force as well as its intellectual flexibility. It helps to increase a country's competitiveness in global

markets that are characterized by fast changes in technology and industrial processes, among other things. Education contributes significantly to nation-building and interpersonal tolerance by promoting a child's early integration with people from a variety of social or ethnic background. For all citizens to be educated and numerate, many to have a breadth of problem-solving abilities beyond the essentials, and some to have world-class professional capabilities, new curriculum, better teacher programs, and academic approaches that encourage higher order cognitive talents will be required. No country has achieved long-term economic success without making significant investments in human capital.

LITERATURE REVIEW

Educational Loans

Background Characteristics

According to previous studies, the place of origin of students has a relatively little impact on their ability to repay debt (Livingstone & Lunt, 1992). However, various experts have lately proved that one's past has a significant impact on one's ability to repay debt (Hira et al., 2000; Abu Bakar et al., 2006). Background characteristics include all of the following factors: gender, ethnic origin, age, marital status, and the number of dependents (Volkwein&Szelest, 1995; Gjonca& Calderwood, 2004).

Gender

Gender has been shown to have an influence on loan repayments in empirical study (Volkwein&The following studies were conducted: Szelest, 1995; Knapp &Seaks, 1992; Myers & Sierra, 1980; and Wilms et al., 1987). Females, in particular, have been demonstrated to suffer more than males when it comes to debt payback (Schwartz & Finnie, 2002; Davies & Lea, 1995). The necessity for childcare, financial obligations, and the greater amount of time spent away from work to raise a family make females far more likely than males to default on loans (Moran, 1987; Myers &Siera, 1980). A research by Podgursky and colleagues (2002) and Volkwein et al. (1998) found that males are more likely than females to default on their loans; however, another research found that there was no statistically significant difference in default rates between males and females (Knapp &Seaks, 1992; Ismail &Serguieva, 2009).

Ethnic Groups

Ethnic groupings are made up of people of various races. It has been established that ethnicity has a significant relationship with educational loan defaults (Harrast, 2004; Flint, 1997, Volkwein&Szelest, 1995; Dynarski, 1994; Knapp &Seaks, 1992; Wilms et al., 1987). According to the findings of one study, ethnicity accounted more than 20% of the difference in loan default rates at a normal four-year public institution, according to the findings of another research (Herr & Burt, 2005). Racism has been implicated in the persistence of high default rates (Churaman, 1992), with non-White students being more likely to default than White students (Harrast, 2004; Christman, 2000; Woo, 2002; Volkwein& Cabrera, 1998; Volkwein&Szelest, 1995); and Black students having a higher debt load than White and Asian students (Harrast, 2004; Christman, 2000; Woo, 2002; Volkwein&Szelest, 1995). (St. John, 1998; Ismail &Serguieva, 2009). Volkwein and Cabrera (1998) performed a study of African-American and Hispanic students and discovered that defaulters were more likely than those who were employed to be out of work after graduation.However, even when Black People are employed, their default risk rises sharply, even when level of income is monitored (Herr & Burt, 2005; Steiner &Teszler, 2003; Podgursky et al., 2002; Knapp &Seaks, 1992; Greene, 1989).

Age

The term "ethnic group" refers to a group of races that are considered to be distinct from one another. It has been demonstrated that ethnicity has a significant effect in the accumulation of educational debt (Harrast, 2004; Flint, 1997, Volkwein&Szelest, 1995; Dynarski, 1994; Knapp &Seaks, 1992; Wilms et al., 1987). One study found that ethnicity accounted almost 20 percent of the difference in loan default rates at a normal four-year public university, according to the findings (Herr & Burt, 2005). Significantly, ethnic barriers have been identified as a contributing factor to high default rates (Churaman, 1992): non-White students, for example, are more likely to default than their White counterparts (Harrast, 2004; Christman, 2000; Woo, 2002; Volkwein& Cabrera, 1998; Volkwein&Szelest, 1995); likewise, Black students have a higher debt burden than their White and Asian counterparts (Harrast, 2004; Christman, 2000; Volkwein (St. John, 1998; Ismail &Serguieva, 2009). Volkwein

and Cabrera (1998) conducted a survey of African-American and Hispanic students and found that defaulters were more likely to be unemployed than those who did not default. However, even when African-Americans are employed, they have a greater chance of defaulting, even if their pay rate is maintained (Herr & Burt, 2005; Steiner &Teszler, 2003; Podgursky et al., 2002; Knapp &Seaks, 1992; Greene, 1989).

