

A Study on Impact of Student Loan Scheme for Tertiary Education in Bhutan

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ABSTRACT: *The Students Loan Scheme for Tertiary Education in Bhutan was started in 2014 as a one-time project and has benefited over 400 secondary school graduates from economically disadvantaged backgrounds. No study has been carried out till date to assess its impact. Therefore, using a mixed method sequential explanatory design, this study examines the impact, challenges and recommendations for the student loan scheme. The quantitative data were gathered from 111 participants and the qualitative data from 3 participants. A thematic analysis following descriptive statistical analysis was used for the quantitative data, and the qualitative data were analysed along the same themes. This study found that the benefits of the scheme far outweighed the risk of any default in loan repayment; and recommended continuing the scheme with some revision in the implementation process. There is a need for regular impact studies to be conducted if the scheme is to be continued.*

KEYWORDS: Student, loan, impact, tertiary, Department of Adult and Higher Education.

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1. Introduction

Student loan scheme is an alternative way to fund education. According to Salmi (2003), more than 60 countries around the world administer student loans. Bhutan introduced various student loan schemes through financial institutions and the Ministry of Education, to help students who miss the government scholarship to pursue tertiary education. The country has seen a significant increase in the enrolment of students in schools from 400 students in the 1960 to a total enrolment of 191,553 in 2020 (Ministry of Education, 2020). Subsequently, the number of students graduating class XII has increased from 8,830 in 2016 to 10,126 in 2019 (Higher Education Planning Division, 2020). With the increasing number of students opting for tertiary education, there has been intense pressure on the limited number of slots in public colleges in the country (Higher Education Planning Division, 2017). Although private colleges were established to meet the increasing demand, it was a burden for economically challenged students to pursue tertiary education.

Financial institutions in the country offer student loans with the requirement of collateral besides some percentage of interest. Thus, to ease the burden of financially challenged students,

the Royal Government of Bhutan introduced the interest-free Student Loan Scheme for Tertiary Education through the Ministry of Education in 2014. The Ministry implemented the loan scheme through a committee as per the loan guidelines and criteria was developed by the Department of Adult and Higher Education.

However, no impact study had been carried out either by the Ministry or financial institutions so far. Impact assessments are carried out to identify and evaluate a programme or activity using a diligent approach. It is a method to determine the magnitude of changes brought about by certain actions and measure its effectiveness. Similarly, it is pertinent to carry out an impact assessment on the student loan scheme to find out its viability and measures to be taken. Although impact studies of loan schemes have been conducted internationally, it is not fair to draw inferences as the Student Loan Scheme for Tertiary Education is unique in nature. It is interest-free, project-tied, and targeted only for the economically disadvantaged students to pursue tertiary education. Therefore, it is essential to carry out an independent impact study for this study.

This impact study is expected to help make evidence-based decisions on the continuity of the loan scheme and make recommendations for

the improvement of its processes. Furthermore, the scope of this study can be expanded to international levels in which other countries can implement similar strategies in the education sectors. If there is a need for further studies on student loans, this study can serve as a basis and valuable reference materials for future research both within and outside Bhutan.

2. Literature Review

Although many studies have been conducted on the education system in Bhutan, there is no study carried out to examine the impact of the Student Loan Scheme for Tertiary Education. This study would be the first of its kind.

As per the statistics in the State of Higher Education, 10,126 students graduated from various higher secondary schools in the country in 2019, out of which, only 4,575 (45%) entered Tertiary Education Institutions in 2020 (Higher Education Planning Division, 2020). The rest of the students either opt for privately funded programmes, training institutes or look for jobs. This meritocratic competition has deterred economically disadvantaged students from fulfilling their dreams to pursue tertiary education.

Globally, many researchers have carried out studies on the impact of the student loan schemes, and of some relevance to Bhutan are the studies carried out in developing countries of Asian region and South Asian Association for Regional Cooperation countries. A study in Maldives by Shakeela (2010) found that the student loan schemes have benefitted students who are not able to enter higher education due to lack of finances. It was found that the loan scheme created competition among the institutions, leading to better quality and services as the students were given freedom to choose the institution they prefer. However, the study recommended that there should be legal entities with legal authority to ensure full repayment and provide sufficient loan amounts.

