



Student Credit Card: An Economic Boon for Higher Education

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Received : November 2018

Accepted : March 2019

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Abstract : Keeping in view the sorry state of education and gender bias in Bihar, this research project aims to highlight the pioneer scheme of Bihar government: Student Credit Card (SCC) which is an attempt to improve the educational environment of the state through financial assistance. The present study was conducted to understand the scheme and its contribution towards Gross Enrollment Ratio. An attempt has been made to find out the scheme's role in promoting the education of female, transgender and differently abled.

"Student Credit Card" has unique features.

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The scheme provides loan upto Rs. 4 lacs on nominal interest rate of 4% for boys and 1% for girls and transgenders. Also, by funding the education of transgenders, the scheme would bring them into the main stream. This makes it better than other educational loans and stresses upon the fact that the scheme would have far reaching effects on the economy.

Hence, the paper evaluates the concept, features, targets, advantages and impact of the scheme in improvising the economy.

Keywords: Student Credit Card, Higher Education, Interest rates, Gender bias, Economic development, Financial assistance.

Introduction :

"Education is the most powerful weapon which you can use to change the world." – Nelson Mandela

Education in every sense is one of the fundamental factors of development. For any nation, Educational investment plays a very crucial role in securing economic and social progress and improving income distribution. For the progress, especially when the focus is on increasing the gross enrollment ratio, there must be an attempt to include maximum number of participation of students from every section of society. But the lack of opportunities, financial assistance

and awareness hinders the access to education, which in turn, pulls back the economy. In order to turn the situation favourable, both the central and state governments came up with various schemes like Sarva Shiksha Abhiyan (SSA), Rastriya Madhyamik Shiksha Abhiyan, etc. One such scheme by the **Bihar Government** is **Student Credit Card**.

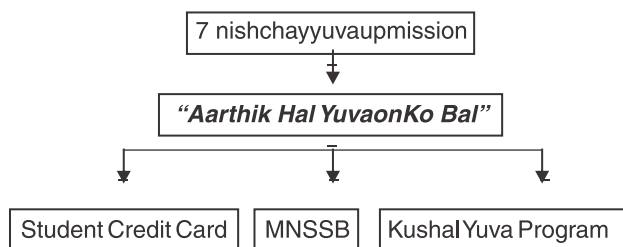
Under the Bihar Government's "7nishchay yuvaupmission", the **Student Credit Card** is a especially designed scheme meant to empower the youth by financing their higher studies. The objective of the scheme is to provide educational loan to the 12th passed students of Bihar and certain regions of adjacent states which fall on the boundary of Bihar. The students need to be enrolled into Graduates/Post-Graduates courses in recognized central and state universities/institutions/colleges either in Bihar or anywhere in the country. Furthermore, the scheme emphasizes on improving the Gross Enrollment Ratio of the state from 13% to 30% as against the national average of 24%.

The complex picture of education in Bihar demands rigorous reforms. The Student Credit Card scheme is one forward step. It may prove to be an economic boon for the students as it provides financial assistance for higher education. This will help them to grow, enhance their skills and develop as a human capital for the state which would hence, ultimately boost the economy.

Student Credit Card

"An investment in knowledge pays the best interest."

– Benjamin Franklin



Student Credit Card is a scheme launched under **"Aarthik Hal Yuvaon Ko Bal"** for the purpose of providing feasible financial support to those 12th pass students of Bihar who would else have been deprived of taking higher education due to economic reasons. The scheme is all about providing educational loan at

nominal rates. The scheme was launched on 2nd October, 2016.

AIMS: This scheme is aimed at increasing the Gross Enrollment Ratio (GER) in higher education from 13% to 30% against the national average of 24%.

Features of the Scheme:

- Under this scheme the government of Bihar provides a loan of upto 4 lacs to the student on a simple interest of 4% for boys and 1% for girls and transgenders.
- The courses for which the students may take loan under this scheme includes any kind of higher studies including engineering, CA, CFA, Management, Medical, Education, etc. But, the course has to be from an authorized and reputed institution or college.
- The loan can be availed by all the students who have completed 12th standard and belong to Bihar or to certain regions of adjacent states which fall on the boundary of Bihar.
- DRCC Office has been setup in different districts of the state for implementation of the scheme.
- It has also been said that the applicants have to provide the Aadhaar card number on the application forms. And in order to make this loan system more transparent, the applicant's data will be digitalized.
- The students will be able to use the loan amount for living expenses, buying stationary and for paying monthly or semester fees.
- It has been mentioned that the students who will take the loan will have to start paying back the loan after getting the job.

