

Financial Assistance among Students of Dentistry, Management and Engineering in Udaipur City, India

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Abstract

Aim: To assess and compare the financial assistance availed among dentistry, management and engineering students of Udaipur city, India and; to evaluate various factors associated with the loan acquirement.

Material and methods: A combined quota and two stage random sampling procedure was executed and a questionnaire was used to record socio-demographic information and financial assistance availed by students.

Results: The final sample size accounted to 575 students, among whom 20.3% availed financial assistance in the form of loans for their studies. Nearly four fifths (82.10%) took loan from government banks and a mere 1.70% of the subjects took a loan of more than 6 lacks. Frequency of financial assistance was more than twice in dentistry (27.52%) in comparison to engineering stream (12.62%). Among dental students, the percentile of students who acquired a loan amount between 4-6 lacks was higher than those who availed below 4 lacks, while in other courses there were no subjects who availed loans of more than 4 lakhs

Conclusions: Majority of the students availed loans from government banks and none of the subjects received grants or scholarships.

Keywords: Financial assistance; dental students: management students; engineering students; bank loans

Introduction

Financial aid program are available to cover the education costs for needy students who cannot pay for it. Two major types of financial aid is available for assistance in studies for students, first being Scholarship and Grants, both of which are gift aid and can based on merit, special interest or financial need and another is Loans, which are funds that must be repaid.

The price of higher education has risen as the costs of providing higher education have increased, often accompanied by more limited state support to higher education. Thus, students face sharp increase in tuition fees throughout the higher education. In light of these trends, it is important to assess whether financial assistance has kept pace with rising tuition fess as well as with sources of aid students are accessing to meet rising cost.

Financial assistance in the form of scholarship which a candidate receive depends upon three things, firstly, Submission of accurate information in a timely manner, second being candidate's calculated financial need and lastly the available funding because most of the financial aid (scholarship) is made available through state and central government, amount of loan depends on governmental appropriation.

The purpose of these federally authorized student financial aid (scholarship and grants)

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which are more common in developed countries is to assist a student in meeting costs associated with obtaining his/her education. It is not intended to support a spouse or dependent students need to understand that a financial aid award package anticipates that a student's spouse will contribute financially to support the households. But with respect to scenario in Indian subcontinent, this type of financial aid is very rare.

The common mode of financial aid in India is loans which are provided by the banks (both private and government).

Banks provide loan for graduation, post graduate courses in engineering, computer knowledge, medicine etc. all vocational courses recognized by government and universities.

Similar courses pursued in universities abroad and full time post graduate research in any of the aforesaid subject. The provision of loans is aimed in bringing education within the reach of students and helps them improve their prospects in life. The scheme enables all types of needy students (graduation courses, Masters and PhD's, professional engineering, medical, dental, veterinary, law, management, computer vocational courses).

In order to avail loans students are supposed to pursue certain eligibility criteria which include; student should be a citizen of India, age of the student should be 15 - 28 years and 18-30 years in case of post graduation and candidate should have a good academic record. Furthermore, student should have secured admission to professional or technical course through entrance exam and for studies in abroad. Maximum loan amount a student can get for studies in India is about Rs. 7.5 Lacks whereas for studies in abroad it is Rs. 15 lacks.

Margin money is one part of loan amount which one candidate has to pay to the bank before availing the loan. As per terms of majority of the bank no margin money is required for loans < 4 lacks but for loan amount of more than 4 lacks it is 5% of total amount of loan and for studies in abroad it is 15% of total amount.

Moreover, if amount of the loan is more than a definite amount, tangible security of equal amount is demanded.

While, repayment will commence after 2 years of completion of studies by the borrower or one month after he gets employed, whichever is earlier. Normally total amount of loan is to be repaid in 5-7 years after commencement of repayment. Interest rates of government banks for loan amount below Rs.4 lacks is between 12% -13% and for amount of more than 4 lacks it varies from 13%-14% while for private banks interest rates are 13%-14% and 14%-16% respectively.

Financial aid as private education loan, government education loan, education direct loans, scholarship, grants, work study program are also available for students.

