ISSN No: 2349-059X
Peer Reviewed & Refereed Journal (IF: 7.25)
Journal Website www.nrjhrm.in

DEBT MANAGEMENT AMONG INTERNATIONAL STUDENT MIGRANTS: A STUDY ON EDUCATIONAL LOANS IN PATHANAMTHITTA DISTRICT

Roni Jain Raju

Assistant Professor, St Thomas College Ranny, Pathnaamthitta, Kerala, India

ABSTRACT

With the increasing popularity of studying abroad, a large number of students require loans. This research paper looks into the socio-economic determinants of the loan amount accessed alongside the financial burdens faced during repayment. A sample of student migrants, 100 in total, were surveyed, from which multiple regression analysis was carried out on ten socio-economic variables. The study's socio-economic outcome measures reported no significant association between the chosen socio-economic measures and the loan amount accessed. The results indicate that even though educational loans serve as a major funding source, students face financial hardships during their academic programs due to high interest rates, low income, and post-graduation employment opportunities. A significant number of respondents reported managing their monthly cash flow especially with loan repayments was challenging, leading to significant financial stress that negatively impacted their academic performance. While respondents demonstrated a basic understanding of debt management and repayment options, access to formal financial counselling was limited, leaving students to devise their own stress alleviating mechanisms. The study recommends these respondents were partnered with employers, increasing access to part time jobs, improving overall employment opportunities.

Keywords: ***International Student Migration, Educational Loans, Debt Management, Socio-Economic Factors***

1.1 INTRODUCTION

The pattern of studying overseas has changed dramatically over the last little while. Kerala has a been successful at attracting students from other areas of India and abroad, however, the trend of out-migration of students is becoming far more pronounced than the migration of students into Kerala. Countries such as Canada, Australia and European nations, not just for education, but for the employment opportunities and chances of a visa or residency abroad.Although the early patterns of migration were primarily economically motivated, going to work in the Gulf, the modern international migration is often motivated by education aspirations, but with a heavy economic association. Students from the state often go abroad for a period of study, to improve their earning potential in the future, as well as the possibility for global opportunities and better quality of life. However, studying abroad comes with many expenses, and international students seek educational loans to fund tuition fees, accommodation fees and other living expenses. Educational loans are taken with the expectation that their future income in the host country will allow them to pay back the loan. The burden of debt responsibilities developed abroad are challenging in any environment, and then add the complexity of an unknown economic environment. Elements such as exchange rates, do's and don'ts, restrictions on work allowances, interest regime provide challenges to repayment at the best of times.

1.2 Statement of the Problem

The pursuit of international education has become a path of opportunities for students from Kerala. However, the financial pathway to this destination often owes a debt. Educational loans contribute to the expenses incurred while studying in foreign lands, and many of these students become dependent on them. While loans serve to increase accessibility to education they also put students into financially precarious positions when they face difficulties in repayment after graduation.The challenge of debt is exacerbated by challenges across income opportunities, currency, visas and limited post-study work opportunities. These issues are then compounded by students' 'unfamiliarity' with financial models in host countries. Many student migrants will emerge under financial pressure from student debt leading to academic distress, making late repayments or defaulting on loans.

The problem is not just with the individual. It carries ramifications for banking, education, and economies. Yet whilst there is a gradual increase in international student migrants facing these challenges over the last decade, targeted studies into their finances and notably debt management experiences, remain limited. This study will contribute to closing that gap by investigating how international student migrants manage educational debt and consequences.

1.3 Significance of the Study

The research is important in several ways. First, the perspective addresses the financial situation of a group that does not typically receive consideration in policy debate. There's a real lack of information about students experiencing debt as they proceed with financing their education abroad. Since India is one of the highest payroll countries for international students, it is becoming even more important to know how this group deals with debt.The findings from this study have implications for universities, lenders, and policymakers. For educational institutions, they could present opportunities to create more tailored support services related to finance, such as budgeting tools and debt counselling. For banks and non-bank lenders, it provides a perspective on the repayment behaviour of international borrowers that could help with risk management and product development.

