

# A Study on The Impact of Educational Loans on Student's Career Choices in Kattappana Municipality, Idukki District

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**Abstract**—The study examines the impact of educational loans on students' career choices and financial stability. Education loans have become a key component of financing higher education for many students, as cost of tuition and related expenses continues to rise. The impact of these loans is not just limited to the instant financial burden but prolongs to how they shape students' career choices and long-term financial stability. The size of student's debt often affects the types of jobs students are willing or able to follow. Graduates with large student loans may select higher-paying jobs to meet monthly loan repayments, even if these jobs are not ranged with their interests or long-term career goals. The burden of student debt has a long-term impact on financial stability as monthly repayment often begin soon after graduation and consume a large portion of income. Overtime the burden may lead to financial stress, delayed life signposts and limited career probe. The study provides implications for policymakers, educators and financial institutions to develop more sustainable and student-friendly loan programs.

**Index Terms**—Educational loan, Career choice, Financial Stress, Factors can influence impact of educational loan, Financial planning

## I. INTRODUCTION

Educational loans are the financial assistance programs designed to help students fund their higher education. The rising cost of higher education has made it perplexing for the students to pursue their academic goals without financial assistance. Educational loans have become a vital source of funding for many students enabling them to access higher education and advance their career prospects. However, the increasing burden of student's debt has elevated concerns about its impact on student's career choices. For students from low-income backgrounds, educational loans enable the pursuit of professional or technical careers that may have been inaccessible otherwise. By removing financial barriers, loans allow these students to enter high-paying and dedicated fields, thereby enhancing their future earning potential. While education enables career advancement through education loan, the challenge of students' loan repayment may delay financial independence and lead to financial stress. Financial stress refers the emotional and psychological strain caused by financial uncertainty.

The paper estimates the positive and negative impact of Course-based education loans (Undergraduate Loans, Postgraduate Loans and Career Development Loans) on students. Several factors that can influence the

impact of educational loans are Loan-Related Factors(interest rates, repayment terms, loan amount), Student-Related Factors(financial literacy, career choice, income level), Institutional & Policy Factors( Loan scheme, institutional Support, Policy Framework) and Socio-Economic Factors( Economic conditions, Social Support, Cultural attitude). Financial planning and strategies for mitigating negative impacts of educational loans are internships, financial counselling, budgeting, and seeking advice from mentors

## **1.2. Statement of the Problem**

The rising cost of higher education has made educational loans a necessary tool for many students to access opportunities for academic and professional advancement. However, the long-term impact of these loans on students' career choices and financial stability is a growing concern. This study aims to address this gap by exploring how educational loans influence students' career choices, their financial stability after graduation and the broader implications for their quality life.

## **1.3. Significance of the Study**

The significance of this study lies in its potential to contribute valuable insights into how education loans impact students' career choices and financial stability with a particular focus on Kattappana Municipality. The study also examines the influence of local and regional policy making, provide guidance for educational institutions and financial bodies and offer a deeper understanding of effects of students loans on both career choices and financial stability of graduates in Kattappana Municipality. By addressing the issue, the study aims to improve the overall educational experience for students and promote long-term financial health in the community.

## **1.4. Objectives of the Study**

- To identify the impact of educational loans on students' career choice and financial stability.
- To suggest measures for mitigating negative impact of educational loans on career choices and financial stability of students.

## **1.5. Scope of the Study**

The study is limited to students who have taken education loans aged 18 to 28 in the geographical area of Kattappana Municipality, Idukki district.

## **1.6. Research Methodology**

### **1.6.1. Population**

The population of the study consists of students' who have taken education loan aged 18-29 in all 33 wards of Kattappana Municipality in Idukki district.

### **1.6.2. Sampling**

The convenient sampling method was used for selecting sample from the population.

### **1.6.3 Sample Size**

Sample size of the present study is 60 students.

### **1.6.4. Research Nature**

The study is descriptive and analytical in nature.