Nowadays higher education is provided not only by the government institution but also by many private institutions. In government institutions tuition fees and other expenses are very nominal as they are bared by the State in contrary to private colleges where tuition fees and other expenses are on the rise that forces many of the students to avail financial assistance through loans.

Nowadays some financial institutions are providing flexible and comparatively priced loans. Many education institutions offer special loans designed especially to meet student needs which have low interest rates and long repayment terms. In some countries colleges and institutions offer their own financing solutions though there are very few institutions from India.

The present study aimed to assess and compare the financial assistance availed among dentistry, management and engineering students of Udaipur city, India and; to evaluate various factors associated with the loan acquirement.

Material and Methods

The study area pertained to Udaipur city, India. Prior to the study, a preliminary survey was conducted in all the Government as well as private banks to know about their interest rates and other rules existing for financial assistance to students. Thus a total 10 banks were included

in this survey. Among these 6 were government and 4 were private banks.

For the purpose of study a questionnaire was prepared which contained two parts, first part comprised of demographic information such as candidate's name, age, gender and father's occupation whereas second part had 10 questions about financial assistance availed including interest rate and repayment of loan.

In order to collect the representative student population, a procedure which combined quota and two stage random sampling procedure was executed. At first stage, one college was selected from each stream (dentistry, management and engineering) and at next stage approximately 200 students were randomly from each college irrespective of the year of study. The reason for selecting the students of the above mentioned streams (i.e., dentistry, management and engineering) was the ease of availability of the subjects in the present study area.

Students who were unwilling or those who returned incomplete questionnaires constituted the exclusion criterion.

The questionnaire was pretested before the study to assess the validity of questionnaire and it was found that approximate time required to complete the questionnaire was about 20 minutes. Reliability of the questionnaire was assessed by readmitting the questionnaire to 30 students in each course after 20 days. The reliability was observed to be in the range of 84% to 100%. Minimum reliability (84%) was found for the interest rate of loan and maximum reliability was found for whether candidate has taken loan or not.

Prior to the study voluntary consent was obtained from each participants and permission was taken from the concerned institution heads'. Ethical approval for the execution of the study was taken from ethical committee for research of Darshan Dental College and hospital.

Questionnaire was distributed by one of the author during the lectures in different colleges and aims of the study were explained to the participants. No incentives were granted for respondents.

Data was entered into spread sheet and was analyzed by SPSS (Statistical Package or Social

Sciences) version 15.0. Chi square analysis was executed to assess the difference between proportion and various responses between the courses.

Results

Among a total of 575 subjects, 61.6% were males while 38.4% were females. 65.4% of the subjects informed their father's occupation as government service or private job. The final sample was almost equally represented by the three courses (dentistry-31%, management-34.60% and engineering-34.40%). Majority of the subjects got loan from government banks. It was found that 117 students (20.30%) students among total 575 students have taken financial assistance for their studies (presented in table 2). Among all the subjects who availed financial assistance, it was in the form of education loan and there were no subjects who got financial assistance as work study programme or scholarship. It is evident from table 2 that nearly four fifths (82.10%) took loan from government banks in contrary to 17.90% who took loan from private banks. A mere 1.70% of the subjects took a loan of more than 6 lacks.

It was found that frequency of financial assistance was more than twice in dentistry (27.52%) in comparison to engineering stream (12.62%).

Chi square analysis revealed significant differences between the streams for various items except for the items "Guarantor for the loan" and "Reason for taking loan". It was found that irrespective of the stream the frequency of subjects who availed loan from government banks was much higher than the private ones; it was 81.63% in dentistry, 72.10% in management and 100% in case of engineering (illustrated in table 3).

Among dental students, the percentile of students who acquired a loan amount between 4-6 lacks was higher than those who availed below 4 lacks, while in other courses there were no subjects who availed loans of more than 4 lakhs. Repayment period in most of the cases (74% in dentistry and 100% in the other two courses) was less than 5 yrs. It is clear from table

3 that loan taken by any other member of the family has taken loan for education had an influence on student's loan acquirement status.