Marital Status

It has been demonstrated that a person's marital status has an influence on their ability to repay debt (Volkwein et al., 1998; Dynarski, 1994; Myers &Siera, 1980). Unmarried, divorced, or widowed status was found to increase the default rate by more than 7% and as high as almost 40%. (Volkwein&Szelest, 1995). 1998 (Volkwein et al.). Additionally, marriage considerably decreases non-Whites' default rate (Volkwein et al., 1998; Ismail &Serguieva, 2009). Numerous empirical studies, on the other hand, have discovered that marital status has minimal influence on existing debt (Spencer, 1992; Gray, 1985; Stockham&Hesseldenz, 1979).

Characteristics of the Institution

Institutional features pertain to the universities/colleges in which students enroll. In general, research indicates that institutional factors have minimal effect on loan repayment (Fredericks &Szelest, 1995). These factors include the length of time spent in college and the type of school.

Knowledge about loan Agreement

A loan agreement is a legal document that is signed by both a lender and a borrower that specifies the terms and conditions of the loan (Vijayakumar &Subburaj, 2010). There are just two studies that have looked at loan agreements in the context of student loans in the literature so far (Volkwein et al., 1998; Abu Bakar et al., 2006). Volkwein and colleagues (1998) performed the first study of its sort in a Western nation, revealing that students are aware of their loan payback obligations. 93 percent of those who participated in this survey were aware that the loan had to be repaid; nevertheless, 25 percent were uncertain of how the loan should be repaid, according to the findings. Second, Abu Bakar et al. (2006) discovered that university students in non-Western societies were familiar with loan agreements and the loan payback process (Ismail et al., 2010). According to the findings of the study, pupil understanding differed depending on how long the loan was in effect. Despite the fact that this requirement was included in the agreement they signed, two-thirds of students were mistaken that their loan would be recalled during their probationary period. As a result, it is reasonable to presume that students did not thoroughly read the loan agreement. In particular, the study discovered that first-year students have significantly less information than seniors. Second, kids from Chinese families displayed a higher level of knowledge than kids from other ethnic backgrounds. Third, students who had a higher cumulative grade point average (CGPA) had a more in-depth understanding of loans and payments than students who had a lower cumulative grade point average (CGPA).

Perceptions towards Loan Repayment

At the same time, perspectives on loan repayment and the loan's impact on the student after graduation are critical. Students at the undergraduate level have expressed concern that student debt will prevent them from purchasing automobiles, purchasing a home, having children, or moving out of their parents' home after graduation (Baum & Saunders, 1998). But according to the findings of the research conducted by Millett (2003), financial help obtained by college students does not become so burdensome that it prevents them from pursuing their post-secondary goals. Additionally, according to a survey of Pell Grant recipients, loan repayment had no noticeable impact on the likelihood of obtaining a house (Baum & O'Malley, 2003). Students' employment choices, on the other hand, became significantly influenced by the fact that they owed a loan after graduation (Fox, 1992), owing to the fact that students' concerns about repaying their debt varied from one another (Fox, 1992). Fox (1992) and Fox (2000) (Hira et al.). In order to predict loan repayment and default rates, perceptions of the influence of loan payback on a student's personal life after graduation may be critical. Students were surveyed by Abu Bakar et al. (2006) to learn about their opinions of the National Higher Education Fund Corporation (NHEFC) — from which they obtained the loan — on their post-graduate lives. Almost 70% of students stated that repaying debt would prevent them from purchasing a car, 43.6 percent from marrying, and 36.1 percent from having children in the future (Abu Bakar et al., 2006). It is possible that marriage in Malaysia may be prohibitively expensive due to the fact that it is still founded on traditional values—this is especially true for the groom-to-be (Abu Bakar et al., 2006). One interesting finding was that 50 percent of male respondents, compared to 39 percent of female respondents, claimed that repaying loans would cause them to