Another study carried out by Dhungel and Lamichhane (2011) in Nepal found that Nepalese students studying in Australia did not use education loans as a source of education funding because of the high interest rate, and complicated procedure to apply for the loan.

The study recommended a subsidised interest rate, easy application process and repayment procedure. On the contrary, a study carried out by Rani (2016) in India, found that the student loan supported students who are enrolled in private colleges; and the students received the highest amount and interest subsidy if they opted for market-oriented courses. However, the loan size and interest subsidy favoured only rich male and high caste groups, which further made inequality in the society more prominent.

In Pakistan, Anila and Nasr (2009) found that the financial assistance did not affect the willingness to pursue education, regardless of their financial support from their family. Rather, it was found to be affecting the choice of college. Moreover, the study found that not many students were aware of the financial assistance options available.

Postiglione (2010) in his Education Impact Study in Asia argued that student loans are advantageous to the system, and supporting the financially challenged population will help the higher education system become more resilient. A similar study conducted by Tangkitvanich and Manasboonphempool (2010) in Thailand concluded that the student loan supported what? e.g. population? expansion, however the scheme had weakness in terms of loan selection, delay in disbursement and low repayment rate.

In South Korea, Hong and Chae (2011) found that interest-free student loans, loan schemes with subsidised interest rates, student loans-backed securities schemes and income contingent loans were introduced as reform programmes for the expansion of higher education. In Tanzania, the student loan was a success as it increased enrolment of students in higher learning institutions (Nyahende, 2013). The study also revealed that the students' loans Board had acceptable guidelines and criteria for providing the loans.

The loan scheme was found to be beneficial to the students from economically challenged backgrounds even in the 1980s. This study will delve into impacts, challenges and recommend the way forward for the student loan scheme in Bhutan.

3. Methodology

3.1. Research Design

A mixed method of quantitative and qualitative

approach was used in order to carry out this impact study on the Student Loan Scheme for Tertiary Education. Since mixed methods allow researchers to blend qualitative data with quantitative data, it aids in the triangulation of data to help in validating the claims to one another, explore diverse perspectives and to get a better understanding of the research problem. The quantitative approach consisted of structured questionnaires designed for the beneficiaries who availed the loan administered by the Ministry of Education (See annex. 1). This was to obtain and analyse numerical data to find patterns. The qualitative approach of this study included in-depth interviews (See Annex. 2) of officials of the Department of Adult and Higher Education, Ministry of Education. The qualitative method was used to understand the subjective reality of the participants from within.

3.2. Data Collection and Participants

Purposive sampling was used for quantitative and qualitative data collection because the information needed was from a particular subset of people. Etikan et al. (2016) defined purposive sampling as the participation where all participants of a survey were selected because they fit a particular profile.

The participants for the quantitative section were selected based on the data maintained by MoE. Since the beneficiaries of the loan were spread over the globe, Google Form questionnaires were developed and sent through their emails. As per the State of higher education, a total of 488 class XII graduates availed the loan scheme out of which 251 are males and 238 are females. Among these, 20 students pursued higher education in colleges and universities abroad while the rest pursued within the country (Higher Education Planning Division, 2020). The targeted sample size was supposed to involve all 488 students who availed the loan scheme; however, during the survey, only 250 beneficiaries had their email IDs active. Subsequently, only 111 beneficiaries, which is around 23% of the total beneficiaries, participated by responding to the questions.

The qualitative approach of this study included an in-depth interview with three officials of MoE as key informants because of their first-hand knowledge and experiences in implementing the loan scheme (coded as P1, P2 and P3). Key informants were selected based on their personal knowledge, or position within a society or organisation and were able to provide accurate information and a deeper insight (Elmusharaf, 2018).

3.3. Consent, Confidentiality and Ethical Clearance

A research background was prepared along with the consent form to inform the participants about the purpose of the research. The consent forms included maintaining confidentiality, anonymity of the participants, voluntary participation and the right to withdraw at any time the interview was prepared and shared. This study did not collect any demographic information of the participants as the study was to assess the holistic impact of the scheme which did not require any personal information. The survey clearance was obtained from the National Statistics Bureau to carry out this impact study as the participants were from the general public.

