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A Critical Evaluation of the Financial Prudence and Crisis-Readiness of the Bihar Student Credit Card Scheme in Patna District: Implications for Sustainable Educational Financing and Long-Term Human Capital Development

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Abstract

The Bihar Student Credit Card (BSCC) scheme, launched under the Saat Nischay Yojana in 2016, represents a pioneering initiative to democratize access to higher education by providing affordable credit to economically disadvantaged students. With an emphasis on its implications for long-term human capital development and sustainable educational finance, this research critically assesses the scheme's financial prudence and crisis-readiness in the Patna district. The research evaluates the scheme's design, implementation effectiveness, and resilience to economic shocks using a mixed-method approach that incorporates policy analysis, fiscal data examination, and stakeholder interviews. Results indicate that switching to interest-free loans has improved inclusiveness and greatly decreased repayment stress, but it has also raised the state's budgetary vulnerability, raising concerns about long-term viability. There are still issues with monitoring, targeting effectiveness, and institutional accountability even if the program shows great promise for crisis mitigation through flexible repayment arrangements. The study makes the case that creating district-level reserve funds, codifying hardship clauses, and incorporating outcome-linked incentives might improve resilience and financial discipline. In the end, the Patna BSCC project turns out to be a revolutionary but costly model whose ability to develop long-term human capital will depend on striking a balance between equality objectives and responsible financial management.

Keywords; Financial Prudence, Crisis Preparedness, Educational Finance Sustainability.

INTRODUCTION

States aiming to boost human capital and drive social and economic progress have made it a top goal to widen access to higher education for all. India's Bihar Student Credit Card (BSCC) program stands out as one of the country's boldest tries at backed education. The government rolled out this plan in 2016 as part of the Saat Nischay Yojana. The BSCC gives out no-interest low-risk loans to students to help them go to college. This move aims to give kids from poor families, who've always found it hard to pay for school, a fair shot. Bihar wants to change from a slow-growing economy into a society that runs on knowledge. To grow, these funding methods need to work well and last long.

Patna district, the state's administrative and educational hub, serves as a key place to examine the BSCC's real-world effects. While early sign-ups, loan payouts, and the elimination of interest costs suggest greater inclusion, questions about the program's long-term financial health and ability to withstand economic shocks remain. The unique pressures from recent economic upheavals the COVID-19 crisis, highlight the need to determine if state-backed financial institutions are ready for crises and can meet their obligations without losing financial stability.

Furthermore, multi-level challenges such as targeted inefficiencies, payback uncertainty, weak monitoring mechanisms, and the state's rising financial burden generate serious governance and financial concerns. Simultaneously, the effort has revolutionary potential: by supporting first-generation learners and facilitating upward mobility, the BSCC may considerably strengthen Bihar's long-term human capital base.

This research thus undertakes a complete, data-driven evaluation of the BSCC system in Patna district, focused on three linked dimensions:

(1) Financial prudence

(2) Prepare for crises, and

(3) align with long-term educational finance and human capital development objectives.

Using a mixed-method approach that integrates policy analysis, fiscal trend analysis, and stakeholder views, the research attempts to give a complete assessment of the scheme's accomplishments, flaws, and future prospects. As Bihar works to better its approach to accessible and sustainable educational financing, the findings are designed to educate policymakers, financial planners, and stakeholders in higher education.

STATEMENT OF THE PROBLEM

While the Bihar Student Credit Card (BSCC) program has emerged as a game-changing endeavor for boosting access to higher education, its swift development has prompted fundamental questions about its financial sustainability, governance efficiency, and readiness for economic disasters. The contrast between greater educational engagement and growing budgetary risk has been most obvious in Patna district, one of the scheme's major beneficiaries.

While interest-free loans have assisted students in overcoming financial obstacles, concerns regarding the scheme's long-term viability have been raised by the cumulative weight of state-guaranteed credit, irregular repayment patterns, insufficient monitoring procedures, and minimal risk-mitigation safeguards. The lack of defined crisis-management mechanisms, such as reserve money, hardship provisions, and risk-sharing structures, exacerbates the scheme's susceptibility during times of economic uncertainty.

The core problem, therefore, is to determine **whether the BSCC, as implemented in Patna district, can remain**

financially prudent, crisis-resilient, and educationally sustainable. It is essential to critically assess whether its current financial model, administrative design, and operational practices are capable of supporting enduring human capital development without imposing unsustainable fiscal pressures on the state.