postpone marriage (Abu Bakar et al., 2006). Due to their debt obligations, respondents' capacity to save for marriage may be hindered. As a result, respondents' capacity to start a family may be delayed (Abu Bakar et al., 2006). Another study discovered that when students were deciding whether to marry, have children, or purchase a new vehicle, they took the amount of debt they had into consideration (Hira et al., 2000). While Marks (2009) found that loan repayment can have a negative impact on a student's desire to have children, he found that it had no effect on when students leave the family home, marry, and therefore become eligible to purchase property in Australia. Furthermore, according to studies, students who borrow money for college may have long-term consequences in terms of employment and other life choices once they graduate (Lamkin, 2004; Fossey, 1998). Additionally, students who expect to earn a lot in the future are more likely to be in debt for a lengthy period of time. As noted by Seaward and Kemp (2000), individuals who incur debt may be unaware of the full consequences of their financial decisions: for instance, only a few college students who used credit cards were able to report the current interest rate on their credit card, according to a poll of 381 college students who used credit cards (Warwick & Mansfield, 2000). Furthermore, it has been established that unpaid loans generate stress in students' later years of life when they graduate (Walker et al., 1992; Livingstone & Lunt, 1992). Moreover, the stressful lifestyle connected with high debt, which resulted in repayments being protracted, were proven to have a negative impact on students' evaluations of their quality of life (Tokunaga, 1993).

Non-Performing Assets in Educational Loans:

Manoj, P. K.et al (2013) Highlighted that Educational loans and the higher education sector in India. These regulations were changed in 2011 as a result of an increase in non-performing assets (NPAs) and government involvement. This paper is a modest attempt to 1) analyze the growth of educational loans in comparison to other forms of personal loans at the national level, 2) demonstrate the disbursement of educational loans in the state of Kerala, and 3) assess the growth of educational institutions and the enrolment of students in higher education in the country of IndiaGoyal, K. (2010) Empirical examination of Indian public sector banks' non-performing asset management has been recommended. The education sector has the obligation to allocate budgetary funds for growth in India, both the Center and State Government. The education sector is on the same list in India. Primary and secondary education is better paid than higher education in India. With the commencement of the public sector banks' education lending scheme in India in 2001, the number of higher education institutions enrolled has increased. Jain et. al (2012) stated that stricter regulations on non-performing assets reduced bad loans in Indian banks that are aware of default accounts and take appropriate action when an account is at risk of becoming a non-performing asset, as the gross non-performing asset percentage on gross advances and total assets has decreased from 14.3 percent and 6.3 percent in 2004 to 5.2 percent and 2.5 percent in 2011 respectively..

Varghese, K. X., & Manoj(2011) Prior to the economic liberalization phase in India, educational loans were available. However, the same were classified as personal loans and were available to people who met the bank's requirements. In 2001, at the request of the Central Government, the IBA developed a model framework for educational loans for India's public sector banks. It has now been accepted by all scheduled banks in India, including public, commercial, and cooperative banks. Since then, educational loans have become a significant component of scheduled banks personal loan portfolios in India, resulting in a domino effect in terms of loan growth, non-performing assets (NPA), educational institutions, and student Gross Enrolment Ratios in the higher education sector. Bakar, E. A.et al (2006) reported that a sizable majority of pupils had unfavorable attitudes concerning loan repayment. The majority of them viewed the debt as a hardship, and it severely restricts their post-graduation choices. Dyan and colleagues (2009); Kochhar, Fry, and Taylor, 2011). Access to educational loans might help more students attend college by reducing financial obstacles, but minority students may be more stressed as a result of carrying a greater debt load than their white peers (Monks, 2001). They may also be more aware of the dangers, maybe because they are aware of the financial difficulties that their parents are experiencing in order to maintain them. Educational loans are becoming increasingly popular among students who choose to pursue a higher education in this day and age. In this regard, Tamil Nadu plays a significant role by providing education loans through a variety of financial institutions and assisting worthy students. This article is primarily intended to provide information on how payback is accomplished and the methods for obtaining it. According to the findings of the study, demographic characteristics make a statistically significant impact when determining the determinants of non-performing assets. M. Jayadev and colleagues (2019) demonstrate that educational loans are a good example of where artificial intelligence models may be used to forecast probable defaulters with a respectable degree of accuracy. In general, ensemble models outperform basic artificial procedures and statistical models, and model stacking has been shown to considerably increase performance even more. We argue here that a stacked model created using a few sparsely

correlated base models is likely to be the best model for predicting Educational loan defaults given that the interaction between diverse features would create non-linearity's that are impossible to model using a single model, there is little a priori knowledge of the distribution of educational loan defaults and the relationships between various factors that govern the distribution