3.4. Data analysis

Thematic system of data analysis was applied where similar patterns of themes were identified, categorised and analysed. Google Form was distributed to the participants after which Microsoft Excel was used along with Statistical Package for Social Sciences software. Chi-square test was performed to find out the association between variables and cross tabulations were generated.

4. Results

This section presents the results generated from the analysis of quantitative data. The results of the survey are consolidated and presented in the table below. Since Google Form was used for the data collection, the results were generated from the same platform as follows:

The cross tabulation (Table 2) showed that among 47 participants who secured jobs, 45 said that the loan did not create a burden on them. On

Table 1. Responses from the quantitative survey

Sl.no	Question statement	Yes (%)	No (%)
1	Have you availed a student loan for tertiary education?	100	0
2	Was the loan scheme useful in supporting you with pursuing higher education?	100	0
3	Did this loan scheme create a burden on you?	9	91
4	Was the loan scheme easily accessible?	44.1	55.9
5	Were you able to secure a job after completion of your studies with the loan scheme?	42.3	57.7
6	In your opinion, was the selection process for the loan scheme fair?	92.8	7.2
7	Do you think the selection criteria needs to be reviewed?	33.3	66.7
8	Do you think the loan scheme should continue in the long run?	99.1	0.9
9	Would you recommend this student loan to others?	99.1	0.9
10	Is it difficult for you to repay the loan amount?	45.9	54.1
11	Was the loan amount enough to cover your expenses in college?	74.8	25.2
12	Do you think the loans from other financial institutions were more convenient than the loan administered by DAHE?	7.2	92.8
13	Do you think that the continuation of loan should be based on academic performance?	72.1	27.9
14	Do you think the loan should be discontinued if a student violates the student code of conduct?	64	36
15	Do you think the university/college should initiate such a loan scheme to their students?	98.2	1.8
16	Do you think this loan scheme would have benefited you if it was a need- based scholarship instead of loan?	84.7	15.3

Table 2. Chi-square test for association of loan students who secured jobs with the support of the loan scheme but still feel the burden

		Were you able to secure a job after the completion of your studies with the loan scheme?		Total
		Yes	No	
Did this loan scheme create a burden on you?	Yes	2	8	10
	No	45	56	101
Total		47	64	111

the other hand, among 64 who did not secure a job after the completion of their studies, 56 of them said that the loan did not create a burden on them. 10 participants said that the loan has created a burden on them, out of which 2 have secured jobs and 8 have not. In order to determine whether the beneficiaries who could secure jobs after the completion of their studies with the support of this loan scheme still felt the burden, the Statistical Package for Social Sciences software, a chi-square test was used.

7.2% (n=8) of the participants felt that the loan selection process was not fair. In addition, about 56% (n=62) said it was difficult for them to avail the loan while 33.3% (n=37) expressed that there was a need to review the selection criteria. To examine how many participants who felt that the selection process was not fair, also felt that the selection criteria needed to be reviewed, a cross tabulation (Table 2) showed the correlation of 6 participants out of 111 said that the selection process for the loan scheme was not fair and there

Table 3. Chi-square test for the association of the selection process being fair and criteria requiring to be reviewed

		Do you think the selection criteria needs to be reviewed?		Total
		Yes	No	
In your opinion, was the selection process for the loan scheme fair?	Yes	31	72	103
	No	6	2	8
Total		37	74	111

Table 4. Chi-square test for association of those who secure a job after completion of their studies and face difficulty to repay

		Is it difficult for you to repay the loan amount?		Total
		Yes	No	
Were you able to secure a job after completion of your studies with the loan scheme?	Yes	11	36	47
	No	40	24	64
Total		51	60	111

is a need for the selection criteria to be reviewed. 72 participants out of 111, who said that the selection process for the loan scheme was fair, said that there is no need for the selection criteria to be reviewed. However, 31 participants who said that the selection process for the loan scheme was fair also said that the selection criteria need to be reviewed.

