

A STUDY ON THE IMPACT OF EDUCATIONAL DEBT ON THE MENTAL HEALTH OF INDIAN STUDENTS PURSUING HIGHER STUDIES ABROAD

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Abstract: As more Indian students go abroad for higher education, they often take out large loans, creating a significant financial burden. While the economic effects of this trend are widely acknowledged, the specific impact of this debt on students' mental health remains largely unexamined. This study explores the connection between the amount of educational debt and mental health challenges like stress, anxiety, and depression among Indian students at international universities. Through a review of existing literature, analysis of reports, and anecdotal evidence, we examine how factors such as high repayment expectations, pressure from parents, and worries about getting a job after graduation contribute to psychological distress. The findings underscore the urgent need for specialized financial literacy programs and targeted mental health support to help this vulnerable, academically motivated group.

Keywords- Debt trap, Mental Health, Psychological Stress, Financial burden, Financial Literacy Program

INTRODUCTION:

In an increasingly globalized world, many students are seeking higher education abroad to gain better career opportunities, international experience, and personal growth. India, in particular, has become a major source of international students, with over 1.33 million Indians studying abroad as of January 2024. This trend reflects a national aspiration for intellectual advancement and global competitiveness.

However, this ambition often comes with a significant financial cost. Most Indian students must take out large educational loans to fund their studies, turning their pursuit of a world-class education into a multi-crore, long-term financial commitment. While the financial burden of this debt is well-known, its effects on students' mental health are often overlooked.

Beyond the obvious financial strain, the invisible weight of these loans, combined with academic pressures, cultural adjustments, and post-graduation career uncertainties, can lead to serious psychological distress. High educational debt has been linked to increased anxiety, depression, chronic stress, and feelings of loneliness among international students. These challenges are often intensified by homesickness, cultural alienation, and the pressure to succeed and justify the high cost of their education.

Additionally, the societal and family expectations placed on these students add to the psychological burden, as their families have often invested their life savings. The "return on investment" is not just financial; it's also emotional and social. This hidden pressure can weaken mental resilience, highlighting the critical need for timely support to ensure their overall well-being.

RESEARCH PROBLEM:

Even though many Indian students are studying abroad and taking on huge loans, there's a significant lack of research on how this debt affects their mental health. Most studies focus on either the financial side of loans, general student mental health, or the experiences of international students as a whole. This gap in research prevents us from understanding the specific stresses, coping mechanisms, and support needs of Indian students who are dealing with this immense debt.

SIGNIFICANCE OF THE STUDY:

This research is crucial because it addresses a major and growing challenge for students pursuing international education. As the cost of studying abroad increases, many students, particularly from countries like India, depend heavily on loans. This study explores the full impact of these loans, looking beyond just the financial aspect to examine how they affect students' mental health, academic performance, and career decisions. It aims to identify the specific stressors from financial obligations and their direct and indirect links to psychological issues within this student population. The findings can help policymakers, financial institutions, and educators create better loan programs and support systems. Additionally, this research can provide valuable information to students and their families, helping them make smarter financial decisions about their education abroad and contributing to a larger discussion about educational equity and sustainability.

REVIEW OF LITERATURE:

The literature reviewed for this study has discussed various aspects of the connection between educational debt and mental health among international students, particularly Indian students studying abroad. This review summarizes key research findings from recent years in a chronological order to contextualize the study's framework, and identify gaps.