Advantages of Student Credit Card: "A dignified education can change the entire life of a person, leading him towards a successful life and financial independence."

The student credit card scheme is a forward step which aptly justifies the above quote. Following are the advantages of availing the Student credit card facility.

- Loans are provided at a very nominal i.e. a Simple Interest of 4% for boys and 1% for girls, differently abled and transgender. This loan can easily be disbursed without considering the financial background of the students.
- Once the course is completed, then only the interest rate will be calculated on the principal.
- The best part of this loan is that it is only when the student completes his/her course and

achieves financial freedom, he/she has to repay back the loan. Hence, the commitment involved with such loans is very reasonable and appealing.

- It not only satisfies the financial need to proceed with higher education but also helps in saving income tax while repayment.

Benefits of the Scheme in Long-Run:

- It facilitates higher education for the students of Bihar.
- Higher education improves the job prospects leading to high salary and thus better standard of living.
- It focuses on empowering women through higher education which ultimately leads to low fertility rate, sustained economic development and also enhances their decision-making powers.
- By empowering the transgender and differently abled people through education, it will bring them to the mainstream so that they too are able to contribute in the workforce of the country.
- It encourages the values of co-existence social amity and brotherhood in the society by facilitating education.

Objectives :

- To understand the student credit card scheme.
- To find out the contribution of the scheme towards the gross enrollment ratio in higher studies in Bihar.
- To assess the contribution of the scheme towards female education and acceptance of transgender in the mainstream of society.
- To study the difference between banks' educational loan and the student credit card.
- To analyze the outcomes of this scheme in future.

Hypothesis :

- Student Credit Card will improve Bihar's gross enrollment ratio in higher studies.
- Student Credit Card is better than other educational loans.
- Considering the high cost of specialized courses, the fund for only one course, of upto Rs.4 lacs is inadequate.

Research Methodology :

1. **Area of study :** DRCC Office, Bihar state Education Finance Corporation, Higher Education Department and various colleges of Patna district.

2. **Tools and techniques of Data Collection**

Sampling method : Interview through questionnaires with employees of DRCC, Bihar State Education Finance Corporation, Higher education department and beneficiary students of the Student Credit Card scheme. A sample size of 100 beneficiaries have been taken.

3. **Data Analysis :**

Primary data: Personal interview, Questionnaire, Survey and Observations

Secondary data: Internet, Research papers, newspapers and magazines.

4. **Method of Data Analysis**

Representation by

- Tables
- Pie charts

Hypothesis Analysis and Findings :

1. **Student Credit Card will improve Bihar's Gross Enrollment Ratio in higher education.**

Higher education plays very crucial role in developing a modern economy and ideal society. GER in higher education is a statistical measure which reflects the ratio of total number of students enrolled in higher education at different level in any particular region.

In Bihar, the GER has been 13 % and SCC aims to increase it to 30% against the national average of 24%.

Through this hypothesis, it was tried to find out whether the scheme is increasing the GER.

Analysis:

Primary Data :

- Table 1, Table 2 and Fig.1, Fig.2 together show that there are 2282 students among which 56% of boys and 16.48% of girls got their loan sanctioned from bank from 2nd October, 2016 to May, 2018 while 18.58% of boys and 8.94% of girls got the loan sanctioned by the BSEFC from 1st June, 2018 to 11th September, 2018 which is relatively faster. This highlights the increase in GER.

Table 1. The number of students enrolled in higher education through SCC

Category	In Number	In Percentage
Girl	37	46.25%
Boy	43	53.75%
Total	80	100%

Note : Among 100 interviewee, 20 did not mention about the gender of the beneficiaries.

Table 2. The total number of loans sanctioned by banks and BSEFC

(Total number of loans sanctioned through this scheme upto 11th September, 2018 is 2282 in Patna district.)