### **1.6.5. Tools Used**

The data have been analyzed using statistical and mathematical tools like percentage and weighted average and tables and figures are used for presentation.

### **1.6.6 Sources of data**

Both primary and secondary sources are used for data collection. The primary data collected with the help of structured questionnaire distributed to the respondents in Kattappana Municipality. The questionnaire includes questions on demographic information (age, gender, course for which loan taken, income), types of Loan (graduate loans, post graduate loans, career development loans), impact of education loan (positive,

negative) and strategies for mitigating negative impact if any (internship, budgeting, financial counselling, seeking advice from mentors, choosing well-paid jobs).

### 1.7. Limitations of the Study

The present study undergone the following limitations

- As the study is confined only to Kattappana Municipality, which may not fully represent the population
- Sample size is limited to 60
- As the sampling method is convenient sampling, it may result in personal bias, so a perfect result cannot be achieved.

### 1.8. Chapterisation

The study is presented in three chapters-introduction, analysis and findings.

Introduction chapter includes introduction, statement of the problem, significance of the study, scope of the study, objectives of the study, research methodology, research design, sources of data, tools used, limitations of the study and chapterisation.

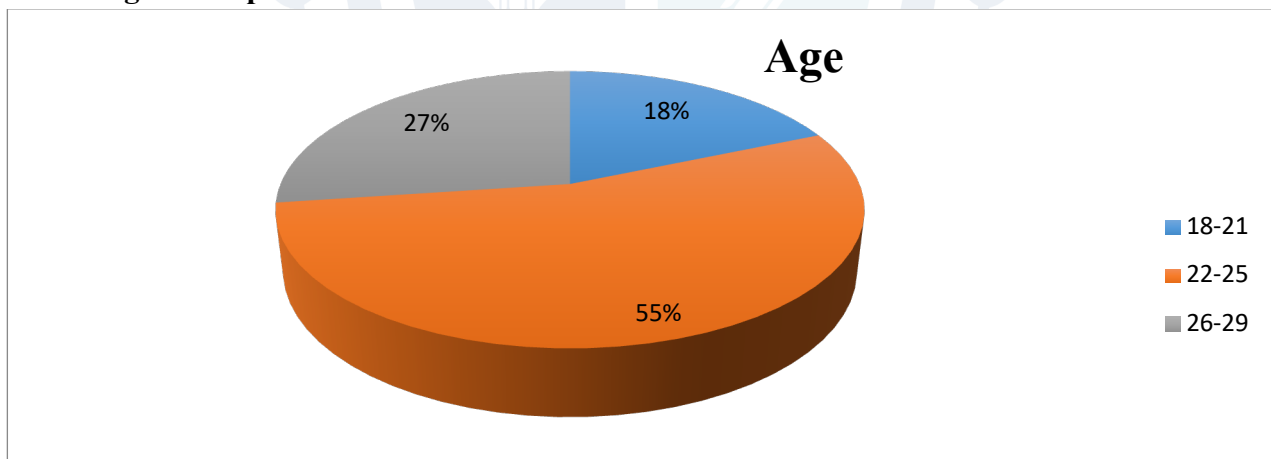
Analysis chapter shows the detailed analysis of the collected data and its interpretation.

Findings chapter describes the major findings of the study and conclusion.

## II. DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation have a pivotal role in the research process that help to derive meaningful visions from collected data. Interpretation of the data follows the analysis, where insights are drawn by linking the results to the research objectives, which helps to identify the impact of education loan on career choice and the strategies for mitigating the negative impact of education loan if any.

**Figure 2.1. Age of Respondents**



Source: Primary data

The figure 2.1 shows that 55% of respondents come under the age group of 22-25years, 27% are under 26-29 years age group and 18% are under 18-21years age group.