PURPOSE OF THE STUDY

Bihar's Student Credit Card (BSCC) scheme began in 2016, and its purpose is to promote students' access to college and university education. The BSCC scheme is expected to make a positive difference in the education and credit markets. The scheme's finances and organized implementation, and if they equitably ensure access to higher education and fiscal sustainability, is the other focus of the research. The BSCC scheme's financial sustainability and systems resilience to economic shocks and streamlined administrative structures will be the objectives of the research in integrating policy, finance, and BSCC stakeholders' access to knowledge. The research is the first of its kind to focus on a critical and evidence-based assessment of financial sustainability, crisis-readiness, and the potential to support human capital and education financing.

RESEARCH QUESTIONS

1. To what extent is the Bihar Student Credit Card (BSCC) scheme financially prudent in its design and implementation within Patna district?
2. How effectively does the BSCC scheme operate at the administrative and institutional levels in terms of targeting, monitoring, verification, and accountability?
3. What fiscal risks and vulnerabilities does the scheme pose to the state government, particularly in the context of interest-free loan disbursement and repayment uncertainties?
4. How resilient is the BSCC scheme to economic disruptions, and what crisis-management mechanisms currently support or weaken its operational stability?
5. In what ways does the BSCC scheme contribute to long-term human capital development among students in Patna district?
6. What reforms or adjustments—financial, administrative, or policy-oriented—are required to enhance the scheme's sustainability, crisis-readiness, and developmental impact?

OBJECTIVES OF THE STUDY

1. **To evaluate the financial prudence of the Bihar Student Credit Card (BSCC) scheme in Patna district**, with reference to loan disbursement patterns, repayment mechanisms, and overall fiscal implications for the state.
2. **To assess the administrative efficiency and implementation effectiveness** of the BSCC scheme, focusing on targeting accuracy, institutional coordination, monitoring systems, and accountability structures.
3. **To identify and analyze the fiscal risks, vulnerabilities, and potential long-term liabilities** associated with the interest-free loan model adopted under the scheme.
4. **To examine the crisis-readiness of the BSCC framework**, including its capacity to withstand economic disruptions and the presence (or absence) of structured risk-mitigation mechanisms such as reserve funds, hardship clauses, and flexible repayment options.
5. **To determine the contribution of the BSCC scheme to long-term human capital development** among students in Patna district, particularly in relation to educational access, skill development, and upward mobility.
6. **To propose evidence-based recommendations** for strengthening the scheme's financial sustainability, operational resilience, and developmental impact.

SIGNIFICANCE OF THE STUDY

At the intersection of education, finance, and human capital theory, this study enhances both scholarship and policy in analyzing Bihar's most ambitious attempts at educational finance and its legacies in human capital and finance sustainability. With state-sponsored credit access becoming the norm in India and its educational finance systems, the BSCC scheme offers in-depth apprehension and critical insight for decision-makers, financial stakeholders, and higher education providers.

First, this study adds to the controversy the argument on the fiscal cost of interest-free educational credit systems by providing empirical evidence. The financial architecture, repayment and other enduring obligations at the core of the study seek to clarify the variables around which the equilibrium of public subsidized credit systems, if any, are sustained without overleveraging the public purse.

Second, the study anticipates disruption and crisis to build public finance models, and attempts to lower the risk for social public spending, a particularly valuable endeavor post-pandemic. This study enhances scholarship focusing on risk/impact derived from public spending on education in lieu of expected social benefits dominance.

Third, considering that Patna district is the largest district in terms of the number of beneficiaries, the focus of the study is certainly of interest, as it sheds light on the challenges in implementation, administration, and governance. Such lessons are bound to facilitate the formulation of state-wide measures.

Lastly, the study contributes to developmental planning over the long term as it evaluates the extent to which BSCC effectively stimulates the creation of human capital, the acquisition of skills, and socio-economic mobility of the youth. The study's outcomes, as well as its suggestions, contribute to the construction of an educational finance framework to be sufficiently robust, equitable, and adaptive, capable of addressing challenges and financing the comprehensive development of Bihar, and to be resilient.

SCOPE AND DELIMITATION

This study is specifically confined to an evaluation of the **Bihar Student Credit Card (BSCC) scheme within Patna district**, focusing on its financial prudence, crisis-readiness, and implications for sustainable educational financing.

The scope includes a review of policy papers, district-level financial data, beneficiary information, and perspectives from key stakeholders such as students, institutional administrators, and scheme officials. The study highlights three key dimensions:

- (1) the financial structure and sustainability of the BSCC model,
- (2) its operational efficiency and implementation outcomes in Patna, and
- (3) its contribution to educational access and long-term human capital development.

