

**A STUDY ON DEPOSIT MOBILIZATION AND LOAN  
DISTRIBUTION IN SAKTHI FINANCE LIMITED, COIMBATORE**  
(This study also analyse the Customer Satisfaction Of Sakthi Finance  
Limited Coimbatore)

**A PROJECT REPORT**

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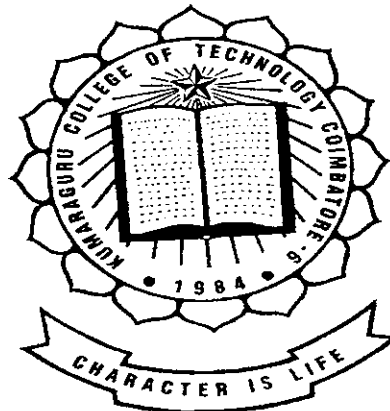
Submitted  
by

**C.SUNDARAVADIVEL**  
Reg. No. 0720400052

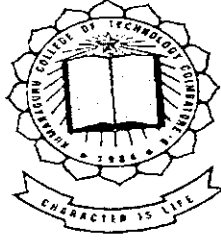


in partial fulfillment of the requirements of  
**ANNA UNIVERSITY-COIMBATORE**  
for the award of the degree of

**MASTER OF BUSINESS ADMINISTRATION**



**DEPARTMENT OF MANAGEMENT STUDIES**  
**KUMARAGURU COLLEGE OF TECHNOLOGY**  
**JULY 2008**



**DEPARTMENT OF MANAGEMENT STUDIES  
KUMARAGURU COLLEGE OF TECHNOLOGY  
COIMBATORE**

**BONAFIDE CERTIFICATE**

Certified that this project titled **“A STUDY ON DEPOSIT MOBILIZATION AND LOAN DISTRIBUTION IN SAKYHI FINACE LIMITED, COIMBATORE”** is the bonafide work of **Mr. C.SUNDARAVADIVEL** who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

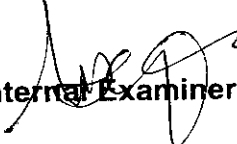
  
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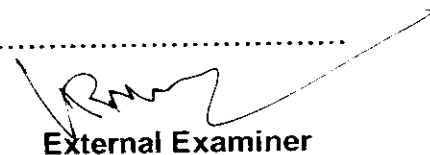
Miss. HEMANALINI  
Lecturer – MBA  
Faculty Of management studies  
Kumaraguru College of Technology  
Coimbatore – 641006

  
**HEAD OF THE DEPARTMENT**

Dr. S.V. DEVANATHAN  
Professor & Head - MBA  
Faculty Of management studies  
Kumaraguru College of Technology  
Coimbatore - 641006

**Evaluated and viva-voce conducted on .....**

  
**Internal Examiner**

  
**External Examiner**

# **SAKTHI FINANCE LTD**

Regd. Office : 62, Dr. Nanjappa Road, P.B. 3745, Coimbatore - 641 018  
Ph : 2231471 - 4 Fax : 0422 - 2231915 E-mail : sakthif@giasmd01.vsnl.net.in

**SFL:HO:HRD: 135/08-09**

**29.08.2008**

**TO WHOMSOEVER IT MAY CONCERN**

\*\*\*\*\*

This is to certify that Mr.C.Sundaravadivel (Reg. No. 0720400052) MBA-Finance and Marketing student of Kumaraguru College of Technology, Coimbatore, has done his summer project for a period of one month from 23<sup>rd</sup> June'08 to 25<sup>th</sup> July'08 titled "A Study on Deposit Mobilisation and Loan distribution in Sakthi Finance Limited".

During the tenure his performance was **Good**.

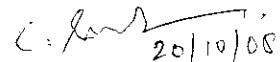
Yours faithfully  
**For Sakthi Finance Ltd**



**R.PRAVEENA**  
**HR Executive**

## DECLARATION

I hereby declare that the dissertation entitled "**A STUDY ON DEPOSIT MOBILIZATION AND LOAN DISTRIBUTION IN SAKYHI FINACE LIMITED, COIMBATORE**" submitted for the **MASTER OF BUSINESS ADMINISTRATION** degree is my original work and the dissertation has not formed the basis for the reward of any Degree, Associate ship, Fellowship or any other similar titles.