When it comes to the scheme continuation, 72.1% (n=80) of the participants recommended that the continuation of the loan scheme must be based on the academic performance of the students. In addition, about 64% (n=71) of the participants agreed that the loan should be discontinued on disciplinary grounds.

45.9% (n=51) of the participants expressed that they faced difficulty in repaying the loan amount while 54.1% (n= 60) participants responded that it was not difficult to repay the loan. The chi-square test in (Table 4) found that there is a weak association between the number of students being able to secure a job after completion of their studies with the loan scheme and difficulty to repay the loan amount. Numerically, among 111 participants, 64 participants who did not secure a job, out of which 40 participants expressed difficulty in repaying the loan. While 47 participants secured jobs, of which 36 did not have difficulty in repayment. However, 11

participants who secured jobs still face difficulty repaying. Interestingly, 24 participants who did not secure a job responded that they do not face difficulty in repaying the loan. This shows that the number of students being able to secure a job after completion of their studies with the loan scheme also felt the difficulty to repay the loan amount.

Out of 111 participants, 46 participants agreed that the loan administered by the Department of Adult and Higher Education was easily accessible and more convenient than other financial institutions, whereas 3 agreed that the loan administered by the department was easily accessible but preferred by other financial institutions. It is shown that of 62 participants who said that the loan was not easily accessible, 57 said no to the question “Do you think the loans from other financial institutions were more convenient than the loan administered by the Department of Adult and Higher Education?” whereas 5 of them said yes. 98.2% (n=109) responded that the University/ college could initiate such loan schemes to their students.

Furthermore, a comparison was made between the number of students who felt that the loan scheme was easily accessible and the number of students who preferred administration of loan by the department over other financial

Table 5. Chi-square test for association of loans administered by the Department of Adult and Higher Education being easily accessible and loans administered by financial institutions being more convenient

		Do you think the loans from other financial institutions were more convenient than the loan administered by the Department of Adult and Higher Education?		Total
		Yes	No	
Was the loan scheme easily accessible?	Yes	3	46	49
	No	5	57	62
Total		8	103	111

Table 6. Chi-square test for association between difficulty to repay loan amount and preference of a need-based scholarship over loan scheme

		Do you think this loan scheme would have benefited you if it was a need-based scholarship instead of loan?		Total
		Yes	No	
Is it difficult for you to repay the loan amount?	Yes	43	8	51
	No	51	9	60
Total		94	17	111

institutions using the chi-square test in Statistical Package for Social Sciences software (Table 5). This shows that the loan scheme administered by the department was quite accessible to the beneficiaries and more convenient than other financial institutions.

Upon statistical analysis using Statistical Package for Social Sciences software (Table 6), a moderate association was found between the number of participants facing difficulty of loan repayment and suggestion for it to be a need-based scholarship. 84.7% (n=94) of the participants recommended providing this scheme as need-based scholarship rather than loan. 43 participants out of 51 who said it is difficult to repay the loan amount also said that this loan scheme would have benefited them if it was a need-based scholarship instead of loan. Likewise, even participants (n=51) who said that it was not difficult to repay the loan amount still said that this loan scheme would have benefited them if it was a need-based scholarship instead of loan. In total, 94 participants support the idea of a loan scheme benefiting them if it was a need-based scholarship instead of loan. On the other hand, 17

participants did not support the idea of this loan scheme benefiting them if it was a need-based scholarship instead of loan wherein 8 of them do not face difficulty in repaying the loan amount and 9 of them do. Therefore, there is a strong recommendation for need-based scholarship rather than a loan scheme. Nevertheless, 99.1% (n=110) of the participants said that the loan scheme should be continued and would like to recommend the same to others. The loan scheme has greatly helped the participants pursue their higher studies.

5. Discussion

This section presents an interpretation of the major findings from both the quantitative and qualitative perspectives. The findings are discussed in light of literature with 8 different themes: Benefits; Inconvenience; Selection criteria; Continuation of fund; Repayment; Loan amount; Other financial institutions and tertiary education institutions; and Funding alternatives.

