



FACTORS AFFECTING THE DECISION TO TAKE EDUCATIONAL LOAN ON MENTAL HEALTH

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ABSTRACT:

Bankers are being forced to find new ways to lower the number of student loan payback defaults due to the rising delinquency. The United Nations advocates for inclusive education, and policymakers highlight the need to attain this goal by creating a self-sustaining paradigm for financing education. Delinquency is anticipated by an attitude component called willingness to repay. In-depth interviews with Indian student borrowers were undertaken to investigate the worries of the students regarding loan repayment in an effort to investigate the attitudes of borrowers toward educational loan payback using a phenomenological research design. The data was consolidated and themes were visualized using software designed for qualitative data analysis.

KEY WORDS: Educational Loan, Mental Health

INTRODUCTION

The decision to pursue higher education is often accompanied by financial considerations. Many students opt for education loans to finance their education and cover the expenses associated with it. However, taking out an education loan can be a daunting decision for many students, especially when they consider the long-term financial implications of the loan. This decision can also have a significant impact on their mental health and well-being. This research paper "Factors Affecting the Decision to Take Education Loan on Mental Health" delves into the factors that influence students' decision-making regarding education loans and the impact of these decisions on their mental health. The paper aims to shed light on the underlying reasons for students' choices and their mental health outcomes. The research paper begins by exploring the different factors that influence students' decision-making when it comes to taking out education loans. These factors can include socio-economic background, parental expectations, peer pressure, the perceived value of education, and personal goals. The paper then goes on to analyze the impact of these factors on students' mental health, considering both the positive and negative effects. The paper also explores the relationship between the amount of loan taken and the level of stress and anxiety experienced by students. This analysis helps to shed light on the impact of loan size on students' mental health outcomes. The study also looks at the coping mechanisms used by students to deal with the stress associated with taking out an education loan.

One of the major aspects of this research paper is the inclusion of qualitative data collected through interviews with students who have taken out education loans. The interviews provide a deeper understanding of the factors that influence students' decision-making and the impact of these decisions on their mental health. The qualitative data is analyzed alongside quantitative data collected through surveys to provide a comprehensive understanding of the topic.

LITERATURE REVIEW

Dr. Sangeeta Arora & Jagdish kaur (2017) found that the mental health of student loans is associated with poorer mental health, while this student loan amount is cumulative or yearly in college. The effect of student loans on mental health seems modest, after controlling for other economic and demographic factors, including income, educational attainment, occupation and parental net worth. **Shailendra Gangrade and Neha Jhamtani (2017)** found that Education loan is a special kind of loan granted by banks under which some amount of money is granted to students at special rates. An Education Loan is just like a debt. The money that you borrow from the bank, you have to repay it with interest. **P GEETA RANI (2016)** Show that variable Interest rate varies by loan slabs. It can be repaid in five to seven years and repayment would commence one year after completion of the course or six months after getting employment, whichever is earlier. Interest is charged during the period of study and till the completion of repayment). **Shrishti Chamola (2021)** found that demographic variables can impact the accessibility of education loan through their influence on income level, credit score, educational level, employment status and educational level. **RAJESH TIWARI, DR. BIMAL ANJUM (2013)** Demographic variables are the age group and The population of people in age group of 15-64years is expected to rise to 908 million by 2021. Providing skill enhancement opportunities to such a large population is a great challenge. **Shrishti Chamola (2021)** found that the economic factor such as average annual household , monthly college expenditure. Whereas **SANJUTI PATRA, TRIDIP RAY(2017)** Found level of debt as a variable they find that one standard deviation increase in the number of education loan accounts leads to a 6.17% improvement in years of schooling over the sample mean. **JILL M. Norvilities and Megan J. Batt (2016)** level of debt are associated with lower level of well being , financial anxiety, not having strong understanding of loans. **Kathleen K. Menges, Christoph Leonhard (2016)** in this context financial literacy is the important variable because it can influence their willingness and ability to borrow money to pay for their education. Student who have a good understanding of financial concept and are familiar with the student loan. **Madhulika Singh(2022)** and found that growth rate on the education are depending upon the lender, loan amount, repayment period, and other factor and she also found that education loan is usually higher than other types of loan because they are consider riskier for the lender. Mental health has positive impact on the decision for taking education loan. Mental health (psychological functioning) was measured using the 5-item Mental Health Inventory (MHI), a scale similar to the one used by (Walsemann et al. 2015). This 5-item Mental Health Inventory (MHI) scale is an abbreviated version of the MHI38 item scale (Veit and Ware) has also shown high validity and reliability in prior studies (Berwick et al., 1991; Rumpf et al., 2001). Respondents were asked how often in the past month they felt 1); 2) calm and peaceful; 3) downhearted and blue; 4) happy; and 5) down in the dumps. Response categories used a 5-point Likert scale ranging from 1(Strongly disagree) to 5 (Strongly agree). Negatively worded items were reverse coded, such that higher values represent better mental health. This variable was taken by Dr. Sangeeta Arora & Jagdish kaur