The findings are also useful for governments interested in developing or refining student loan systems and policies for international mobility. By creating better support structures, it is possible to reduce the default rates of repayments, lower the burden of students, and enable better academic performance. The wider economic concerns are to ensure lending institutions can achieve stability, and also that educated people remain viable contributors to society once they finish their education.In addition, the study attends to the cultural and psychological aspects of debt; for migrants, there is an emotional burden as well as a financial burden and in many cases, a lack of family and a support network. By examining these experiences, it is possible to create more supportive maksatage solutions for international universities, banks, and governments.

1.4 OBJECTIVES OF THE STUDY

1. To examine the various sources of funding used by international student migrants to finance their education.
2. To analyze the repayment patterns and challenges faced by international student migrants in managing education loans.
3. To assess the impact of post- graduation employment on the debt repayment ability of international student migrants.
4. To explore the role of financial institutions in providing support to international

ISSN No: 2349-059X
Peer Reviewed & Refereed Journal (IF: 7.25)
Journal Website www.nrjhrm.in

student migrants for effective debt management.

1.5 Research Design

The study employs an explanatory design to collect qualitative and quantitative data to answer the research questions. The study population for this study includes international student migrants from Kerala, who are currently studying or have recently completed their education in foreign countries. With a focus on students who have educational loans for their study abroad, there will be a stratified random sampling technique to introduce representativeness from different study disciplines, locations and loan amounts. Due to the nature of the study, the sample population will be selected from top study destinations including Europe, Canada, Australia and the USA. This study can include undergraduate and postgraduate students as their challenges of debt management differ based on their education level and career development. Secondary data relevant to the study can be collected from the institutional report, loan agency or government publication on educational loans and student migration patterns. The study drew its data from secondary sources including the Kerala Migration Survey Report published in 2023, as secondary sources books and articles.

1.6 LITERATURE REVIEW

International Student Migration and Financial Dependency

The increasing trend of students pursuing an education outside of their home country has been well documented throughout the migration and educational literature. International student migration is influenced by many factors including better academic standards, jobs available while studying, and even eventual permanent residency (Soutar & Turner, 2002). For many students, especially from developing countries such as India, studying abroad is not a singular academic exercise, but a long-term socio-economic plan (Altbach & Knight, 2007). However, in many cases, financing their academic pursuits involves considerable levels of financial support, with many students ultimately relying on educational loans.

Educational Loans as a Primary Funding Mechanism

Education loans are an important way to make international education accessible to students from middle-income households. As explained by Tilak (2015), the liberalization of the Indian financial sector has encouraged banks to promote educational loans as agents of equity and opportunity. Yet, the student loan landscape is also full of financial risks, especially for students who migrate to high-cost destinations without certainty of income upon post-study migration. In fact, studies like Baum and O'Malley (2003) have demonstrated that there are long-term consequences that arise once with respect to borrowers financial behavior, life milestones and mental state, stemming from high levels of student loan debt. International student borrowers also face the additional complication of looking at the potential costs and savings of their educational investment in terms of fluctuating national currencies, employment restrictions, and absent localised financial support (Bhandari, 2017).

Debt Management and Financial Stress among Student Migrants

Socio-Economic Determinants of Loan Behavior

There are multiple socio-economic factors - family income, parents' education level, gender, and course of study - that dictate the borrowing decision and amount. Studies indicate students from lower-income backgrounds have a greater propensity to borrow, and to borrow larger amounts, and that they are more sensitive to financial shocks (Gladieux & Perna, 2005). In the context of the current study, regression analysis indicated no influence of these variables with respect to loan amount among students in Pathanamthitta district. It can be said that other factors are potentially influencing loan decisions, possibly the factors such as social influence, or aspirational borrowing.