Benefits

The Student Loan Scheme for Tertiary

Education was found to be useful as all the participants responded that the scheme was useful in supporting them to pursue tertiary education. In addition, the majority of quantitative participants felt that the loan scheme should be continued and would also recommend the scheme to others. Even in other countries such as Maldives, Tanzania and the UK, the loan scheme helped to ease the financial burden of students from poor families (Psacharopoulos, 1986; Nyahende, 2013). Likewise, Gayardon & Brajkovic (2019) added that loan programs helped increasing enrollment and attainment among low-income groups. In Tanzania, the loan scheme increased access of the underprivileged students to higher learning institutions and helped create conditions that led to “social justice and equity” (Johnstone, 2008, as cited in Shakeela, 2010, p.9; Nyahende, 2013). Hence, there is a need for the loan scheme to continue.

Inconvenience

Although almost all the quantitative participants responded in favour of the loan, yet few felt that this scheme has created a burden on them. As per the statistics maintained by the Department, 88 students out of 488 students who availed loans discontinued their studies and 11 students are yet to complete their studies. Therefore, this group of students have either discontinued or withdrawn from the college before their graduation. This is because the loan guideline clearly stated that the loan shall be discontinued for the students who fail to clear their semester examinations (Higher Education and Planning Division, 2018).

Further, 64 participants from the quantitative survey responded that the scheme did not help them to secure a job after completion of their studies. This is because some students are still continuing their studies and some have graduated from colleges recently according to the statistics maintained by the Department of Adult and Higher Education. An education official from a qualitative interview, anonymised as P1, supported that the loan scheme contributing to unemployment of youth is not very justifiable. P2 said that it might have added to unemployment but many of them are self-employed. P3 said that

looking at the willingness to repay the loan, this scheme has not added to unemployment of youth. As per the statistics of the loan scheme, out of 384 students who have graduated, only 118 are employed and 76 students who have graduated are still looking for jobs as of December 2021. Similarly, Rani (2016) asserted that the loan amount and interest rate should be determined by the market-oriented courses the students chose. In order to ensure that the scheme helps in employability, the students should be encouraged to take up market-oriented courses which have greater chance of employability.

Although this study suggests that the loan scheme should be continued, there should be a legal framework to ensure full repayment of the loan. P1 expressed that there should be a legal framework to support the scheme as a guarantor for loan does not ensure full repayment. According to P3, this is not an issue at present but we cannot take it for granted that everybody will repay the loan. Johnstone (2004) and Woodhall (1992) also recommended that the student loan schemes should be backed up with a legal framework to ensure full collection and recovery of loan (as cited in Shakeela, 2010). Therefore, along with the continuation of the Loan Scheme for Tertiary Education, there should be a legal framework backing up this provision so the scheme successfully continues in the long run.

Selection criteria

Although the Department of Adult and Higher Education ensures a fair and transparent selection process using the loan online application system, few participants still felt that the selection process was not fair and not easily accessible. In addition, participants expressed that there was a need to review the selection criteria. P3 from the qualitative interview added that if funding is to continue, it would be a good idea to identify the background and other criteria of students through their previous schools for a proper verification in the process. Various means of advocacy programmes such as sensitization to students, distribution of brochures and airing of video clips on mainstream media were initiated to reach out to the students in need of financial support. As per the changing need and feedback received

from the students, guardians and colleges, the guideline for loan scheme was reviewed and revised by the loan committee in 2018.

Looking into the whole procedure of the loan scheme, the selection of loan candidates was based on 6 parameters: parental support, number of siblings in the family, educational background, academic achievement, parents' present residence, and poverty level. The Department of Adult and Higher Education carried out the selection process through verification of applicants and then endorsement by the committee. After the selection, students are required to sign agreements with the department. It is found that the loan scheme must continue for the benefit of the economically disadvantaged students who desire to pursue further studies, but its selection criteria must be reviewed after a certain interval through various feedbacks and observations. This calls for a wider advocacy on the selection criteria of the scheme.