Category	Loan Sanctioned By Bank		BSEFC	
	Number	Percentage	Number	Percentage
Boys	1278	56%	424	18.58%
Girls	376	16.48%	204	8.94%

(Secondary Data)

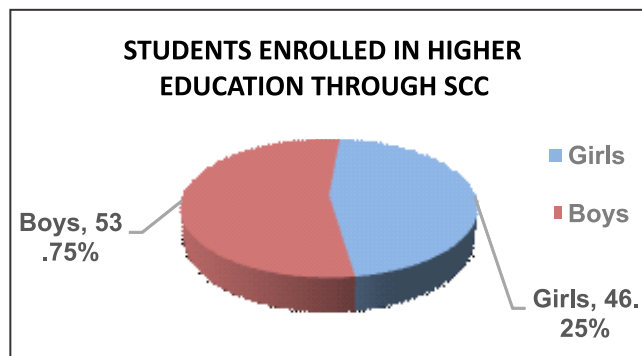


Fig. 1

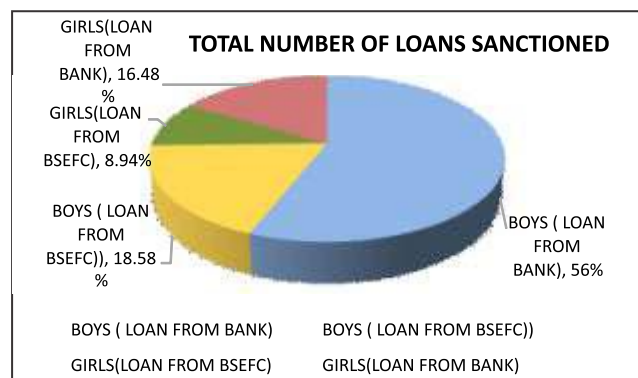


Fig. 2

- Table 3 and Fig. 3 shows that 72% respondents agree that there is an increase in enrollment ratio which reflects their positive response for SCC.

Table 3. The opinion of people about the increment in enrollment ratio through the SCC.

Opinion	Students		Guardian		Total
	Number	Percentage	Number	Percentage	
Yes	35	70%	37	74%	72%
No	5	10%	3	6%	8%
Can't Say	10	20%	10	20%	20%

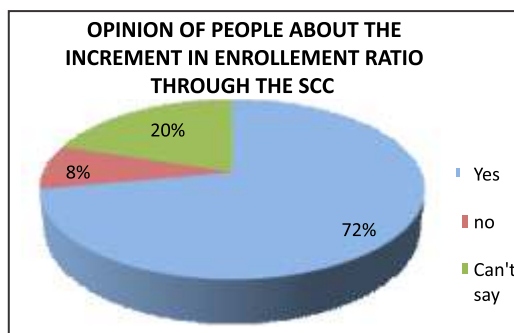


Fig. 3

- Table 4 and Fig. 4 shows that 85% people agree that it promotes higher education of females which is a sign of women empowerment through SCC.

Table 4. The opinion of respondents regarding facilitation of higher education among women and transgender through SCC

Opinion	Students		Guardians		Total
	Number	Percentage	Number	Percentage	
Yes	45	90%	40	80%	85%
No	3	6%	0	0%	3%
Can't Say	2	4%	10	20%	12%

Note : There was not a single transgender found who benefitted from the scheme in Patna district

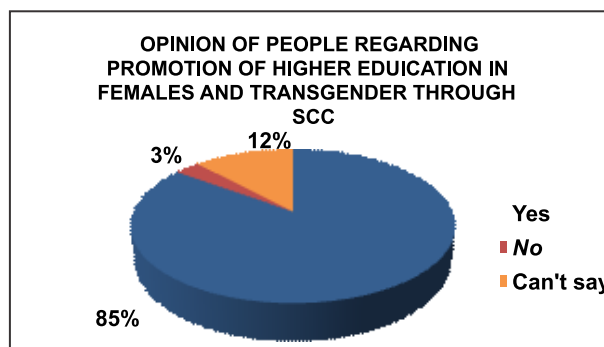


Fig. 4

- Table 5 and Fig. 5 shows that 80% people said that they wouldn't have been able to pursue their higher education without SCC, proving that SCC promotes enrollment in higher education.