**Table 2.1. Course-Based Education Loans**

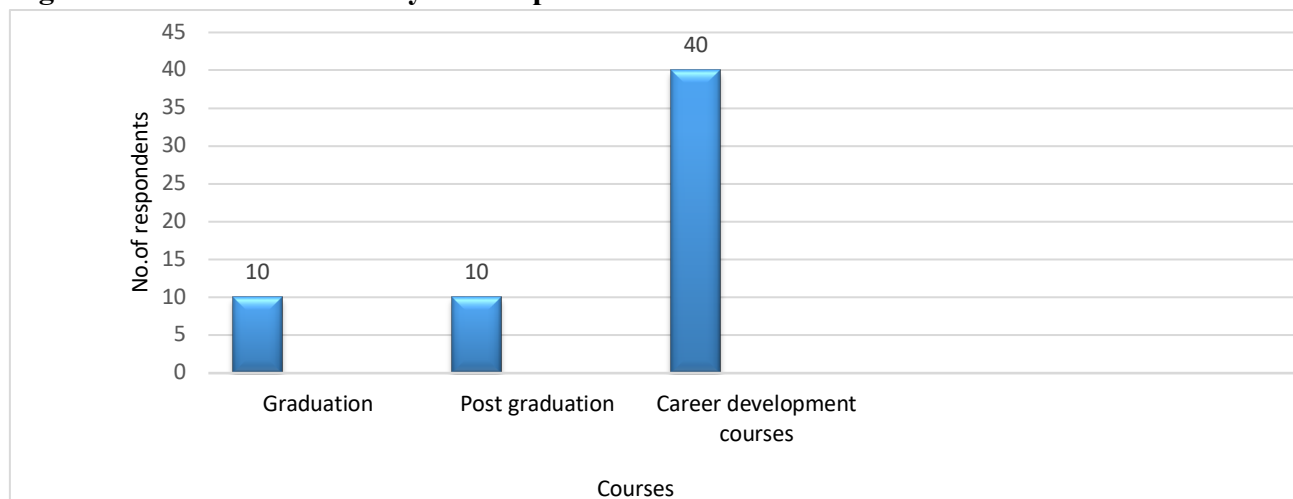
Loan Type		No. of respondents	Percentage
Graduation loan		10	17%
Post-Graduation loans		10	17%
Career development loans	Nursing	25	41%
	Medical	3	5%

	Engineering	10	17%
	Others	2	3%
Total		60	100%

Source: Primary Data

Table 2.2 describe that majority of students financed their nursing course through education loans. Out of 60 students 10 each taken education loans for graduation, post-graduation and engineering courses. Three out of sixty students have financed their Medical course with education loans.

**Figure 2.2. Course Selected by the Respondents**



Source: Primary data

Majority of the respondents, i.e., 30 out of 60 financed their career development courses such as nursing, medical studies and engineering through education loans. Twenty out of sixty respondents financed their post-graduation and ten out of sixty respondents financed their graduation by education loans.

**Table 2.2. Educational Loan Related Factors Influencing Students Career choice**

Factors	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Interest rates	25	15	10	5	5	230	3
Repayment terms	30	10	10	3	7	233	2
loan amount	35	8	7	5	5	243	1

Source: Primary data

Table 2.2 indicates that the loan amount ranks 1 with a total score of 243 is the most significant factor make impact on students' career choice while taking education loan. Repayment terms ranks second with total score of 233, describes that the bank conditions on repayment plays a crucial role on students career choice while taking education loans. Interest rates hold the third position with a total score of 230, highlights that interest rate of loans are also make impact on students career choice.

**Table 2.3. Student-Related Factors Influencing Career Choice**

Factors	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Financial literacy	40	5	5	5	5	250	1
Career choice	30	13	2	5	10	228	3
Income level	35	8	7	5	5	243	2

Source: Primary data

Table 2.3 indicates that the financial literacy ranks 1 with a total score of 250 is the most significant factor make impact on students' career choice while taking education loan. Income level ranks second with total score of 243, describes that it plays a crucial role on students career choice while taking education loans. Career choice hold the third position with a total score of 228.