Gaps in Existing Research

While there is a significant body of literature available on student debt in developed countries, relatively little research has focused on issue facing student internal migrants from India; specifically, students anterior semi-urban or rural districts such as Pathanamthitta. More generally, the interaction between socio-economic background and actual debt management behavior in a global context is vastly limited. This study aims to supplement this with not just the statistical association linking socio-economic variables and loan behavior, but also recognizing the practical issues pertaining to debt repayment.

1.7 RESULTS AND DISCUSSION

Demographic Characteristics of Respondents

The demographic profile of the 100 respondents has revealed significant findings about the make-up of international student-migrants from Pathanamthitta district. 63% of the respondents were aged 21 to 25, showing migration for higher education mostly takes place in the very early adult phase of life. There were many more females compared to males in the sample, (66.75%/33.25% respectively), confirming the marked increase seen in women engaging in global mobility in higher education. 77.8% of respondents were also from families with an annual income below ₹3,00,000, beginning to give an idea of the economic vulnerability of much of the loan-dependent student demographic. 63% of respondents were postgraduate students, telling us overseas educational aspiration motives seem to be traditionally related to postgraduate education qualifications.

Factors Influencing Educational Loan Decisions

To come to the point that respondents made the decision to take out educational loans, in addition to high cost of international education being a motivation for 59.3%. Another factor influencing the borrowing decision indicated that family members influenced the borrowing decision for 70.4% of respondents. This finding further supports that educational migration is not purely an individual decision, but rather a family-oriented strategy for longer-term socio-economic benefits. Another statistic worth mentioning is that 63% of students took loans that would cover tuition and living expenses. If students are financially reliant on higher levels of borrowing, this gives rise to greater debt burdens for students and renders them vulnerable/ susceptible to economic risks associated, such as currency risk, interest risk, or delay to employment after graduation.

Debt Management Challenges and Coping Strategies

The survey results revealed that 40.7% of respondents encountered challenges in their monthly expenses when making repayments on loans. The results show that a high number of respondents (70.4%) recognized they were challenged in the repayment process, with 37% describing the high-interest rates as a significant challenge. These responses suggest that while educational loans allow access to international education, outcomes point toward some measure of financial stress both during and after (for example loan repayment). There were a majority of respondents (63%) who indicated that they were aware of debt management strategies. However, only 44% of respondents were aware of more advanced debt managing strategies like loan consolidation or deferment plans appear to suggest a gap in financial literacy. Additionally, most of the students received information on debt management from

ISSN No: 2349-059X
Peer Reviewed & Refereed Journal (IF: 7.25)
Journal Website www.nrjhrm.in

informal family or friends (26%) as opposed to trained professionals or institutions providing feedback.

4.4 Confidence and Repayment Outlook

While the challenges are substantial, 63% of respondents expressed moderate confidence in their ability to manage debt, and 56.6% believed they would repay their loans within five years. This optimism may stem from expectations of obtaining stable employment post-graduation; however, it also reflects a potential underestimation of future financial obligations, especially among those facing visa restrictions or underemployment.

Hypothesis Testing: Relationship Between Socio-Economic Variables and Loan Amount

To test the relationship between selected socio-economic factors and the loan amount availed, a multiple regression analysis was conducted. The model included ten independent variables representing socio-economic characteristics.

- $R^2 = 0.094$, indicating that only 9.4% of the variance in loan amount could be explained by the variables in the model.
- Adjusted $R^2 = -0.008$, suggesting the model performs worse than a basic mean prediction when adjusted for the number of variables.
- F-statistic = 0.923, with a p-value = 0.516, well above the 0.05 significance threshold.

These results support the null hypothesis (H_0): there is no statistically significant relationship between the selected socio-economic factors and the loan amount availed. This implies that demographic and economic background alone does not predict how much students borrow, pointing instead to institutional, aspirational, or course-related determinants of borrowing behavior.