  
20/10/08

Signature of the student

With date

## ACKNOWLEDGEMENT

I express my sincere gratitude to our beloved correspondent **Prof. Dr. K.ARUMUGAM**, the prime guiding spirit of Kumaraguru College of Technology.

I extend my heartfelt thanks to principal **Dr. JOSEPH V. THANIKAL**, Kumaraguru College of Technology, for provided facilities to do this project.

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I express my heartfelt gratitude to **Mr.KATHIRESAN** marketing manager, **Miss.R.PRAVEENA**, Officer –HRD of **Sakthi Finance Limited, Coimbatore**, for giving me an opportunity for doing the project in their esteemed organization and encouraged me with this expert counseling and guidance for successful completion of my research study.

I also extend my heartfelt gratitude to all the **Employees of Sakthi Finance Limited, Coimbatore**, for furnishing the information needed and being very accommodative in all aspects.

Above all, I thank **Almighty God and My Parents** for giving me the grace and constant support in successfully completing this project to the best of my ability.

## EXECUTIVE SUMMARY

This study was conducted in Sakthi Finance Limited Coimbatore. The main aim of this study is to analyse the deposit mobilization and loan distribution of Sakthi Finance Limited. The deposit and loan amount are increased year by year, and the Sakthi Finance Limited was performed in well manner.

The Sakthi Finance Limited has completed its 41<sup>st</sup> year, though it was popular in district level also. It holds more number of customers through out the district and states.

The study was carried out in Coimbatore main branch. The research design was used for this study are exploratory and descriptive. Both primary and secondary data are used in this study.

The study mainly carried out for the purpose analyzing deposit mobilization and loan distribution. Even though the customers are main source for the company, so I carried out the customer satisfaction analysis. The sample used for the customer satisfaction is 100.

There are various tools such as percentage analysis, chi-square, correlation and weighted average used for this study. The study will give findings suggestion for the both-area. In particularly, the study will give suggestion to Sakthi Finance limited, Coimbatore.

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# **CHAPTER – 1**

## **INTRODUCTION**

### **1.1 INTRODUCTION TO THE STUDY**

Finance holds the key to all business activity. It is the guide for the regulating investment decision and expenditure. Because of the rapid industrial development and liberalization of the financial sector, the entrepreneurs, corporate sector as well as the key financial institutions have diversified their activities to cater the specific needs of the economy. The different categories of the NBFC s include loan companies' investment companies, hire purchase finance companies, miscellaneous non banking companies, residuary non banking and housing finance companies.

The important two function of Sakthi Finance Limited consists of

- Mobilization of deposits through various schemes,
- Distribution of deposits in the form of financial services (hire purchase & leasing)

### **MOBILIZATION OF DEPOSIT**

The major important function of Sakthi Finance Limited is to attract deposit from the public. It mobilizes deposit from the public through two types. The type consists of the public deposit and non convertible debentures.

### **DISTRIBUTION OF DEPOSITS IN THE FORM OF FINANCIAL SERVICES**

Distribution of deposits in the form of financial services constitutes the major second important function of NBFCs. Out of the money which comes from the public by way of deposits, direct loans and advances are given to all type persons, particularly to businessmen and investors against personal security and other movable and immovable assets. The natures of financial services offered in Sakthi finance Limited are in the form of hire purchase and leasing.

The study is confined to how the deposits are being mobilized from the public and how those deposits are being distributed in the form of financial services which constitute hire purchase and leasing.

## **1.2 SCOPE OF THE STUDY**

To study on deposit mobilization and loan distribution for Sakthi Finance limited, Coimbatore attempts to know different type of deposits and loans.

Through the study, Sakthi Finance limited would know in details, the expected services, demands and request of its client group. It would also through light to customer awareness of the various services, available at Sakthi Finance limited. in total it provide the necessary suggestions for improving efficiency of functions of Sakthi Finance limited, Coimbatore.

The study will help the researcher to know about financial and marketing department functions in detail. The main scope of the study is to know about deposit mobilization and loan distribution under different schemes. It also explains how the deposits are increasing and conversation of money to loan.