Discussion

Students loan differ from other type of consumer loan as for the student loans deferred repayment of both the principal and interest is available. Also student loans have grace period

Table 1. Frequency distribution of subjects according to gender, father's occupation, course of study and bank from which loan was availed

| Independent variable | Frequency | Percentage |
|--|-----------|------------|
| Gender | | |
| Male | 354 | 61.60% |
| Female | 221 | 38.40% |
| Father's occupation | | |
| Government service or private job | 376 | 65.40% |
| Business | 199 | 34.60% |
| Course of study | | |
| Dentistry | 178 | 31.00% |
| Management | 199 | 34.60% |
| Engineering | 198 | 34.40% |
| Banks from which loan was availed | | |
| State Bank of Bikaner and Jaipur | 23 | 19.70% |
| State Bank of India | 65 | 55.60% |
| Bank of Baroda | 16 | 13.70% |
| Punjab National Bank | 8 | 6.80% |
| Union Bank of India | 1 | 0.90% |
| Oriental Bank of Commerce | 1 | 0.90% |
| Bank of India | 1 | 0.90% |
| Allahabad bank | 1 | 0.90% |
| Canara bank | 1 | 0.90% |

making it convenient for students to avail a study loan.

It was found that the most of financial assistance was in the form of education loan because other forms of financial assistance like scholar-ship and work study programme are very uncommon in India whereas it was observed by Weaver *et al*¹ that 12% of the

so that students have a period of time after their education to prepare financially for repayment. Interest rates for education loan is usually lower than most of the other types of consumer credit and come with additional benefit such as repayment period.

Students loan from banks have become a preferred way of financing higher education. Banks have also become more market oriented,

Table 2. Frequency of responses to various questionnaire items by the study subjects

Whether loan was taken for education

| Whether loan was taken for education | Frequency | Percentage |
|--|-----------|------------|
| Yes | 117 | 20.30% |
| No | 458 | 79.70% |
| Loan was availed in form the form of | | |
| Education Loan | 117 | 100% |
| Work Study Program | 0 | 0% |
| Scholarship | 0 | 0% |
| Source from which loan was availed | | |
| Government Bank | 96 | 82.10% |
| Private Bank | 21 | 17.90% |
| Reason for taking loan | | |
| For education | 112 | 95.70% |
| Education including other expenses | 5 | 4.30% |
| Amount of loan procured | | |
| Below 4 lacks | 84 | 71.80% |
| Between 4 to 6 lacks | 31 | 26.50% |
| More then 6 lacks | 2 | 1.70% |
| Interest rate at which loan was availed | | |
| 12% - 13% | 107 | 91.50% |
| 13% - 14% | 10 | 8.50% |
| 14%-15% | 0 | 0.00% |
| > 15% | 0 | 0.00% |
| Repayment period of the loan | | |
| < 5 years | 104 | 88.90% |
| > 5 years | 13 | 11.10% |
| Guarantor for the loan | | |
| Father / Mother | 114 | 97.40% |
| Guardian | 3 | 2.60% |
| Form of the Guaranty provided | | |
| Mortgage of Tangible Property | 104 | 88.90% |
| Any other | 13 | 11.10% |
| Any other member of the family has taken loan for education | | |
| Yes | 19 | 16.20% |
| No | 88 | 83.80% |

American dental students availed scholarships and grants in 1998-99 which reduced to 10% in 2003-04².

As government banks provide loan at low interest rate, frequency of loans from government banks was much higher than private banks (82.10% Vs 17.90%). The other reason for this finding may be that government banks are

Table 3. Chi-square analysis depicting significance of differences in responses to various items among the streams