The study is very limited in scope. For instance, it does not find it useful to examine the Bihar plan relatively, and does not examine other credit schemes to other states. The study also limits itself to the study and stakeholder responses at the time in question, which unfortunately may be based data that is very subjective. Furthermore, it is not possible to examine the long-term employment outcomes of the beneficiaries, as there is a lack of longitudinal data as well as time limits. All of these limits, while in part explaining the analytical scope of the study and the cultural constraints to the study, ensure that the study also retains the depth and rigor that is required of it.

Review of Related Literature (RRL)

The Review of Literature sources provides an overview of the sources used in formulating the conceptual framework of the study, the theoretical framework, and empirical evidence to justify the study. This section integrates the contributions of previous scholars, identifies the gaps, and justifies the need for this study.

1. Conceptual Literature.

Budgeting was first conceptualized as a mechanism that ensured economic order, equity, and accountability in the public sector. Musgrave (1959) classical view is where the concept of public expenditure was defined under allocation, distribution, and balance. Other scholars elaborated the functions within educational institutions. Efficient budgeting in higher education, as more recent scholars put it, is a matter of balance between academic and administrative governance and infrastructure requirements where strategic and technical dimensions of budgeting are needed.

2. Theoretical literature.

Three key theoretical perspectives guide research on financial governance in educational settings:

- Becker's Human Capital Theory (1964) Positions education as a long-term investment that yields demonstrable social and economic benefits. The literature highlights that effective finance management increases institutional ability to create high-quality graduates.
- According to Public Choice Theory, budgeting choices are influenced by conflicting interests among stakeholders, including administrators, academics, and governing bodies, and may represent political bargaining rather than pure economic rationality.
- New Public Management (NPM) promotes transparency, decentralization, and performance-based allocations. According to studies, institutions that implement NPM-aligned procedures enhance accountability and cost-effectiveness.

3. Empirical Literature.

- Empirical investigations in India and overseas show comparable themes:
- Research shows that mismatches between budgeted finances and institutional demands (e.g., teacher training, infrastructure, ICT integration) can significantly impact program quality and student results.

- Studies indicate that organizations with transparent auditing methods and participatory budgeting models have higher administrative efficiency.
- Analyses show that teacher training institutions provide significant societal benefits, including enhanced pedagogical standards, graduate employability, and overall school effectiveness.
- Systemic challenges include delays in fund disbursement, bureaucratic bottlenecks, poor grant utilisation, and a lack of competent finance professionals.

4. Gap in Literature

While many studies look at financial management in general education, few focus on the special financial dynamics, problems, and administrative procedures of Indian teacher-training schools. Furthermore, institution-level studies are uncommon, and there is little research linking financial management to programme effectiveness using mixed-method evidence.

Theoretical Framework

This study is based on Human Capital Theory, which states that investing in education generates long-term social and economic benefits. Effective financial management in teacher-training institutes improves the quality of education, consequently increasing national human capital.

It also borrows from New Public Management (NPM), which emphasizes openness, accountability, and performance-based budgeting. These principles drive financial decisions that increase institutional efficiency.

Finally, Public Choice Theory describes how stakeholders' interests impact budgeting procedures, which can assist analyze administrative restrictions in teacher-training institutes.

Together, these theories provide an integrated perspective through which to examine how financial practices influence institutional performance and educational results.

Conceptual Framework

The study is based on the interplay of three fundamental constructs: financial prudence, crisis preparation, and long-term educational funding under the Bihar Student Credit Card (BSCC) program.

- Financial Prudence reflects the scheme's efficiency, accountability, and budgetary restraint.
- The Crisis-Readiness rating assesses the scheme's ability to resist economic shocks through flexible repayment schemes, reserve mechanisms, and institutional protections.

- Sustainable education financing prioritizes long-term viability, ensuring that expanded access to higher education does not jeopardize the state's financial stability. The framework considers that strong financial prudence and robust crisis preparation improve the scheme's sustainability, which supports to long-term human capital development in the Patna area. This interaction informs the evaluation of program performance and policy consequences.

Research Design

This study uses a mixed-method research methodology to assess the financial prudence and crisis readiness of the Bihar Student Credit Card (BSCC) program in Patna district. The quantitative component comprises analyzing secondary fiscal data, loan disbursement records, repayment histories, and yearly budget allocations to determine financial sustainability and risk exposure. The qualitative component consists of structured interviews with students, institutional administrators, and scheme officials to gather experiential insights, implementation issues, and perceptions of crisis resilience.

This methodology allows for a full, triangulated assessment by combining quantitative rigor with qualitative depth, ensuring that fiscal performance and lived realities influence the evaluation of the BSCC scheme's long-term viability and human capital effect.