(2017) found that the mental health of student loans are associated with poorer mental health, while this student loan amount is cumulative or yearly in college. The effect of student loans on mental health seems modest, after controlling for other economic and demographic factors, including income, educational attainment, occupation and parental net worth. Demographic variables like **gender, age and income** were taken as control variables. Education loan was asked in amounts, and Perception about loan amount was asked on the rating scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree to understand how they perceive about the education loan amount. Shrishti chamola (2021) found that demographic variables can impact the accessibility of education loan through their influence on income level, credit score, educational level, employment status and educational level. RAJESH TIWARI, DR. BIMAL ANJUM (2013) Demographic variables are the age group and the population of people in age group of 15-64 years is expected to rise to 908 million by 2021. Providing skill enhancement opportunities to such a large population is a great challenge. **Financial anxiety ,loan as burden ,stress and anxiety ,limited opportunities ,health problems ,defaulting educational loan** : all was measured using 5- scale in which participants were asked to rate their reaction on a 5-point Likert scale, ranging from 1 (Strongly disagree) to 5 (strongly agree). Higher scores represent more of these things.

RESEARCH METHODOLOGY

This research has a very Limited sample size and restricted its survey to Delhi NCR only which unable to get to know about the perception of more students who stayed outside the NCR region. While preparing and analysing, only exploratory research and primary data is used. No secondary data is taken to analyse the factors which could affect the student's mental health after taking educational loan. Study relies on self reported data only.

The present study aims to explore the relationship between the factors affecting decision making and mental health of the education loan beneficiaries. The target respondents are the students, who have taken education loan and studying in Delhi region. Snowball sampling method was used to collect the data. A total of 20 questionnaires were distributed, out of which 15 major questions were found usable for analysis. Students who were under the age bracket of 20-28 years and had reported their monthly family income as varies from less than 2 lakhs to more than 5 lakhs. The measuring instrument for the present study has been drawn from several past studies. The current study explored the predictors of the factors affecting decision of education loan beneficiaries. Mental health served as the dependent variable and education loan (in amounts), perception about the education loan amount, financial anxiety and demographic variables (gender, age and income) served as independent variables.

RESEARCH OBJECTIVES AND RESEARCH HYPOTHESIS

The objective of studying the impact of taking education loans on mental health is to understand the potential effects that taking on this financial burden can have on a person's mental well-being. Pursuing higher education is often associated with a considerable financial investment, and many students need to take out loans to cover their tuition and other expenses.

The stress and pressure of paying off these loans can cause anxiety, depression, and other mental health issues, particularly for those who struggle to find employment or have difficulty meeting their loan payments. Additionally, the fear of taking on debt can deter some students from pursuing higher education altogether, leading to missed opportunities and increased socioeconomic inequality.

Therefore, studying the impact of education loans on mental health can help policymakers and financial institutions develop strategies to support students and reduce the negative mental health

consequences of taking on student debt. This can include providing financial education and resources to help students manage their loans, increasing access to mental health services, and exploring alternative funding options to reduce the burden of student loans.