Continuation of fund

Students stop receiving loans when they fail a semester or are expelled from the colleges for violating the code of conduct. Majority of the participants from the quantitative survey supported that the loan scheme should continue based on academic performance and compliance to the code of conduct. However, it seems that the programme needs to be monitored more strictly till the completion of their studies. This check and balance is already in place as the loan guidelines ensure that the disbursement of tuition fees is done semester-wise and based on the academic performance of the students. Meas (2021) suggested that higher education institutions may work in collaboration with the fund providers for effectiveness based on performance. Therefore, the results have shown that there is a need for this loan scheme to continue based on the students' performance and code of conduct with regular monitoring.

Repayment

As per the loan guidelines, the repayment of loan shall commence only after 2 years from the date of graduation and be recovered within a 15 years period which is mainly for the students to find a gainful job. According to Debande (2004),

newly graduates are given a grace period which is intended to provide them a period to find a job after graduation whereby it was found that this has significantly reduced the default repayment rates.

However, some participants from the quantitative survey expressed that they faced difficulty in repaying the loan amount. Interestingly, there was no record of default in repayment of loan amount as per the record maintained by the department. Moreover, the statement made by P2 from the qualitative interview expressed that the beneficiaries are willing to repay the loan amount and even during the pandemic, there are some beneficiaries still repaying the loan. P2 added that this could be due to the flexibility on the repayment modality such as monthly, quarterly, half yearly or lump sum. However, both P1 and P2 raised the concern that challenges in repayment of loan can arise in the future due to the pandemic. Moreover, as per the statistics maintained by the department, out of 488 students who availed the loan, 193 (about 40%) graduates have already started their repayment. Thus, it is early to draw the conclusion that all beneficiaries are facing the same challenge.

As per an evaluation carried out by Tangkitvanich and Manasboonphempool (2010), it was found that the student loan scheme in Thailand has weaknesses in terms of low collection rate, and concluded that the difficulty in repayment of loan is universal. Mujani et al., (2016) recommended that the loans should be insured with a government-backed insurance agency. The report on Financial Support for Students in Tertiary Education also recommended that "loan system with income-contingent repayments addresses risk and uncertainty faced by individuals by providing insurance against inability to repay" (Organisation for Economic Co-operation Development, 2008, p.1).

In a similar study, Berlinger and Gönczi (2009) suggested that the repayment of loan can be made income-contingent to make repayment easier for students with lower salary jobs. Armstrong and Chapman (2011) added that the adoption of income-contingent loan schemes is a popular option which helps reduce default and even lowers repayment hardships.

In addition, Woodhall (1987) found that the government guarantees loan against default or non-repayment of the loan due to illness or death, which is applied in/at by many countries. On the other hand, Nyahende (2013) suggested that an adequate legal framework would ensure effective recovery of loans. Further, Johnstone (2004) recommended that one of the ways to reduce recovery default is to make repayment process flexible (as cited in Shakeela, 2010). Therefore, in order to ensure full repayment, there is a need to put legal framework, flexibility in repayment, income-contingency, and insurance in place.

Loan amount

A Cabinet executive Order from the Government clearly mentioned that the loan amount shall cover full tuition fees and monthly living allowance of Nu 1500.00 per student. Later with the revision of stipend, the students were provided with Nu 2500.00 per month to cover the living expenses. However, participants expressed that the loan amount was not enough to cover the college expenses as no additional costs such as accommodation, travel and stationeries were entitled as per the Cabinet Order. Organisation for Economic Co-operation Development (2008) recommended assisting students in such a way that entitlements are sufficient to cover both tuition fees and living expenses.

As per the Malaysian scheme, the fund may be expended for the purpose of granting educational loans to students for the payment of fees, equipment and cost of living expenses during the period of study (Mujani et al., 2016). Debande (2004) supported that the student loan mechanism should cover the direct cost of education and living expenses until the students complete their studies. Krokeyi et al. (2020) suggested expanding the scope of loan beyond payment of school fees as there are other educational expense components such as textbooks, accommodation, feeding and upkeep. Shakeela (2010) added that to make the loan successful, the living cost should be sufficient. Therefore, as the student loan scheme for tertiary education continues, it is important to continue in such a way that the direct cost of education and living expenses remain until the students complete their studies.