Table 5. The percentage of people for whom higher studies was difficult affair without SCC

Opinion	Students		Guardian		Total
	Number	Percentage	Number	Percentage	
Yes	47	94%	33	66%	80%
No	3	6%	9	18%	12%
Can't Say	0	0%	8	16%	8%

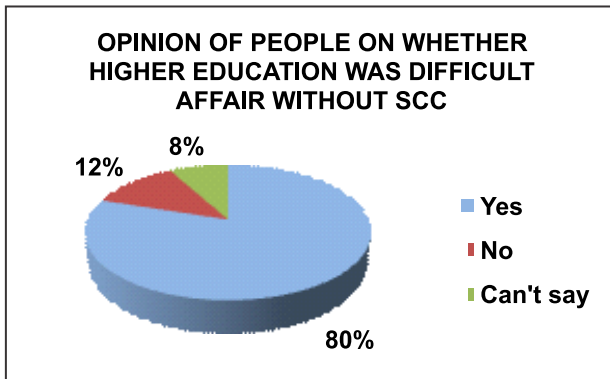


Fig. 5

- The data interpretation of table 6 and Fig. 6 shows that 52.5% of our total respondents are continuing their higher education in Bihar which is a positive thing for the development of Bihar's economy through education.

Table 6. The percentage of people pursuing higher education in and outside Bihar

Category	Total Student	Pursuing Higher Education	
		In Bihar	Outside Bihar
Number of Students	80	42	38
Percentage	100%	52.5%	47.5%

Note : Among 100 interviewee, 20 didn't mention about the location of their institution.

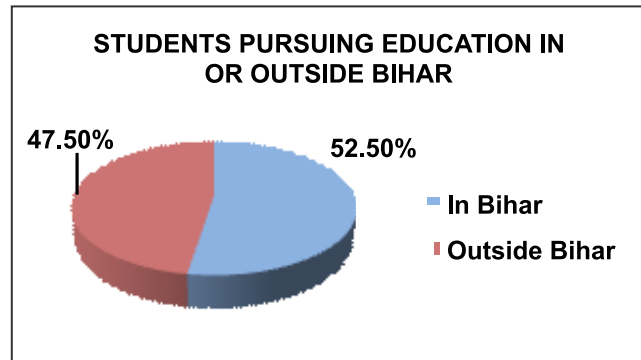


Fig. 6

Findings:

- The SCC is increasing the GER of Bihar as the number of beneficiaries is increasing from Oct, 2016 to Oct, 2018 gradually.
- It is promoting higher studies among females as this was the common opinion of our respondents.
- Those who are willing to pursue higher education but are unable, now prefer this scheme to continue their higher studies as it is evident from our analysis.
- The scheme is sanctioning the loan on a large scale after the commencement of BSEFC which is quite faster.
- This scheme is creating better educational environment in Bihar as more than half of the students prefer higher education in Bihar only.

Hence, the above findings prove our first hypothesis positively.

2. Student Credit Card is better than other educational loans.

The cost of quality education is increasing rapidly. An education loan in such a scenario plays a vital role. In India, many financial institutions provide the educational loan. SCC scheme by the Bihar government is a similar step.

Through this hypothesis, it was tried to find out which education loan is better in its components.

Analysis:

Primary Data:

- Table 7 and Fig. 7 shows 84% people agree that SCC is better than other educational loans from bank which has evolved as a promising financial support.

Table 7. The opinion of the people regarding the better loan: the educational loans from banks or SCC

Category	Students		Guardians		Total
	Number	Percentage	Number	Percentage	
Bank's Loan Is Better	5	10%	7	14%	12%
Scs Is Better	44	88%	40	80%	84%
Can't Say	1	2%	3	6%	4%

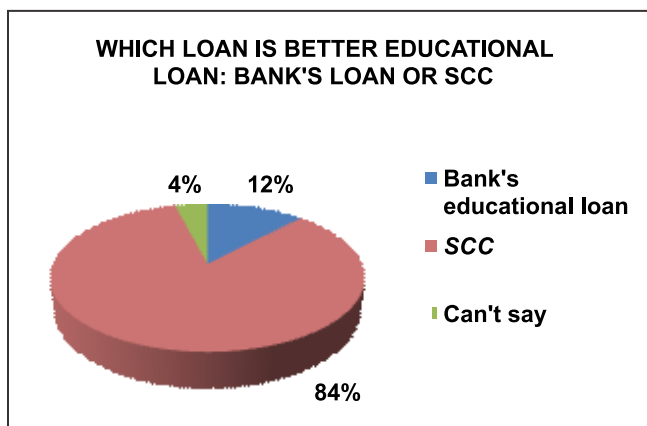


Fig. 7

Secondary Data:

- In table 8, it was found that five of its features (namely: low interest rates, no guarantor, no security, flexible repayment duration and calculation of interest rate on simple interest) out of seven are favourable for the people, which shows that the SCC has come up as a better substitute of other educational loans in market.