***H₁:** There is no significant relationship between financial aid and mental health while taking educational loan*

***H₂:** There is no significant relationship between Loan as a burden and mental health while taking educational loan*

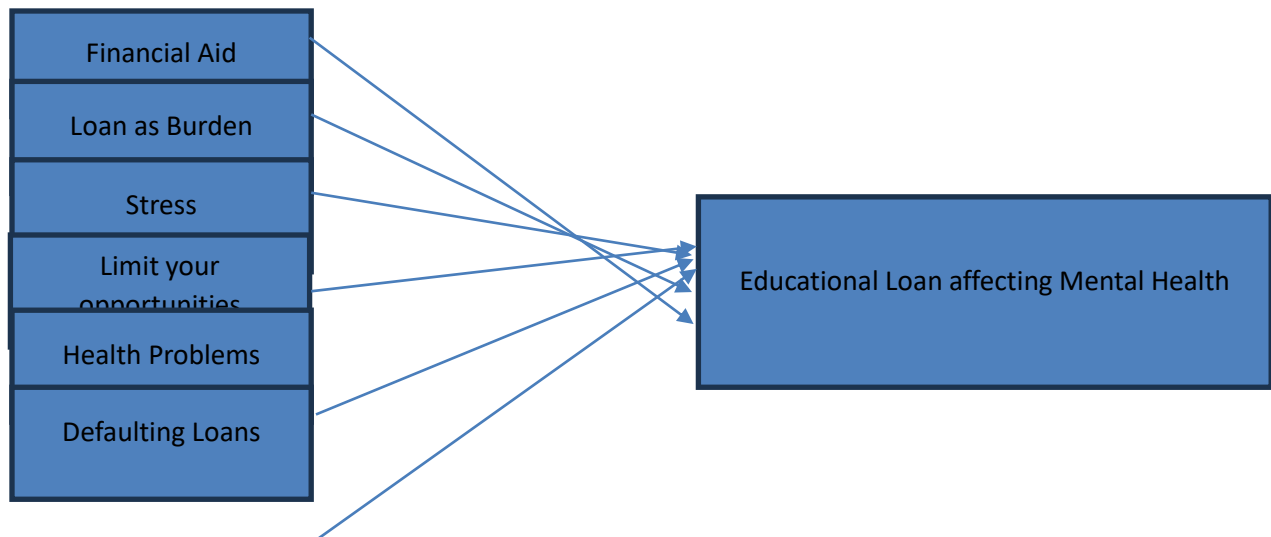
***H₃:** There is no significant relationship between stress and mental health while taking educational loan*

***H₄:** There is no significant relationship between limiting growth opportunities and mental health while taking educational loan*

***H₅:** There is no significant relationship between health problems and mental health while taking educational loan*

***H₆:** There is no significant relationship between defaulting in educational loan repayment and mental health while taking educational loan*

CONCEPTUAL FRAMEWORK:



DATA ANALYSIS AND INTERPRETATION:

CORRELATION:

Correlations		inde1 :loan as burden	inde2 :stress for repaying the loan	inde3 :limited your opportunities	inde4 :ever defaulting your education loan	inde5 :health problems	inde6 :more financial aid
inde1 :loan as burden	Pearson Correlation	1	.710**	.651**	.725**	.705**	.542**
	Sig. (2- tailed)		.000	.000	.000	.000	.000
	N	94	94	94	94	94	94

inde2 :stress for repaying the loan	Pearson Correlation	.710**	1	.697**	.752**	.774**	.727**
	Sig. (2- tailed)	.000		.000	.000	.000	.000
	N	94	94	94	94	94	94
inde3 :limited your opportunities	Pearson Correlation	.651**	.697**	1	.812**	.855**	.647**
	Sig. (2- tailed)	.000	.000		.000	.000	.000
	N	94	94	94	94	94	94
inde4 :ever defaulting your education loan	Pearson Correlation	.725**	.752**	.812**	1	.869**	.674**
	Sig. (2- tailed)	.000	.000	.000		.000	.000
	N	94	94	94	94	94	94
inde5 :health problems	Pearson Correlation	.705**	.774**	.855**	.869**	1	.608**
	Sig. (2- tailed)	.000	.000	.000	.000		.000
	N	94	94	94	94	94	94
inde6 :more financial aid	Pearson Correlation	.542**	.727**	.647**	.674**	.608**	1
	Sig. (2- tailed)	.000	.000	.000	.000	.000	
	N	94	94	94	94	94	94

** . Correlation is significant at the 0.01 level (2-tailed).

There is a strong correlation between loan as a burden and stress for repaying a loan which is 0.710, which is near to 1. The correlation between loan as burden and stress for repaying the loan is significant because the value is 0.001 which is <0.005 . The relationship between loan as a burden and stress for repaying the loan significant at 0.01 level. There is moderate correlation between loan as a burden and limited your opportunity which is .651, which is near to 1. The correlation between loan as a burden and limited your opportunity is significant because the value is 0.001 which is <0.005 . The relationship between loan as a burden and stress for repaying the loan is significant at 0.001 level. There is a strong correlation between loan as a burden and defaulting your education loan which is .725 which is near to 1. The correlation between loan as a burden and defaulting your education loan is significant because the value is 0.001 which is <0.005 . The relationship between loan as a burden and defaulting your education loan is significant at 0.001 level. There is a strong correlation between loan as a burden and health problem which is .705, which is near to 1. The correlation between loan as a burden and health problem is significant because the value is 0.001 which is <0.005 . The relationship between loan as a burden and health problem is significant at 0.001 level

REGRESSION:

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	inde6 :more financial aid, inde1 :loan as burden, inde3 :limited your opportunities, inde2 :stress for repaying the loan, inde4 :ever defaulting your education loan, inde5 :health problems ^b	.	Enter

a. Dependent Variable: education loan affected your mental health

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. Change	F Durbin-Watson
					R Square Change	F	df1	df2		
1	.783 ^a	.613	.586	.85645	.613	22.948	6	87	.000	2.032

a. Predictors: (Constant), inde6 :more financial aid, inde1 :loan as burden, inde3 :limited your opportunities, inde2 :stress for repaying the loan, inde4 :ever defaulting your education loan, inde5 :health problems

b. Dependent Variable: dependent :education loan affected your mental health

58% of the variation in the dependent variable is caused by independent variables considered in this paper.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100.994	6	16.832	22.948	.000 ^b
	Residual	63.815	87	.734		
	Total	164.809	93			

- a. Dependent Variable: dependent :education loan affected your mental health
- b. Predictors: (Constant), inde6 :more financial aid, inde1 :loan as burden, inde3 :limited your opportunities, inde2 :stress for repaying the loan, inde4 :ever defaulting your education loan, inde5 :health problems

The value of the Adjusted R Square is significant at 0.001 which is <0.05.

COEFFICIENT:

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.270	.343		.785	.434
inde1 :loan as burden	.046	.104	.047	.445	.657
inde2 :stress for repaying the loan	.309	.143	.278	2.154	.034
inde3 :limited your opportunities	.245	.133	.255	1.847	.068
inde4 :ever defaulting your education loan	.128	.152	.129	.843	.402
inde5 :health problems	.118	.166	.121	.711	.479
Inde6: Inde6 :more mental Financial aid financi al aid	.048	.119	.043	.406	.686

The coefficient table shows that stress for repaying the loan, i.e., 0.034, and limiting your opportunities, i.e., 0.068, are the most significant out of the dependent variables shown in the correlation table.

COEFFICIENT CORRELATION

Model	inde6 :more financial aid	inde1 :loan as burden	inde3 :limited your opportuni ties	inde2 :stress for repaying the loan	inde4 :ever defaulti ng your educatio n loan	inde5 :health problems
1	Co rrel inde6 :more financial aid	1.000	.070	-.244	-.462	-.242
						.223

ati ons	inde1 :loan as burden	.070	1.000	-.054	-.306	-.243	-.054
	inde3 :limited your opportunities	-.244	-.054	1.000	.086	-.162	-.503
	inde2 :stress for repaying the loan	-.462	-.306	.086	1.000	-.014	-.331
	inde4 :ever defaulting your education loan	-.242	-.243	-.162	-.014	1.000	-.464
	inde5 :health problems	.223	-.054	-.503	-.331	-.464	1.000
Co - var ian ces	inde6 :more financial aid	.014	.001	-.004	-.008	-.004	.004
	inde1 :loan as burden	.001	.011	-.001	-.005	-.004	-.001
	inde3 :limited your opportunities	-.004	-.001	.018	.002	-.003	-.011
	inde2 :stress for repaying the loan	-.008	-.005	.002	.021	.000	-.008
	inde4 :ever defaulting your education loan	-.004	-.004	-.003	.000	.023	-.012
	inde5 :health problems	.004	-.001	-.011	-.008	-.012	.028

a. Dependent Variable: dependent :education loan affected your mental health

Residuals Statistics:

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.1643	4.7426	3.7234	1.04209	94
Residual	-3.49738	2.35326	.00000	.82836	94
Std. Predicted Value	-2.456	.978	.000	1.000	94
Std. Residual	-4.084	2.748	.000	.967	94

a. Dependent Variable: dependent :education loan affected your mental health

RELIABILITY :

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.938	6

The Cronbach's alpha value which is 0.938 shows that my scale is strongly reliable.

CONCLUSION:

This research paper gives light on the very important topic of the factors affecting decisions to take education loans on mental health. This study shows that the education loan is useful for students who are willing to do further studies as through this paper we see that majority of graduate students with a age bracket of less than 25 years, having parental income less than 5 lakhs and having a total expenditure of course more than 5 lakhs are willing to take the educational loan but it can have ill effect on students mental health which can reduce their performance. The findings of the research papers emphasize the need of greater awareness and action to address the mental health implications on students for taking educational loan and the decision to take an educational loan can have a significant impact on mental health. Majority of students, more than 68%, feel stress & anxiety and more than 65% consider education loan as burden, So both educational institutions and banks should help them to the best so that they don't feel burdened and can concentrate on their studies. Proper guidelines and financial literacy should be provided to the students whereas 59% of the students feel that government should provide more financial aid so they reduce the burden of education loan.

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