**Table.2.4 Institutional & Policy Factors Influencing Career Choice of Students**

Factors	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Loan scheme	40	5	5	5	5	250	2
Institutional Support	40	13	2	5	0	268	1
Policy Framework	35	8	7	5	5	243	3

Source: Primary data

Table 2.4 indicates that the institutional support from banks ranks 1 with a total score of 268, is the most significant factor make impact on students' career choice while taking education loan. Loan schemes ranks second with total score of 250, describes that it plays a crucial role on students career.Choice while taking education loans. Policy framework within which banks grants education loans hold the third position with a total score of 243.

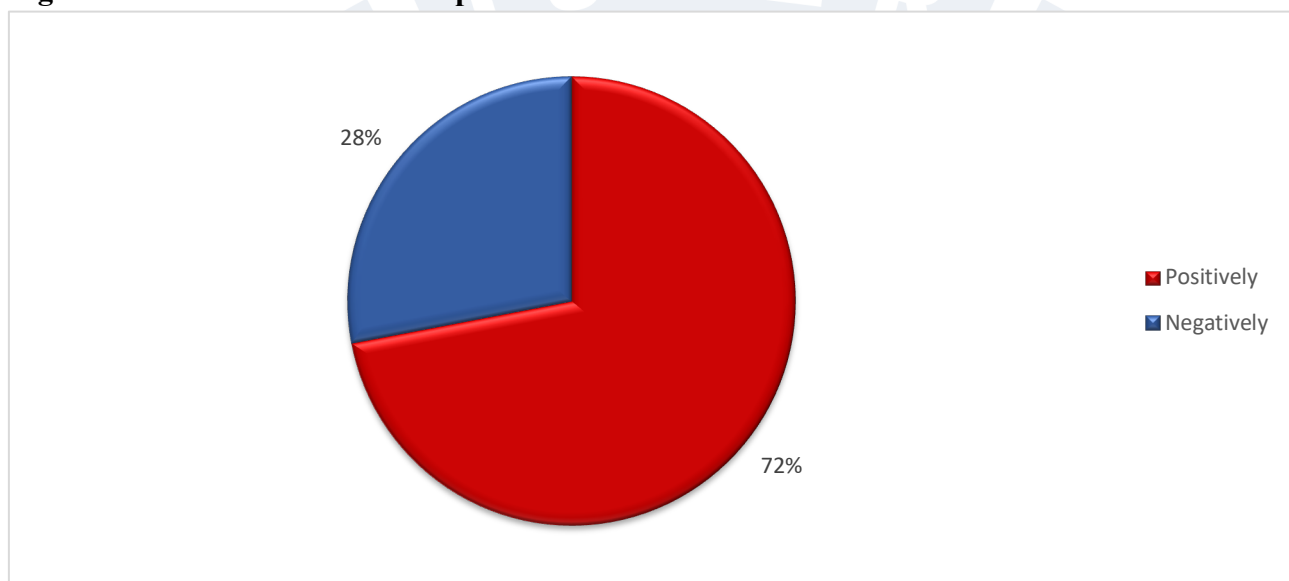
**Table.2.5 Socio-Economic Factors Influencing Students Career Choice**

Factors	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Social Support	20	12	8	10	10	202	3
Cultural attitude	30	10	5	10	5	230	2
Economic conditions	35	5	5	8	7	233	1

Source: Primary data

Table 2.5 indicates that the economic conditions ranks 1 with a total score of 233, is the most significant factor make impact on students' career choice while taking education loan. Cultural attitude of the society ranks second with total score of 230, describes that it plays a crucial role on students career choice while taking education loans. Social support of the society hold the third position with a total score of 202.