Table 8. Comparison of features between loans sanctioned from bank and SCC

S. No.	Indicator	Loans From Bank		SCC Scheme
		SBI	HDFC	Loan
1.	Name of loan	SBI Student Loan	—	Student Credit Card
2.	Loan amount	Study in India – upto Rs.10 lakh Study Abroad – upto Rs.20 lakh	—	4 lakh to study in India
3.	Interest Rate	Female – 9.75% to 10.25 % Male-10.5% to 11%	13%	Female & Transgender: 1% Male : 4%
4.	Interest rate calculation	Based on compound interest (if repayment is not in moratorium period) otherwise simple interest.	Same as SBI	Based on simple interest only
5.	Guarantor	Atleast 1 guarantor	Atleast 2 guarantor	No guarantor
6.	Security	Needed when loan is above 7.5 lacs.	Current account passbook of guarantor	No security
7.	Repayment	Fixed duration	Fixed duration	Flexible
8.	Provision for second time loan	Yes	Yes	No

- Table 9 and Fig. 8 shows that 56% people were hassled with the hectic loan disbursal process which comes as a dark side of the scheme.

Table 9. Represents the opinion of beneficiaries regarding the convenient process of loan disbursal

Opinion	Students		Guardians		Total
	Number	Percentage	Number	Percentage	
Yes	16	32%	13	26%	29%
No	33	66%	23	46%	56%
Can't Say	1	2%	14	28%	15%

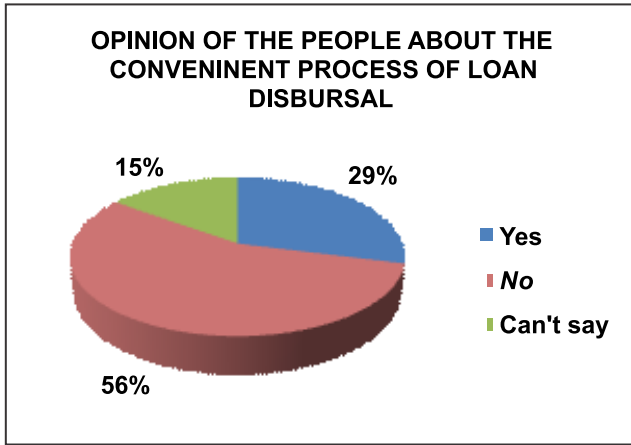


Fig. 8

Findings:

- SCC is an effective educational loan as most of its features are economically favourable.
- The SCC has a lengthy and hectic loan disbursement process unlike banks.

Hence, the above findings prove our second hypothesis positively.

3. Considering the high cost of specialized courses, the fund for only one course of upto Rs.4 lacs is inadequate.

There is a demand for huge amount of money to get enrolled in a particular course specially for technical and managerial courses. SCC provides loan of upto Rs.4 lacs only for maximum one course.

Through this hypothesis, we've tried to find out whether the fund for only one course upto Rs.4 lacs is adequate or not.

Analysis:

Primary Data:

- Table 10 and Fig. 9 shows that 61% people replied in negative that this loan is not sufficient for their preferred course which brings out that it is not favoured by low income groups.

Table 10. The opinion of people regarding loan upto Rs. 4 lacs is sufficient or not.