1. **Holmes et al. (2024)** elaborated amidst global crises such as the COVID-19 pandemic, financial insecurity has intensified its negative effects on the mental health of international students. Research indicates that stress from educational debt, along with academic and social pressures, led to a significant increase in rates of anxiety and depression.
2. **Diaz (2023)** explained that educational loan affects emotional well-being of students far beyond just finances. A study showed that this debt causes chronic stress, which hurts students' academic performance and delays major life milestones like career advancement and home ownership.
3. **Chen and Kumar (2022)** discussed how socio-cultural and familial expectations among Indian students add emotional pressure alongside financial burdens. Their findings suggested that cultural factors mediate the mental health impact of debt through heightened family obligations and aspirations.
4. **Saito et al. (2021)** in Japan identified that while current students did not show immediate distress linked to debt, graduates with outstanding loans reported higher psychological distress levels, indicating post-study repayment exacerbates mental health concerns.
5. **Li and Thompson (2020)** highlighted that the psychological consequences of educational debt range from anxiety to severe depression, emphasizing the need for integrated counselling and financial literacy programs at educational institutions.
6. **Martin and Henderson (2019)** discussed behavioural responses triggered by debt-related stress, such as avoidance coping behaviours and reduced academic engagement, which risked academic failure and dropout (Martin, K., & Henderson, D., 2019, *Journal of College Student Retention*).
7. **Gupta (2018)** focused on Indian international students and noted the combined effect of debt and cultural adaptation difficulties leading to social isolation and mental health decline, advocating for culturally tailored support systems.
8. **Evans et al. (2017)** demonstrated a clear association between growing student debt and worsening mental health symptoms over time, emphasizing debt as a chronic stressor impacting long-term well-being.
9. **Jackson and Sommers (2016)** showed that students with high debt burdens reported lower satisfaction with their education and higher rates of anxiety disorders, linking financial stress with poor psychosocial adjustment.
10. **Patel (2015)** explored the psychological effects of educational loans specific to Indian students, highlighting societal expectations as a crucial compounding factor related to mental health vulnerabilities.

RESEARCH GAP:

While a lot of research exists on student's financial challenges and mental health, there's a clear gap when it comes to the specific issues faced by Indian students who take on large loans to pursue education abroad. Most current studies focus on student debt in developed countries like the U.S. or U.K., and student's mental health in general.

RESEARCH METHODOLOGY:

The present study adopts a quantitative research design to examine the relationship between educational debt and mental health among Indian students studying abroad. Primary data was collected through a structured online questionnaire distributed via student networks and social media platforms commonly used by international students, ensuring broad and accessible coverage. Responses were gathered anonymously through Google Forms from 120 Indian students who had availed educational loans and were enrolled in higher education institutions across countries such as the US, UK, Canada, and Australia. Convenience sampling was used to select participants due to ease of access and feasibility. The questionnaire captured demographic information, debt details, anxiety levels, financial stress patterns, behavioural responses, and access to mental health support. Data analysis involved descriptive statistics, frequency distributions, and percentage analysis to identify trends, along with Pearson correlation and ANOVA to determine associations between debt amount, gender, age, and mental stress. The combination of structured data collection and robust statistical techniques enabled a comprehensive assessment of how financial burden influences psychological well-being among Indian students abroad.

OBJECTIVES OF THE STUDY:

1. To study the relationship between educational debt and mental health of Indian students studying abroad.
2. To identify stressors contributing to psychological distress among Indian students studying abroad.
3. To suggest solutions to mitigate the adverse mental health effects of education debt on Indian students.

HYPOTHESIS:

Hypothesis 1

H01: There is no association between Debt category (debt amount) and Mental Health (Anxiety level).

H11: There is an association between Debt category (debt amount) and Mental Health (Anxiety level).

Hypothesis 2

H02: There is no association between gender and Mental Health (Anxiety level).
 H12: There is an association between gender and Mental Health (Anxiety level).

Hypothesis 3

H03: There is no association between age and Mental Health (Anxiety level).
 H13: There is an association between age and Mental Health (Anxiety level).

SCOPE:

This study is limited to Indian Students currently enrolled in foreign universities who have partially or fully funded their education through educational loans. It focuses on self-reported mental health indicators such as stress, anxiety, and financial worry, and does not include students with full scholarships or domestic Indian students.

DATA COLLECTION:

Primary data was collected using a structured online questionnaire circulated through student networks and social media forums frequented by Indian international students. All responses were collected anonymously via Google Forms. Data was collected from Indian students pursuing higher education abroad who have availed educational loans. The questionnaire included demographic variables, loan details, mental health, frequency of financial stress/anxiety, behavioural responses, and access to counselling.

DATA ANALYSIS TECHNIQUES:

Responses were categorized thematically and numerically. Descriptive statistics such as chi, square percentages, frequency distributions, and averages were used to interpret trends in financial stress, loan amounts, frequency of anxiety episodes, and perceived impact on mental health. Chi- Square Analysis was undertaken to find the association between debt amount and mental health (anxiety level).