METHODOLOGY

The empirical databases are collected from primary and secondary sources. The empirical framework includes 80 bank managers and 80 borrowers of Education loan from Pudukkottai district, Tamilnadu state in India. The individuals were chosen with the intention of performing a research study on their behavior. This is the fundamental information gathered for the purposes of empirical analysis. 50 public sector banks, 11 private sector banks, 5 Regional Rural Banks (RRBs), and 14 cooperative banks in the Pudukkottai district of Tamilnadu state in India were considered for the position of bank manager. In order to verify the validity and applicability of the questionnaires, a pilot test was conducted with the participation of the lead bank manager and five other bank managers from three public sector banks, one private sector bank, one cooperative bank, and one regional rural bank in India. The questionnaires were tested on the lead bank manager and the five other bank managers.

The validity and reliability of the questionnaires were also tested as part of the study approach, and the Cronbach's alpha test was used in this respect. The results of the borrower's questionnaire were 0.76, whereas the findings of the lender's questionnaire were 0.834. Multistage Disproportionate Sampling has been used to gather information from both borrowers and lenders in this study.

DATA ANALYSIS

Non Performing Assets (NPA) in educational credit represent one of the biggest problems in banks in case of all types of credit and it is more in Educational credit. In this direction, banks have taken enough measures to minimize NPA. In this context, the researcher has formulated hypothesis that, there is significant difference among the different types of banks in management of non performing assets in educational credit.

Hypothesis 1 :

H1-There is a significant difference among different types banks in the management of non performing assets in the educational credit.

Table no. 1 Information on difficulties in recovery of educational credit

Difficulties	Type of banks					Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**		
Yes	30 60.0%	7 63.6%	2 40.0%	8 57.1%	47 58.8%	Fishers exact test	**0.830 NS**
No	20 40.0%	4 36.4%	3 60.0%	6 42.9%	33 41.3%		
Total	50 100.0%	11 100.0%	5 100.0%	14 100.0%	80 100.0%		

Mot, H. O., Masinde, J. S., Mugenda, N. G., &Sindani, M. N. (2012) said that the study's objective was to determine the efficacy of credit management systems on microfinance institutions' loan performance. We were

interested in determining the impact of credit conditions, customer evaluation, credit risk control measures, and credit collection procedures on loan performance. When it comes to school credit, the recovery of credit issued by banks is critical. According to the findings of the study, 58.8 percent of banks had issues recovering educational credit. Recovery of educational credit was a challenge for 63.6 percent of private sector banks, 60 percent of public sector banks, 57.1 percent of regional banks, and 40 percent of cooperatives. According to the Fishers exact test, there is no statistically significant difference between the different types of banks when it comes to dealing with challenges in the educational credit system p=0.830>0.05.

Table no. 2 Kind of difficulties in recovery of educational loan

Difficulties	Type of banks						Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**			
Interference of political	6 12.0%	2 18.2%	0	0	8 10.0%		Fishers exact test	**0.783 NS**
Debt waiver policy of	29 58.0%	8 72.7%	4 80.0%	13 92.9%	54 67.5%			
Improper refinance	14 28.0%	1 9.1%	1 20.0%	1 7.1%	17 21.3%			
Trade union influence	1 2.0%	0	0	0	1 1.3%			
Total	50 100.0%	11 100.0%	5 100.0%	14 100.0%	80 100.0%			