Population and Sample

This study's population includes all stakeholders who are directly involved with the Bihar Student Credit Card (BSCC) initiative in Patna district. This comprises (a) students who have applied for or used the scheme, (b) district-level BSCC administrators, and (c) representatives from participating financial and educational institutions.

To guarantee that individuals with extensive knowledge and direct experience with the system are included, a purposive sampling approach is used. The sample comprises of

- 120 students from varied socioeconomic origins and academic disciplines.
- Ten district-level BSCC administrative personnel oversee verification, monitoring, and implementation.
- Six institutional stakeholders, including loan officers and college administrators, interact with BSCC beneficiaries.

This sample method produces a balanced and information-rich dataset, collecting both quantitative trends and qualitative insights critical for assessing the scheme's financial sustainability and crisis preparation.

Data Sources

This study uses both primary and secondary data sources to achieve a thorough and triangulated analysis.

1. Primary Data.

Primary data are gathered directly from stakeholders using:

- Conducted structured surveys with BSCC students to collect data on loan usage, payback expectations, financial stress, and perceived support channels.
- Conducted semi-structured interviews with district BSCC officials to understand administrative procedures, budgetary concerns, and crisis management protocols.
- Conducted key informant discussions with loan officers and college officials involved in verification, documentation, and follow-up processes.

2. Secondary Data.

Secondary data is taken from official and verifiable records, such as Government of Bihar BSCC annual reports, budget papers, and policy circulars.

- Access loan disbursement and repayment data from participating financial institutions.
- Provided research, policy assessments, and economic analysis on student credit schemes and educational funding.
- Use district-level statistics records to understand how socio-economic circumstances impact scheme performance.

Together, these sources provide a broad and solid evidence foundation for evaluating the financial prudence, sustainability, and crisis preparation of Patna's BSCC plan.

Research Tools

To acquire accurate and trustworthy data, the study uses the following research instruments:

1. Structured questionnaire.

Designed for BSCC student beneficiaries, it addresses issues such as financial accessibility, utilisation patterns, repayment preparedness, and crisis-related help. Items include a combination of Likert scales and factual response styles.

2. Semi-structured interview schedule.

Used with BSCC officials, bank representatives, and institutional administrators to get a better understanding of operating procedures, financial issues, monitoring methods, and crisis management measures.

3. Document Analysis Checklist

A systematic technique for analyzing government reports, budget statements, loan records, and policy

guidelines to identify quantitative and qualitative indications of financial prudence and scheme sustainability.

Procedures for Data Collection

Data was collected in a methodical, staged manner to assure accuracy and credibility:

1. Permissions & Approvals

Prior to beginning fieldwork, the district BSCC office, participating colleges, and relevant financial institutions provided formal consent.

2. Questionnaire administration

Structured questionnaires were provided to chosen BSCC student beneficiaries in Patna district, either in person or via institutional coordinators. Respondents were instructed on the study's objective and promised of confidentiality.

3. Conduct Interviews

Semi-structured interviews were planned with BSCC executives, bank managers, and college administrators. Each interview followed a defined protocol, with replies documented in notes and audio (where permitted).

4. Collecting Secondary Data

Official documents, including as policy circulars, budget reports, loan disbursement statistics, and monitoring records, were gathered using a document analysis checklist from government portals, BSCC offices, and institutional archives.

5. Verification and triangulation.

Data from several sources were cross-checked to guarantee consistency and the veracity of the findings.

Data Analysis Techniques

The research interprets the obtained data using both quantitative and qualitative analytical approaches.

1. Quantitative Analysis (Minitab) –

- Descriptive statistics (mean, frequency, and percentage) were constructed to describe student responses on financial accessibility, repayment expectations, and crisis support factors.
- Minitab was used to run inferential tests on variables such socio-economic background, loan use habits, and perceived financial hardship.

- Graphical tools (bar charts, histograms, and line plots) were utilized to visualize loan disbursement and repayment patterns.

2. Qualitative analysis.

- Interview transcripts were analyzed thematically to find common themes such as financial prudence, administrative problems, monitoring methods, and crisis preparation of the program.
- Content analysis was used to analyze patterns and support quantitative conclusions.

The combination of Minitab-based statistical analysis and qualitative interpretation resulted in a thorough, comprehensive evaluation of the BSCC system.

Results / Findings

The combination of quantitative data from beneficiaries and qualitative evidence from officials, banks, and institutional papers paints a complicated but instructive picture of the Bihar Student Credit Card Scheme (BSCC) in Patna district. The data are organized into five important dimensions: access, financial prudence, operational efficiency, repayment behavior, and crisis preparation.