SAMPLING TECHNIQUE: Convenience Sampling was undertaken to collect data.

SAMPLE SIZE:

The study received 120 valid responses from Indian students currently studying in various international destinations, including the US, UK, Canada, and Australia.

DATA ANALYSIS & INTERPRETATION:

The following table indicates the demographic factor of the study:

Sr.no	Demographic Factor	Category	Frequency	Percent
1	Gender	Male	70	58.3
		Female	50	41.7
2	Age Group	15-20 Years	5	4.2
		21-23 Years	40	33.3
		24-26 Years	51	42.5
		30-32 Years	24	20.0
3	Occupation	5 - 10 lakh	6	5.0
		10 - 20 lakh	35	29.2
		20 - 30 lakh	39	32.5
		30 lakh and above	40	33.3

The demographic profile of the respondents shows a balanced yet diverse representation across key categories. Out of the total sample, 70 males and 50 females participated, indicating a slightly higher male representation. The age distribution reveals that the majority of respondents fall within the 21–23 years (40) and 24–26 years (51) groups, while smaller numbers belong to the 15–20 years (5) and 30–32 years (24) categories. In terms of occupation-related income levels, the sample is fairly well distributed, with 6 respondents earning between 5–10 lakh, 35 respondents in the 10–20 lakh range, 39 respondents earning 20–30 lakh, and 40 respondents in the 30 lakh and above category. Overall, the data reflects good variability across gender, age, and income groups, providing a broad base for meaningful analysis.

Objective 1: To study the relationship between educational debt and mental health of Indian students studying abroad.

H01: There is no impact between Debt category (debt amount) & Mental Stress (Anxiety level).

H11: There is an association between Debt category (debt amount) & Mental Stress (Anxiety level).

Correlations			
		Mental Stress	What is the total educational debt you have taken for studying abroad?
Mental Stress	Pearson Correlation	1	.340**
	P-value		.000
	N	120	120
	Pearson Correlation	.340**	1
	P-value	.000	

What is the total educational debt you have taken for studying abroad?	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore Pearson Correlation test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is an association between Debt category (debt amount) & Mental Stress (Anxiety level).

Findings: The correlation results show a moderate positive relationship between mental stress and the educational debt taken for studying abroad, with a Pearson correlation value of 0.340. This indicates that as the amount of educational debt increases, the level of mental stress among students also tends to rise. The p-value of 0.000 confirms that this relationship is statistically significant, meaning the observed association is unlikely to be due to chance. With a sample size of 120 respondents, the findings suggest that financial burden—specifically educational debt—is an important factor contributing to mental stress among students planning to study abroad.

Hypothesis 2

H02: There is no association between gender and Mental Stress (anxiety level).

H12: There is an association between gender and anxiety level.

ANOVA					
Anxiety level					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5485.554	1	5485.554	24.940	.000
Within Groups	25954.435	118	219.953		
Total	31439.990	119			

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore ANOVA and F-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is an association between gender and anxiety level.

Findings: To understand the findings, mean scores are obtained and presented as follows:

Report				
Anxiety level				
Gender	Mean	N	Std. Deviation	
Male	34.0493	70	18.48345	
Female	20.3352	50	6.97141	
Total	28.3351	120	16.25428	

The results indicate a noticeable difference in anxiety levels between male and female respondents. Male participants show a much higher mean anxiety score (34.05) compared to females (20.34), suggesting that males in this sample experience significantly greater anxiety. Additionally, the standard deviation for males (18.48) is much larger than that for females (6.97), indicating wider variability and inconsistency in anxiety levels among male respondents. In contrast, female anxiety scores are more consistent and clustered around the mean. Overall, the data suggests both higher average anxiety and greater fluctuation in anxiety levels among males compared to females.

H03: There is no association between age and Mental Health (Anxiety level).

H13: There is an association between age and Mental Health (Anxiety level).

ANOVA					
Anxiety level					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5256.961	3	1752.320	7.763	.000
Within Groups	26183.029	116	225.716		
Total	31439.990	119			

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore ANOVA and F-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is an association between age and anxiety level.