1.8 Summary of Key Findings

1.9 Conclusion and Policy Implications

The present study deals with how international student migrants from Pathanamthitta district in Kerala manage their debts, particularly focusing on educational loans. The results show that educational migration is mainly pursued by young adults, especially women, who rely on bank loans to cover both their tuition fees and living expenses. While these loans open doors to global education, they also create a significant financial strain on students and their families. The research found that many students struggle with repayment, facing challenges like high interest rates and limited job opportunities. Nevertheless, a good number of students feel somewhat confident about managing their loans, largely due to their expectations of finding work after graduation. The regression analysis indicated that socio-economic factors don’t play a major role in determining the amount borrowed, implying that decisions about loans are more influenced by personal aspirations and the costs associated with education than by financial backgrounds. In summary, this study highlights that while educational loans are essential for accessing international education, they also come with long-term financial consequences. To help student migrants successfully tackle the challenges of loan repayment, effective debt management, improved financial literacy, and strong institutional support are vital.

1. Boosting Financial Literacy Programs: Educational institutions should roll out focused training sessions on budgeting, managing currency risks, and planning for repayments, specifically designed for international students.

2. Flexible Repayment Options: Banks and financial institutions ought to offer income-sensitive repayment plans, grace periods, and refinancing options to help students who might face delays in finding work after graduation.
3. Strengthening Institutional Support: Host institutions should provide advisory services to help students navigate their financial responsibilities, understand their rights, and learn about available support systems.
4. Increasing Scholarship Awareness: Governments and educational organizations should work to broaden the reach of scholarship programs, reducing reliance on loans and promoting fair access to global education.
5. Expanding Work Opportunities: Policymakers in host countries should think about updating visa regulations to give international students better access to part-time jobs and internships.
6. Collaboration Among Stakeholders: Regular communication between banks, students, families, and educational consultants can foster transparency, build trust, and enhance decision-making around educational financing.
7. Integrating Mental Health Support: Institutions should combine financial counseling with mental health resources to help address the emotional strain that comes with debt.

REFERENCES

1. Altbach, P. G., & Knight, J. (2007). The internationalization of higher education: Motivations and realities. *Journal of Studies in International Education, 11*(3–4), 290–305. https://doi.org/10.1177/1028315307303542
2. Baum, S., & O'Malley, M. (2003). *College on credit: How borrowers perceive their education debt.* Journal of Student Financial Aid, 33(3), 7–19.
3. Bhandari, R. (2017). *Indian student mobility to selected European countries: An overview.* Institute of International Education. https://www.iie.org
4. Chava, S., & Mansfield, R. K. (2014). Student loans and access to higher education. *Economics of Education Review, 38*, 142–154. https://doi.org/10.1016/j.econedurev.2013.12.004
5. Cooke, R., Bewick, B. M., Barkham, M., Bradley, M., & Audin, K. (2004). Measuring, monitoring and managing the psychological well-being of first year university students. *British Journal of Guidance & Counselling, 32*(4), 495–509. https://doi.org/10.1080/03069880412331303265
6. Gladieux, L. E., & Perna, L. W. (2005). Borrowers who drop out: A neglected aspect of the college student loan trend. *National Center for Public Policy and Higher Education.* https://www.highereducation.org/reports/borrowing/borrowers.pdf
7. Robb, C. A., Moody, B., & Abdel-Ghany, M. (2012). College student financial knowledge and behaviors: A comparison of traditional and online students. *Journal of Personal Finance, 11*(3), 60–68.
8. Soutar, G. N., & Turner, J. P. (2002). Students' preferences for university: A conjoint analysis. *The International Journal of Educational Management, 16*(1), 40–45. https://doi.org/10.1108/09513540210415523

9. Tilak, J. B. G. (2015). Private higher education in India. *Economic and Political Weekly, 50*(40), 32–38.

10. Urban, M. C., & Naidoo, R. (2012). Student debt and graduate employment: The impact of the global financial crisis on student loan debt in South Africa. *Higher Education Review, 44*(1), 47–67.