Patnaik, B. C. M et al(2011) stated that interference of politicians and bureaucrats should be controlled and efficiency of Debt waiver policy of policy of lending bank should be increased. It is found that 67.5 per cent of the banks stated that the debt waiver policy of government, 21.3% per cent of the banks stated that improper refinance facilities, 10 per cent of the banks stated that the interference of political leaders and 1.3 per cent of the banks stated that the trade union influence is the difficulty in recovery of educational credit. 92.9% RRBs stated that the debt waiver policy of government is the difficulty in recovery of educational credit ,72.7 per cent of private sector bank stated that the debt waiver policy of government is the difficulty in recovery of educational credit, 80.0% per cent of cooperative banks stated that the debt waiver policy of government is the difficulty in recovery of educational credit, ,58.0% per cent of public sector banks stated that the debt waiver policy of government is the difficulty in recovery of educational credit and 28.0 per cent of public sector banks and 18.2 percent of private sector banks stated that the improper refinance facilities and interference of political leaders are the difficulties in recovery of educational credit. There is no significant difference among the different types of banks in facing difficulties in educational credit system as Fishers exact test p=0.783>0.05.

Table no. 3 Actions taken in case of default in repayment of Education loan installments

Difficulties	Type of banks					Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**		
Banking norms	28 56.0%	3 27.3%	1 20.0%	1 7.1%	33 41.3%	Fishers exact test	**0.002**
Legal action	0 0%	0 0%	1 20.0%	1 7.1%	2 2.5%		
Notice	22 44.0%	8 72.7%	3 60.0%	85.7%	12 56.3%	45	
Total	50 100.0%	11 100.0%	5 100.0%	100.0%	14 100.0%	80	

Right actions taken by the banks minimize the default in repayment of educational credit installments and it is found that 56.3 per cent of the banks served notice, 41.3 per cent of the banks have taken actions as per banking norms and 2.5 per cent of the banks have taken legal action in case of default in repayment of educational credit instalments. 85.7 per cent of RRBs, 72.7 per cent of private sector banks, 60 per cent of cooperative banks and 44 per cent of public sector banks served notice in case of default in repayment of educational credit instalments. 56 per cent of public sector,27 per cent of private sector, 20.0 per cent of cooperative banks and 7.1 percent of RRBs have taken actions as per banking norms in case of default in repayment of educational credit instalments. There is significant difference in actions taken among the different types of banks in case of default in repayment of educational credit instalments as Fishers exact test p=0.011<0.05. Loan recovery is a difficult undertaking that should not be undertaken carelessly. It requires a concerted effort from the time the rules and laws are drafted until the time they are enforced (Tilak, 1992). In the case of the banks, all legal means were used strictly. Behrens (1992) stated that when a loan is in default, it is critical for the bank to contact with the borrower and get as much information as possible about the situation. Clarke and Johnston (1995) emphasized that visiting and following-up with the borrower may be extremely beneficial in determining the borrower's abilities and the issue the borrower encountered before, therefore reducing the unpaid loan problem. If necessary, the loan may be restructured to limit the amount of prospective bad debts. Additionally, this might save an increase in loan costs such as interest and legal fees.

Table no. 4 Information on NPA in Educational loan

NPA	Type of banks					Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**		

							Test	p value
Yes	34 68.0%	8 72.7%	2 40.0%	10 71.4%	67.5%	54	Fishers exact test	**0.580 NS**
No	16 32.0%	3 27.3%	3 60.0%	4 28.6%	32.5%	26		
Total	50 100.0%	11 100.0%	5 100.0%	14 100.0%	100.0%	80		

Panjali, N., &Kasilingam, R. (2014) reveals that the sources of preferred is influenced by their earlier education, portion of repayment completed and perception about awareness level of educational loan.It is observed that 67.5 per cent of the banks had NPA in educational credit. 72.4 per cent of private sector banks, 71.4 per cent of RRBs (Regional Rural Bank), , 68 per cent of public sector banks and 40 per cent of cooperative banks had NPA in educational credit. There is no significant difference among the different types of banks for NPA in educational credit as Fishers exact test p=0.580>0.05.