Findings: To understand the findings, mean scores are obtained and presented as follows:

Report				
Anxiety level				
Age	Mean	N	Std. Deviation	
15-20 Years	16.6700	5	.00000	
21-23 Years	32.9163	40	12.79082	
24-26 Years	31.3751	51	19.90097	
30-32 Years	16.6700	24	.00000	

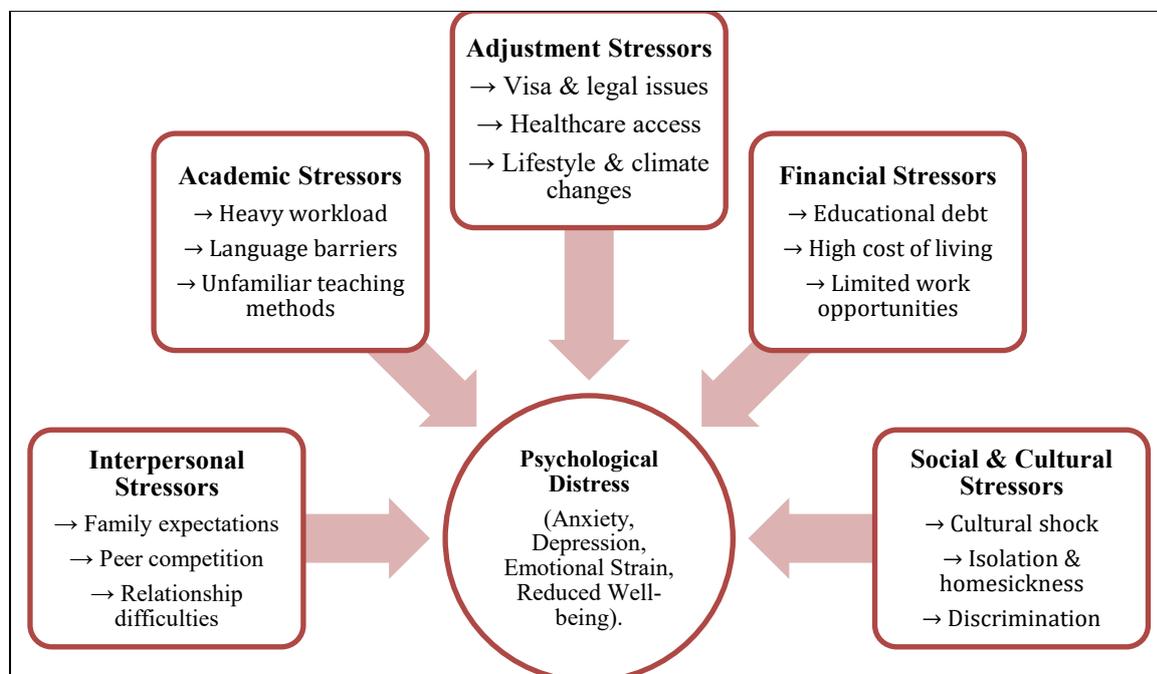
Total	28.3351	120	16.25428
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The data shows distinct patterns in anxiety levels across different age groups. Respondents aged 15–20 years and 30–32 years both have a very low mean anxiety score of 16.67, with a standard deviation of 0, indicating that all individuals in these groups reported the same anxiety level with no variation. In contrast, the 21–23 years group shows the highest mean anxiety level (32.92) along with a moderate variability (SD 12.79), suggesting that young adults in this range experience significantly higher and more varied anxiety. Similarly, the 24–26 years group also reports a high average anxiety score (31.38) with a large standard deviation (19.90), indicating wide differences in individual anxiety levels. Overall, the findings suggest that anxiety peaks during early adulthood (21–26 years), while younger adolescents and individuals in their early thirties report much lower and uniform anxiety levels.

Objective 2: To identify stressors contributing to psychological distress among Indian students studying abroad.