Opinion	Students		Guardian		Total
	Number	Percentage	Number	Percentage	
Yes	28	56%	10	20%	38%
No	22	44%	39	78%	61%
Can't Say	0	0%	1	2%	1%

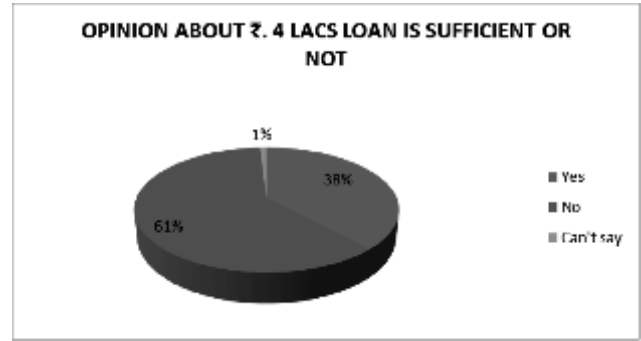


Fig. 9

- Table 11 and Fig. 10 shows the fees structure of different colleges for various courses beyond the limit of this loan.

Table 11. The opinion of people regarding the loan through SCC for only one course

Opinion	Students		Guardian		Total
	Number	Percentage	Number	Percentage	
Yes	14	28%	7	14%	21%
No	24	48%	36	72%	60%
Can't Say	12	24%	7	14%	19%

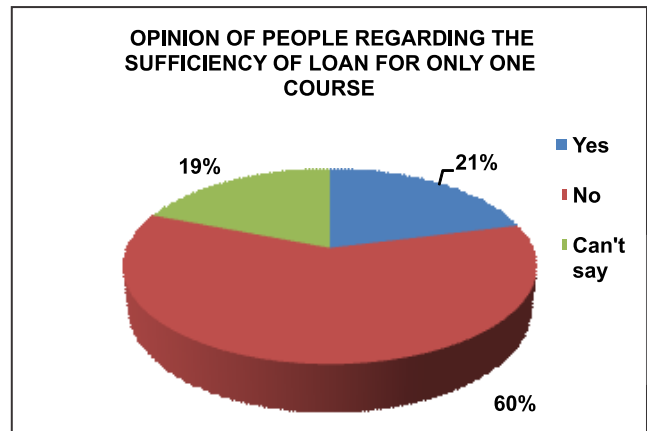


Fig. 10

Table 12. The opinion of people that it will develop the economy

Opinion	Students		Guardians		Total
	Number	Percentage	Number	Percentage	
Yes	40	80%	40	80%	80%
No	3	6%	3	6%	6%
Can't Say	7	14%	7	14%	14%

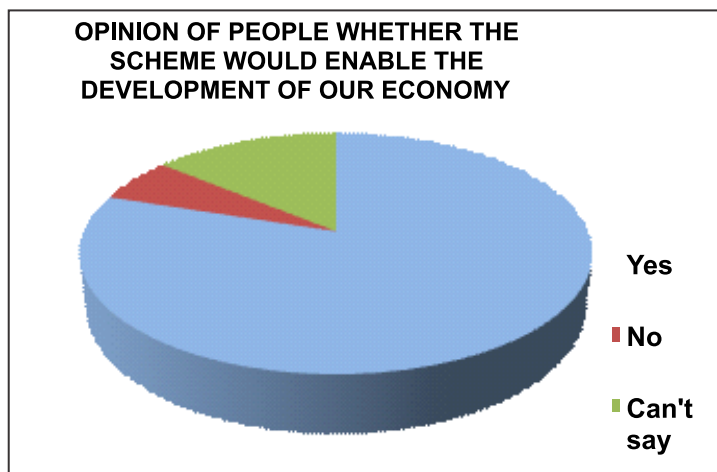


Fig. 11

- Table 12 and Fig. 11 shows that 60% people are not satisfied with the fact that it is given for only one course as in many courses master’s degree is required to gain stability.

Secondary Data:

Table 13. The table analysis shows that the fee structure of many colleges are beyond Rs. 4 lacs