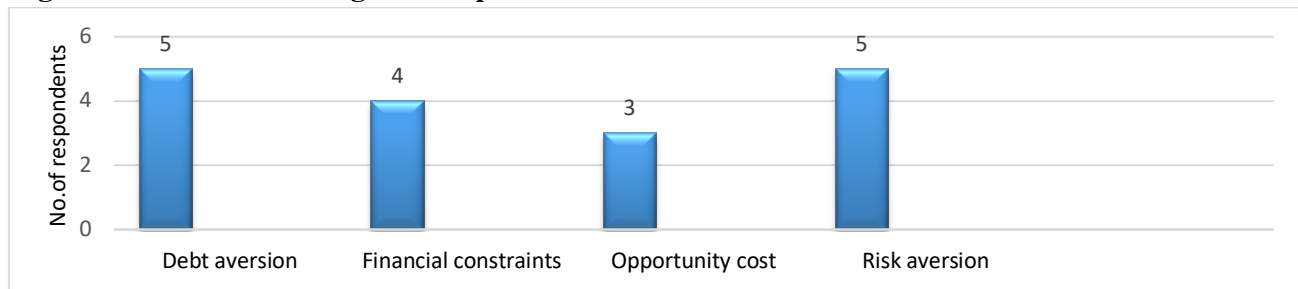
**Figure.2.3. Educational Loan Impact on Career choice**



Source: Primary data

The figure 2.3 describes that majority, i.e., 72% of respondents believe that educational loans have a positive impact on their career choice and a minority, i.e. 28% of respondents believe that educational loans have negative impact on their career choice.

**Figure 2.4. Reasons of negative impact of education loan on Career choice.**



Source: primary data

Figure 2.4 illustrates the reasons that the education loan made negative impact on the respondents while choosing their career. Debt aversion, Risk aversion and financial constraints related with education loans are the factors affected adversely the respondents' career choice.

**Table.2.6 Strategies for mitigating Negative impact of Education loan on career choice**

Factors	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Internship	40	5	5	5	5	250	3
Financial Counselling	40	13	2	5	0	268	2
Budgeting	35	8	7	5	5	243	4
Choosing well-paid jobs	50	5	5	0	0	285	1
Exploring alternative career path to manage loan	10	15	20	10	5	195	5

Source: Primary data

Table 2.6 depicts, the selection of well-paid job ranked 1 with a total score of 285 as a strategy for mitigating the negative impact of educational loan on career choice. Seeking financial counselling or advice ranked 2 with a total score of 268 as a remedy for mitigating negative impact of education loan on career choice. The strategies like Internships, budgeting and exploring alternative career path to manage loan ranked third, fourth and fifth by respondents as remedies for mitigating the negative impact of education loan on career choice.

### III. FINDINGS

The findings highlight different types of education loans on the basis of course selected by the students, popular course financed through education loans, different factors to be considered while financing a course by education loan and the ways for mitigating the negative impact of the education loans on students' career choices. The conclusion summarizes the overall outcomes of the study, highlighting the need for targeted support and resources to help students manage their loan debt and achieve their career goals.

#### Major Findings of the study are:

- Through education loan most of the students' selected nursing course.
- Financial literacy plays a critical role in how students manage their education loan and make career decisions



- The institutional support i.e. financial knowledge provided by schools or community programs plays a crucial role in how students approach loan management. Well-informed students may be better at budgeting and managing their debt.
- Economic conditions play a significant role in determining the accessibility and affordability of education loans.
- Educational loans have positive impact on career choice for the majority of respondents, providing access to education and investment in human capital.
- Debt aversion and Risk aversion regarding education loans are the main factors that made negative impact on students' career choice.
- Proper financial planning and choosing well-paid jobs are the major strategies that a student can adopt to reduce the negative impact of education loans on career choice.

#### IV. CONCLUSION

The findings of the study identified several moderating factors that influence the relationship between educational loans and career outcomes, including career counselling, job placement assistance, budgeting, and social support networks. It also highlighted the importance of financial literacy, loan repayment assistance programs, and mentorship in mitigating the negative impacts of educational loans. Overall, the study have important implications for policymakers, educators, and students, highlighting the need for targeted support and resources to help students manage their loan debt and achieve their career goals.

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