Analysis

Indian students pursuing higher education abroad are exposed to diverse stressors that contribute to psychological distress. Academic pressures, including rigorous workloads, language barriers, and unfamiliar pedagogical approaches, create significant performance-related anxiety. Financial concerns arising from educational loans, high living expenses, and restricted employment opportunities further compound their challenges. Additionally, cultural adjustment difficulties, social isolation, experiences of discrimination, and separation from family intensify emotional strain. Logistical barriers such as visa regulations, healthcare accessibility, and lifestyle adjustments exacerbate the situation. The combined influence of academic, financial, cultural, and emotional stressors substantially affects the mental health and overall well-being of these students.



Objective 3: To suggest solutions to mitigate the adverse mental health effects of education debt on Indian students.

Analysis

Following are some **solutions** to help mitigate the adverse mental health effects of educational debt on Indian students studying abroad:

1. Financial Management and Support

- Pre-departure financial planning workshops to help students understand budgeting, interest rates, and repayment strategies.
- Flexible loan repayment options such as income-based repayment, moratorium extensions, or reduced interest schemes for international students.
- Scholarships, grants, and assistantships to reduce dependency on high-interest loans.
- Encouraging part-time work opportunities aligned with visa regulations to ease financial burden.

2. Institutional Interventions

- Universities abroad should establish dedicated financial counselling services for international students.
- On-campus mental health support centres offering culturally sensitive counselling.
- Peer mentoring programs where senior Indian students guide newcomers in financial and academic adaptation.
- Collaborations between Indian banks and foreign universities for structured financial aid packages.

3. Psychological and Emotional Support

- Stress management workshops (mindfulness, meditation, coping strategies).

- Online mental health platforms offering confidential counselling in native languages.
- Promoting student community networks to reduce isolation and share financial survival strategies.
- Encouraging students to maintain open communication with families to reduce hidden financial stress.

4. Policy-Level Solutions

- Indian government could negotiate bilateral agreements with host countries for easier work opportunities post-study.
- Interest subsidies or partial loan forgiveness for students pursuing critical fields or returning to work in India.
- Awareness campaigns to educate families on realistic cost planning and emotional support for students abroad.
- Indian Government could form an agency to formulate policies to regulate on various aspects related to the students travelling abroad for higher studies. It can include counselling, guiding, dissemination of important information to Indian Parents and students which they might not be able to get easily from other sources.

LIMITATIONS OF THE STUDY:

The limited sample size reduces the generalizability of results. The study relied solely on self-reported data, which may be subject to biases due to underreporting or personal interpretation. Additionally, time constraints and lack of access to institutional databases limited a broader or more representative sample.

SOCIAL SIGNIFICANCE OF THE STUDY

The issue of educational debt and its impact on the mental health of Indian students pursuing higher studies abroad holds strong social significance. With the rising trend of international education, many families invest beyond their financial capacity, often influenced by societal prestige and expectations. This creates a cycle where students carry the dual burden of academic performance and loan repayment anxiety. The psychological distress associated with debt not only affects individual well-being but also influences family relationships, community perceptions, and long-term career outcomes. By highlighting these challenges, the study draws attention to the need for financial literacy, policy reforms, and community awareness. It can foster informed decision-making among families, reduce social pressures to pursue education abroad at any cost, and promote healthier support systems for students. Ultimately, addressing this issue contributes to the broader social goal of ensuring equitable access to education while safeguarding the mental health of young individuals who represent India's global future.

CONCLUSION:

The present study set out to examine the impact of educational debt on the mental health of Indian students pursuing higher studies abroad, with specific objectives of exploring the relationship between debt and psychological well-being, identifying major stressors, and suggesting coping mechanisms. The findings reveal that educational debt significantly contributes to anxiety, stress, and emotional strain among students, often compounded by financial insecurity, academic pressure, and social expectations. Stressors such as repayment obligations, limited job opportunities, and cultural adjustment difficulties further intensify psychological distress. The study also highlights the role of inadequate financial planning and societal pressures in exacerbating these challenges.

Educational debt extends beyond financial concerns, influencing students' mental health, academic performance, and long-term career trajectories. To mitigate these effects, a collaborative effort involving students, parents, policymakers, and institutions is essential. Financial literacy programs, accessible mental health support, transparent communication, and policy reforms in loan structures can collectively reduce the burden. By addressing both financial and emotional dimensions, this study emphasizes the need for a balanced, sustainable approach to international education that prioritizes student well-being alongside academic success.

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