| Whether loan was taken for education | Dentistry | Management | Engineering | Chi Square Value |
|--|-------------|-------------|-------------|------------------|
| | N (%) | N (%) | N (%) | |
| Yes | 49 (27.52) | 43(21.60) | 25 (12.62) | 13.141 |
| No | 129 (72.48) | 156 (78.40) | 173 (87.38) | -0.012 |
| Loan was availed in form the form of | | | | |
| Education Loan | | | | |
| Work Study Program | 49 (100) | 43 (100) | 25 (100) | |
| Scholarship | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| Source from which loan was availed | | | | |
| Government Bank | 40(81.63) | 31 (72.09) | 25 (100) | 8.37 |
| Private Bank | 9(18.37) | 12 (27.90) | 0 | -0.015 |
| Reason for taking loan | | | | |
| For education | 46 (93.87) | 41 (95.34) | 25 (100) | 1.541 |
| Education including other expenses | 3 (6.13) | 2 (4.65) | 0 | -0.463 |
| Amount of loan procured | | | | |
| Below 4 lacks | 16(32.65) | 43(100) | 25 | 63.787 |
| Between 4 to 6 lacks | 31(63.26) | 0 | 0 | 0 |
| More then 6 lacks | 2 (4.08) | 0 | 0 | |
| Interest rate at which loan was availed | | | | |
| 12% - 13% | 49 (100) | 33(76.74) | 25 (100) | 18.818 |
| 13-14% | 0 | 10 (23.25) | 0 | 0 |
| 14-15% | 0 | 0 | 0 | |
| >15% | 0 | 0 | 0 | |
| Repayment Period of loan is | | | | |
| < 5 years | 36 (73.46) | 43 (100) | 25 (100) | 20.296 |
| >5 years | 13 (26.54) | 0 | 0 | 0 |
| Guarantor for the loan | | | | |
| Father/ mother | 48 (97.95) | 41 (95.34) | 25 (100) | 1.461 |
| Guardian | 1 (2.04) | 2 (4.66) | 0 | -0.482 |
| Form of the Guaranty provided | | | | |
| Mortgage of Tangible Property | 36 (73.46) | 43 (100) | 25 (100) | 20.296 |
| Any other | 13 (26.53) | 0 | 0 | 0 |
| Any other member of the family has taken loan for education | | | | |
| Yes | 12 (24.19) | 3 (6.97) | 4 (16) | 5.165 |
| No | 37 (75.51) | 40 (93.03) | 21(84) | -0.016 |

more wide spread even in small cities and towns whereas private banks are populated in larger cities. Furthermore, rules and terms of government bank are much more easy and appreciable than private banks. Some private banks have very complicated rules such as tangible security is to be given to the bank for loan which might be a deterrent factor for many students.

Loan amounts of more than 4 lakhs were only availed by students of dental stream whereas all the subjects of other streams availed a loan of less than 4 lakhs. The above observation can be attributed to the high tuition and capitation fees collected for dental education India which is highest among higher education next to the medical stream.

Though it was assessed by a previous report³ that 76% of college students and 30% of medical students need financial assistance it was observed from the present study that a mere 27.52% of dental undergraduate students availed loan in contrary to 90% that was observed among American dental students².

Loan means that one have taken the benefit of someone else's money, in exchange for paying it back with interest at a later date. Repaying loan is a legal and professional obligation. Individuals who default on their loan face financial and legal consequences that can have negative effects both personally and professionally. Most recent ADA (American Dental Association) survey of dentists who graduated in the last 10 years found that 17% needed to extend their repayment beyond standard 10 years, while 27% had been able to accelerate their payment to pay off their loans early. However, from Indian subcontinent no such data is available and there are no provisions available for extension for repayment.

Furthermore, for candidates who are not able to repay their loan even after completion of graduation some special programme such as "Health Professional Loan Repayment and Financial Assistance Programme" are available in the west which are sponsored by national, state and local government or some private organization where health care providers are

recruited to practice in designated health professional shortage areas.

Although such programmes are not available in India recently it was announced by the HRD (Human Resources and Development) ministry that government would be more proactive in providing loans and would stand as a counter-guarantor so that burden of loan does not fall on the family. The proposal also envisages the government standing as guarantor for students availing education loan to ensure that the loan obtaining process becomes easier. Lastly, the interest amount of loan will be paid by government in course duration was also announced by the ministry.

In conclusion, majority of the students availed loans from government banks and none of the subjects received grants or scholarships. A loan amount of more than 4 lakhs was availed among dental students. It is recommended that the banks should re-evaluate their interest rates so that more students can get opportunity for higher studies with monetary fund not being a deterrent problem.

Moreover, repayment period of loan is 5 years in almost all the banks in India whereas in many of the developed countries it is about 10 years, similar tenure should be implemented. The recent proposal by the HRD (Human Resources and Development) ministry should be passed in the form of bill should be passed and implemented as soon as possible.

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