Dimension	Key Findings
Access and Inclusiveness	<ul style="list-style-type: none"> • 78% of students are unable to pursue further education without BSCC. • 56% of students are first-generation learners, and technical and professional course enrollments are increasing.
Financial prudence	<ul style="list-style-type: none"> • Increased yearly distribution (₹300-350 crore) and fiscal load from interest-free loans. • Periodic delays in government payouts to banks.
Efficiency in Operation	<ul style="list-style-type: none"> • Processing time: 32–45 days (above average) • 23% experienced delays in verification • Inadequate tracking and monitoring systems
Repayment Patterns	<ul style="list-style-type: none"> • Despite government promises, 42% of respondents are confident about repayment after work; 38% are unsure because of job insecurity; and there is a potential danger of future nonpayment.
Crisis Preparedness	<p>Repayment deferrals provided assistance in times of need; there were no official crisis management procedures; reserve funds and hardship clauses were required.</p>
Sustainability and Accountability	<ul style="list-style-type: none"> • There is no institutional accountability; there are no outcome-linked performance

	metrics; and colleges seldom ever report on the progress or completion of their students.
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Overall Synthesis of Findings

The Patna district's BSCC program is revolutionary yet expensive. It is very successful in lowering educational inequity, increasing access, and helping kids who are at risk. However, major reforms—like reserve funds, more rigorous monitoring mechanisms, and outcome-linked accountability are necessary for its **financial prudence, repayment discipline, and crisis-resilience**. The program is therefore at a crossroads: only if its social fairness objectives are supplemented by strict financial management and institutional changes will it be able to become a sustainable engine of human capital development.

Limitations of the Study

1. The study's focus on the Patna area may not accurately represent circumstances in other parts of Bihar.
2. Self-reported data from students may contain bias or inaccuracy.
3. Access to entire financial documents from banks and government departments was restricted.
4. The research captures just a narrow duration, restricting assessment of long-term repayment and job results.
5. Stakeholder viewpoints were confined largely to students, authorities, and banks, decreasing the range of triangulation
6. The BSCC policy is still continuously developing, thus findings may be impacted by future modifications.

Delimitations of the Study

1. The study is purposefully restricted to the assessment of the BSCC program in the Patna district; statewide variances are not examined.
2. The sample did not include employers or non-beneficiary students; only BSCC beneficiaries, district authorities, and bank representatives were included as major respondents.
3. The study ignores other factors like academic achievement or social impact in favor of concentrating on financial prudence, operational effectiveness, and crisis preparation.
4. The analysis comprises data from the most recent five-year implementation period, and early years of the plan are not studied in depth.

5. Only officially accessible or publicly available records were examined; internal private reports were not included in the study's purview.

Suggestions for Further Research

1. Future research may analyze the long-term repayment behaviour and real default rates once bigger cohorts reach the repayment period.
2. Comparative studies conducted in many Bihar districts may offer more in-depth understanding of regional differences in implementation and financial effect.
3. A longitudinal research comparing BSCC beneficiaries' job results with loan performance will increase knowledge of human capital returns.
4. Future studies might use sophisticated economic modeling to examine the scheme's cost-benefit ratio from the state's budgetary standpoint.
5. Research examining institutional accountability mechanisms—like employability, college performance, and completion rates—would aid in evaluating systemic efficacy.

CONCLUSION

This study suggests that the Bihar Student Credit Card (BSCC) program in Patna district is a socially revolutionary yet financially susceptible type of educational finance. It has advanced the state's long-term human capital goals by greatly increasing access to higher education, especially for first-generation and low-income students. However, the transition to interest-free loans and growing yearly payouts have raised budgetary strain on the state, raising worries about long-term financial sustainability.

Operational inefficiencies—such as delays in verification, insufficient monitoring, and restricted tracking of beneficiaries—further hinder the scheme's efficacy. Repayment confidence is still inconsistent and highly reliant on labor market conditions, suggesting possible sustainability issues in the future. Although the program displayed flexibility amid economic shocks, its crisis-readiness remained mostly ad hoc, underlining the need for more organized resilience measures

All things considered, the BSCC plan is in a precarious position: while it has made significant equity gains, it still needs improved financial discipline, strong administrative frameworks, and well-defined crisis-management procedures to be sustainable. Its long-term success will depend on the state's capacity to reconcile educational

inclusion with competent budgetary control, ensuring that greater opportunity does not undermine financial stability.

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