Financial Institutions or Tertiary Education Institutions

Although some participants from the quantitative survey responded that the loan scheme administered by the Department of Adult and Higher Education was not easily accessible to them, still participants still felt that the loan administered by the department was more convenient than it was administered by financial institutions. Furthermore, the education officials from the qualitative interviews felt that the role of the department was just to facilitate in selecting and funding, and that such a scheme should be initiated by financial institutions or Tertiary Education Institutions. P1 and P2 suggested that the loan should be implemented by financial institutions as social responsibility, and the department could facilitate and act as a bridge between students and loan providers. All the education officials interviewed expressed a need for a financial specialist if the loan scheme is to be continued by the Department of Adult and Higher Education due to lack of financial expertise.

This was supported by Woodhall (1987) who asserted that the administration of loan programs can be the responsibility of banks, or of universities and colleges, or a new agency such as a state-owned student loan. In addition, the Tertiary Education Policy of Bhutan also stated that the Tertiary Education Board shall take up responsibility of establishing loan schemes in collaboration with financial institutions (Tertiary Education Division, 2010). This is in line with the recommendations of the Organisation for Economic Co-operation Development (2008) to create an agency to implement student loan schemes. Pant et. al., (2021) concluded that the credit managers may not be aware of the academic course and the performance of students but a central registry should be created at the bank to track student movements after the completion of the course.

In addition, the participants from the quantitative survey felt that a similar scheme to the Student Loan Scheme for Tertiary Education must be initiated by universities and colleges. P3 said that universities and colleges could provide

loans ranging from 5 to 10 students every year as a moral responsibility from the college fund. P1 supported that the loan scheme implemented by the universities would be fair enough whereby they could seek identification and confirmation about the student's economic background from their previous schools. Gayardon & Brajkovic (2019) recommended that it was important for the higher education institutions to support students in the form of financial aid to enhance equity and success. Woodhall (1987) asserted that operating the loan programmes through commercial banks and delegating the selection of candidates to the individual universities would be much cheaper and more effective. P3 from expressed difficulty in studying the family background of the students. P1 added that it was difficult to contact the beneficiaries once loans have been sanctioned. Thus, it calls for regular monitoring of study progress and welfare of the beneficiaries till the end of their studies. It highlights the need for the Department of Adult and Higher Education to collaborate with Financial Institutions, and for the universities/colleges to also initiate such loan schemes for their students similar to the Student Loan Scheme for Tertiary Education.

Funding alternative

Majority of the participants from the quantitative survey recommended providing this scheme as need-based scholarship rather than loan. The Student Loan Scheme for Tertiary Education was initiated in order to provide opportunities for the students who did not qualify for government scholarships and did not have alternative sources of funding to pursue tertiary education. Psacharopoulos (1986) mentioned that the loans enable students to finance their current studies against future income and suggested that the government could provide scholarships to finance tuition as well as living expenses in order to avoid this selection bias. Therefore, it is important to know the objective of instituting

financial aid in the future. In support of that, P1 from the qualitative interview indicated that keeping the loan scheme open to all students and offering need-based scholarships to the economically disadvantaged students would be a great idea. P2 also suggested providing need-based scholarships as they are already from the underprivileged backgrounds.

During the qualitative interview, the education officials expressed that the loan scheme should be instituted through an endowment fund for its continuity. For the subject of the endowment fund in relation to this loan scheme, Mujani et al. (2016) stated that there was a need for foundations, trust or endowment as renowned universities such as Oxford, Cambridge, and Harvard are founded on endowments with a well-established fund. Therefore, an endowment fund would ensure its continuity and wider coverage.

6. Conclusion

This study was conducted to assess the impact of the Student Loan Scheme for Tertiary Education in Bhutan. The study concluded that the loan scheme was useful and needed to be continued with some revision in the selection process and criteria. Establishment of an endowment fund would ensure continuity, sustainability and wider coverage. Though it has created a burden to some, there has been no default in repayment till date. However, in order to ensure full repayment in future, there is a need to put in place a legal framework, enhance flexibility in the repayment mode, initiate loan insurance and encourage students to opt for market-oriented programmes. One of the alternative fundings could be need-based scholarships. This study recommended that the scheme could be implemented in collaboration with financial institutions. In addition, this study found a need for advocacy and regular monitoring of beneficiaries till the completion of their studies. Further studies need to be carried out hereafter in a certain interval so that things are kept in place and are being properly followed up from time to time.