S.No.	College	Fee Structure	Website	Update
COURSE : B.TECH				
1.	IITISM Dhanbad	Rs. 4 lacs	getmyuni.com	02-06-18
2.	Amity university	Rs. 15,51,875	getmyuni.com	06-09-18
3.	SRMIST Chennai	Rs. 10,10,000	collegedunia.com	06-02-18
COURSE : MBBS				
4.	Manipal University, Sikkim	Rs. 13.5 lacs per year	collegedunia.com	23-06-18
5.	Katihar Medical college	Rs. 62.2 lacs	collegedunia.com	
6.	MS. Ramaiah Medical college	Rs. 7,07,000 per year	collegedunia.com	02-08-17
COURSE : MBA				
7.	IIM Ahmedabad	Rs. 25,08,333	getmyuni.com	06-09-18
8.	IIM Bodhgaya	Rs. 10 lacs	collegedunia.com	13-08-18
9.	Symbiosis IBM	Rs. 15,35,400	collegedunia.com	04-09-18
COURSE : FAISHION DESIGNING & LLB				
10.	NIFT Patna	Rs.6,79,000	getmyuni.com	13-01-18
11.	Pearl Academy	8,94,500	collegedunia.com	13-03-18
12.	NLSIU	Rs. 1.25lacs/yr	collegedunia.com	21-02-18
13.	WBNUJS	Rs. 2.25lacs/yr	collegedunia.com	21-02-18

Findings:

- The loan for only one course is not adequate for further academic excellence, if the students prefer.
- A major proportion of respondents are not satisfied with the provision that this loan is upto Rs. 4 lacs as they too have to contribute on their own.

Hence, the above findings prove our third hypothesis positively.

Each hypothesis has been satisfactorily and justifiably examined and explained.

Future Strategies

- 1. Loan amount should be Increased:-** Keeping in view the prevalent fee structure of various courses, the amount of loan SCC provides proves inadequate. Here, provisions should be made to lend as per requirement of the borrower. There should not be an upper limit defining the loan amount to be sanctioned; or even if it is so, the amount should be reasonable enough to cover the course fees of reputed colleges. Also, the stationary fund should be increased for covering expenses of other equipments like laptop. The government should allocate more funds to the scheme through the state budget.
- 2. Provisions for Loan More Than One Course:-**The scheme states that the student can opt the loan for only one course. This requires some change. There are many courses in which after a certain degree (say graduation) further higher studies are important. So if the student from weak financial background is unable to pay at elementary stage, it is beyond imagination that he could cope up with further financial burden of higher courses. Thus, provisions should be made for benefitting through the scheme more than once.
- 3. The Sanction Duration should be Minimised:-**The process of applying, acceptance of application, sanction and final disbursement is a time consuming and hectic affair. Many people have to negotiate with the college and the institution may or may not cooperate resulting in self-payment of fees by them or huge late fines. Cases come up that owing to the late disbursement, students were not permitted to take examinations. In order to maximize the welfare, these obstacles should be done away with and quicker disbursements should be facilitated. Online documentations and timely updation could be opted in order to make the process hassle free. Student's physical presence should be minimized by increasing the involvement of Third Party

Verification Agency and the most important paper work and verification should be handled in one or two sittings itself.

- 4. Accountability should be Increased:-**The officials and the staff responsible for the better execution of the scheme should be made more accountable. Specific work portfolios should be assigned so that people are assigned to different counters. Working efficiency should be monitored regularly.
- 5. Awareness should Increase:-**As the scheme aims at welfare, it should be promoted at a large scale. If the scheme is not popularized, many needy students may remain unaware and the targeted enrollments may not be achieved. Hence the awareness should be propagated at mission mode. The government should put up advertisements on television and radios. Newspapers too should have a special corner for this welfare scheme. Promotional events should be taken up for parents and guardians to spread the awareness regarding this scheme. At school and college level, DRCC should take up promotional events cum career counselling sessions. Also, special camps should be held for transgender community as not even a single one from their community has availed this loan in Patna.

Conclusion :

In a nutshell, this research was a rewarding experience for us. The research work undertaken, highlights one of the pioneer schemes of Bihar: Student Credit Card which has provisions for financing higher education. The SCC scheme by the Bihar government has proven to be an economic boon and has given 2282 students of Patna district the access to higher education.

The study clearly indicated that though SCC has few limitations and that provisions are required for improvement; it, with a new concept, has emerged as a better substitute for other educational loans in the market .It also facilitates promotion of female education and increment in GER which has been proven positively by us. SCC also plans to fund education of transgenders and thus, bring them into main stream.

However, taking into account, the gains of the scheme, states like Andhra Pradesh, Jharkhand and Uttar Pradesh have brought out similar educational loans. On an optimistic note, the scheme would hence, aid rapid development of the economy through education.

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