Table no. 5 Causes of NPA in Educational loan

Causes	Type of banks						Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**			
Government policies on waivers	11 22.0%	2 18.2%	2 40.0%	3 21.4%	22.5%	18	Fishers exact test	**0.971 NS**
Ignorance of beneficiary	6 12.0%	1 9.1%	0 0.0%	2 14.3%	11.3%	9		
Inefficiency of educational loans	7 14.0%	1 9.1%	0 0.0%	1 7.1%	11.3%	9		
Lack of knowledge on loan	5 10.0%	2 18.2%	0 0.0%	2 14.3%	11.3%	9		
Misutilisation of funds	5 10.0%	2 18.2%	0 0.0%	2 14.3%	11.3%	9		

willful default by the borrowers	16	3	3	4	26
	32.0%	27.3%	60.0%	28.6% 32.5%	

Total	50	11	5	14	80
	100.0%	100.0%	100.0%	100.0% 100.0%	

Das, S. (2010) attempts to identify the criteria that are responsible for NPAs, which include market failure, purposeful defaults, inadequate follow-up and oversight, non-cooperation from banks, a weak legal framework, a lack of entrepreneurial skills, and the diversion of money. An understanding about the causes of NPA in educational credit by the banks helps them in reduction of NPA in future educational credit and it is found that 32.5 per cent of the banks stated that willful default by the borrowers, 22.5 per cent of the banks stated that Government policies on waivers, 11.3 per cent of the banks stated that misutilisation of funds, Ignorance of beneficiary, Lack of knowledge on loan and Inefficiency of educational loans were the causes for NPA in a educational credit. 60 per cent of cooperative banks, 32 per cent of public sector banks, 28.6 RRBs and 27.3 per cent of private sector banks stated that the willful default by the borrowers was the cause for NPA in educational credit. There is no significant difference among the different types of banks on the causes for NPA in educational credit as Fishers exact test p=0.971>0.05.

Table no. 6 Information on any special cell for supervision of credit

Difficulties	Type of banks						Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**			
Yes	16	3	3	4	26		Fishers exact test	**0.580** **NS**
	32.0%	27.3%	60.0%	28.6%	32.5%			
No	34	8	2	10	54			
	68.0%	72.7%	40.0%	71.4%	67.5			
Total	50	11	5	14	80			
	100.0%	100.0%	100.0%	100.0%	100.0%			

Marzan, N. (2014) stated that continued contact and follow up approach system, loan tracking control system and early warning system were the main strategies adopted by organization in debt recovery. Proper appraisal and regular follow up of credit can be done by having a special cell for supervision of credit in banks and it is found that 67.5 per cent of the banks did not have any special cell for supervision of credit. 72.7 per cent of private sector banks, 71.4 per cent of RRBs, 68 per cent of public sector banks and 40 per cent of Cooperative bank did not have any special cell for supervision of credit. There is no significant difference among the different types of banks in having special cell for supervision of credit as Fishers exact test p=0.580>0.05.

Table no. 7 Agreement scale on borrower's repayment of installments on time

Type of bank	SDA	DA	N	A	SA	Mean	S.D	Kruskal-Wallis test	p value
Public	-	5	10	22	13	2.14	.926	Fishers exact test	**0.971 NS**
	-	10.0%	20.0%	44.0%	26.0%				
Private	-	1	3	5	2	2.27	.905		
	-	9.1%	27.3%	45.8%	18.2%				
Coop	-	2	-	2	1	2.60	1.342		
	-	40.0%	-	40.0%	20.0%				
RRB	-	1	4	6	3	2.21	.893		
	-	7.1%	28.6	42.9	21.4%				
Total	**-**	**9**	**17**	**35**	**19**	**2.20**	**.933**		
	-	**11.3%**	**21.3%**	**43.8%**	**23.8%**				

Visaria, S. (2009) demonstrate that even this small change was helpful in decreasing court delays and loan repayment default. Given the enormous amount of nonperforming loans held by banks in various emerging market nations, this case has significant consequences. The borrowers' ability to repay installments is critical to the educational credit system's viability. The borrowers of public sector (2.14+_.926), private sector (2.27+_0.905), cooperative banks (2.60+_1.342) and regional rural banks (2.21+_0.893) have repaid installments in time as shown by mean and standard deviation.

Further Kruskal-Wallis test shows that there is no significant difference among the different types of banks in their agreement on the statement that borrowers repay installments in time as Kruskal-Wallis test p=0.846>0.05.