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ANNEXURE

Annexure 1

Quantitative questionnaire for students for the Impact Study on Student Loan Scheme for Tertiary Education: (Yes/No)

1. Have you availed the student loan for tertiary education from the Department of Adult

and Higher Education?

2. Was the loan scheme useful in supporting you with pursuing higher education?

3. Did this loan scheme create a burden on you?

4. Was the loan scheme easily accessible?

5. Were you able to secure a job after

completion of your studies with the loan scheme?

6. In your opinion, was the selection process for the loan scheme fair?

7. Do you think the selection criteria needs to be reviewed?

8. Do you think the loan scheme should continue in the long run?

9. Would you recommend this student loan to others?

10. Is it difficult for you to repay the loan amount?

11. Was the loan amount enough to cover your expenses in college?

12. Do you think the loans from other financial institutions were more convenient than the loan administered by DAHE?

13. Do you think the continuation of loan should be based on academic performance?

14. Do you think the loan should be discontinued if a student violates the student code of conduct?

15. Do you think the University/college should initiate such a loan scheme to their students?

16. Do you think this loan scheme would have benefited you if it was a need-based scholarship instead of loan?

Annexure 2

Qualitative questionnaire for key informants (Department of Adult and Higher Education, Ministry of Education)

1. How popular has been the student loan scheme since it was introduced?

2. What are the challenges you face in implementing a student loan scheme?

3. Do you think the loan scheme should be continued by the Department of Adult and Higher Education, why?

4. Do you think the loan should be implemented by a financial institution, why?

5. Do you think that the Universities and colleges should initiate similar loan schemes for their students? Why?

6. Do you think the quality of higher education is affected by this scheme? If yes, how?

7. Has the loan scheme alleviated the unemployment problem in any way?

8. Do you think that there should have been a legal framework to support the scheme?

9. Have you experienced default in loan repayment by those who have availed and completed their studies?

10. Do you have any suggestions as to how this loan scheme can be routed through other means? For example, endowment funds.

Annexure 3

Consent form

The purpose of this study is to examine the effectiveness of the Students Loan Scheme for Tertiary Education implemented by the Department of Adult and Higher Education, Ministry of Education. Since you are a beneficiary of this scheme, you are invited to participate in this survey. However, your participation in this study is voluntary. The procedure involves choosing Yes or No that will take approximately five minutes of your time. I would like to assure you that your responses will be fully confidential, and your information such as your name, email ID or IP address will not be identified. The result of this study will be used for scholarly purposes and will help Government and policy makers on the decision of the continuity of this Student Loan Scheme. If you have any questions, contact Ms. Rinzin Wangmo @ +975-02-337176 or NSB @ +975-02-333296.

Consent obtained

Consent not obtained

Annexure 4

Survey Clearance from National Statistics Bureau



འཕེལ་ལྗང་འབྲུག་ཀུའུ་རྒྱལ་ཡོངས་ཉེན་རྒྱུན་ལོ་རྒྱུས་ལྟུང་ལྟུང་ལྟུང་ལྟུང་

NATIONAL STATISTICS BUREAU
ROYAL GOVERNMENT OF BHUTAN



NSB/SDPD-02 /2021-22/5068

July 23, 2021

Survey Clearance

This is to state that Ms. Rinzin Wangmo from the Higher Education Planning Division under the Department of Adult and Higher Education, MoE will be conducting a study titled 'Impact Study on the Tertiary Education Loan Scheme'. The National Statistics Bureau reviewed the study protocols (methodology and related documents) and we are pleased to clear the conduct of the above-mentioned study. However, the conducting agency should seek site clearance whenever required and strictly follow the methods proposed in the submitted study protocol.

We wish the survey team Good Luck!

Chief
Survey & Data Processing Division
National Statistics Bureau
Thimphu