Table no. 8 Agreement scale on there is poor management of funds by borrowers

Type of bank	SDA	DA	N	A	SA	Mean	S.D	Kruskal-Wallis test	p value
Public	7	19	6	15	3	2.46	1.541	3.260	0.219 NS
	38.9%	79.2%	75.0%	78.9%	27.3%				
Private	6	3	2	-	-	2.18	1.471		
	33.3%	12.5%	25.0%	-	-				
Coop	2	-	-	-	3	3.60	1.949		
	11.1%	-	-	-	27.3%				
RRB	3	1	-	4	5	2.00	1.359		
	16.7%	8.3%	-	21.1%	45.5%				
Total	**18**	**24**	**8**	**19**	**11**	**2.41**	**1.540**		
	13.8%	**23.8%**	**10.0%**	**30.0%**	**22.5%**				

Primary data

(Brownbridge, 1998). Among other factors, weakness in credit risk management has all along been cited as the main cause for the bank problems. the Optimum utilization of educational credit funds for the right purpose by the borrowers contributes to the success of a educational credit system. The cooperative banks stated that there is poor management of funds by borrowers as the mean and standard deviation is cooperative banks $(3.60+\_1.949)$ the public sector bank $(2.46+\_1.541)$ The private sector banks $(2.18+\_1.47)$ as mean and standard deviation values, cooperative banks $(3.60+\_1.949)$ and regional rural banks $(2.0+\_1.359)$ have disagreed that there is poor management of funds by borrowers as denoted by mean and standard deviation. There is no significant difference among the different types of banks in their agreement on the statement that there is poor management of funds by borrowers as Kruskal-Wallis test $p=0.219>0.05$.

Table no. 9 Suggestions to reduce NPA

Suggestions	Type of banks					Test	p value
	Public	**Private**	**Coop**	**RRB**	**Total**		
Heavy penalty	5 10.0%	2 18.2%	0 0%	2 14.3%	9 11.3%	Fishers test	exact0.685 NS
No political interference	11 22.0%	2 18.2%	3 60.0%	2 14.3%	18 22.5%		
Proper Govt. policies	21 42.0%	5 45.5%	2 40.0%	7 50.0%	35 43.8%		
Regular follow up	13 26.0%	2 18.2%	0 0%	3 21.4%	18 22.5%		
Total	**50** **100%**	**11** **100%**	**5** **100%**	**14** **100%**	**80** **100%**		

Joseph, A. L., & Prakash, M. (2014) proposed In comparison to private sector banks, public sector banks have a higher level of non-performing assets. Public sector banks must exercise greater caution in preventing any account from becoming non-performing by implementing effective preventative measures. Dr. Mohan Kumar and Govind Singh (2012) have advised that Mounting Non-Performing Assets in Indian Commercial Banks: Causes and Consequences of Non-Performing Assets in Banks through the use of tables and a few solutions for reducing NPA levels. It is observed that 43.8 per cent of the banks suggested appropriate government policies, 22.5 per cent of the banks suggested regular follow up and No political interference and 11.3 per cent of the banks suggested that Heavy penalty to reduce the NPA in educational credit. 60 per cent of cooperative banks suggested that no political inference, 50 per cent of RRBs, 45.5 per cent of private sector banks and 42 per cent of public sector banks suggested proper government policies to reduce the NPA in educational credit. 26 per cent of public sector banks, 21.4 per cent of regional rural banks and 18.2 per cent of private sector banks suggested regular follow up to reduce the NPA in educational credit. There is no significant difference among the different types of banks on the suggestions to reduce NPA in educational credit as Fishers exact test p=0.593>0.05.

CONCLUSION

The focus of this paper is to analyse the management of non-performing assets in educational credit by different types of banks in the study area. The analysis was carried out on the process involved in pre and post sanction of educational credit and non performing assets management in different types of banks. Majority of the banks provided awareness to the rural population regarding the schemes, however there were still few obstacles in getting the educational credit from banks. It is revealed from the analysis that there are no differences in pre and post sanction process of educational credit and non performing assets management in different types of banks.

The non performing assets in banks were due to wrong debt waiver policies of the political parties and willful default of borrowers. The results of the analysis disproves the hypothesis as there is no significant difference among the different types of banks in management of non-performing assets in educational credit because in majority of NPA cases in educational credit was mainly due to willful default of the borrowers. The reason for default in majority of the times was announcement of debt waivers by the political leaders. The hope for announcement of debt waivers in educational credit makes borrowers delay the payment and subsequently it results in NPA.

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