The study carried out the satisfaction level of customers about Sakthi Finance limited services particularly their products. The borrowers and lenders are the sample size of the study.

### 1.3 REVIEW OF LITERATURE:

**Jose Lopez**<sup>1</sup> had made the survey based on the customer satisfaction in the financial services sector. According to the survey conducted by the Jose Lopez found that 230 banking customers rated reliability and responsiveness as having the greatest impact on their satisfaction levels. Although no statistically significant differences were apparent in the overall levels of satisfaction among the groups

**Andrius Plepys**<sup>2</sup> In order to also improve current techniques of evaluating customer satisfaction, identification of best practices in measuring customer satisfaction in both manufacturing and service companies is needed. As the results of the study show, a range of data collecting techniques exist dominated by surveys and questionnaires employed by both academia and businesses. What is needed is a guideline for what techniques are better suited for collecting specific data from customers.

**James laurenceson** This paper considered one point over which there is current theoretical debate– the relationship between liberalization and deposits mobilization. Hellman, et al. (2000) proposed that by reducing bank franchise values, liberalization could act to reduce the quantity of deposits mobilized. Empirically investigating this hypothesis is important because a robust relationship has been observed between measures of financial depth and economic growth. This paper drew on panel data covering 101 countries over the period 1994-2001 to examine the relationship between bank franchise values and deposits mobilization. The results provided little support for the view that lower bank franchise values are associated with reduced deposits mobilization

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<sup>1</sup>. Jose Lopez, "Ethnicity and customer satisfaction in the financial services sector: 10.1108, Volume.17 Issue 3 ,Page(259 - 274)

<sup>2</sup>. Andrius Plepys "Consumed in Theory: Alternative Perspectives on the Economics of Consumption" Journal of Economic Issues 31.09.1997: Issue 6, Page 651-665.

<sup>3</sup>. James laurenceson. "State banks and economic development in China. :5.5.2001, Issue 18, Page (211-225.)

**Raj Devasagayam and Jo DeMars**<sup>4</sup>. their research examines consumer perceptions of choices of alternative dispute resolution mechanisms (ADRM) in resolving financial services and product dissatisfaction. The paper begins with a detailed analysis of various dispute resolution mechanisms available to customers and firms in the United States. It then proceeds to highlight the salient features of ADRM. Results indicate that as the cash at risk increases, consumers indicate a preference for litigation over alternative forms of dispute resolution.

**The researcher**<sup>5</sup> discusses on customer satisfaction indicating differences among demographic and socioeconomic groups. American customers are more satisfied with manufactured products than with services and more pleased patterns of difference in customer satisfaction that cut across all sectors of the economy and most industries. There is a negative relationship between customer satisfaction and socioeconomic status with customers having the means to pay for quality being far more critical of the quality received or quality/value tradeoffs.

**Zurcher Kantonalbank**<sup>6</sup> Zurcher KantonalBank's (ZKB's) retail, commercial, and investment banking divisions relied on separate, disconnected systems. As a result, the bank had a fragmented view of its customers, which made it difficult to provide seamless customer service and identify new business opportunities. The bank needed to present one face to the customer across all channels. The goal was to unite the customer information silos and prepare the bank for the challenges ahead. These included the need to maximize customer satisfaction and loyalty, comply with new banking regulations

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<sup>4</sup>. Raj Devasagayam and Jo DeMars, "Journal of Financial Services Marketing: 08.07.2004, Volume.6 Issue 7 ,Page(378 - 387)

<sup>5</sup>.Bryant, Barbara Everitt, Customer Satisfaction by Industry among Demographic and socioeconomic groups Michigan marketing journal 1995, page 32.

<sup>6</sup>. Zurcher Kantonalbank. "On the new Theory of Consumer Behaviour." Swedish Journal of Economics 1973:page (378-396).

**James F. Devlin, Sally McKechnie**<sup>7</sup> The findings from the current study offer empirical support for the conceptualisation of the corporate brand playing a predominant role in services markets. In doing so, the findings also suggest that the alternative conceptualization of a “multi-corporate” approach advocated by practitioners and identified previously is not validated by consumer-based research. Organisations should consider rationalising their brand architecture in order to benefit from significant cost savings. The context of the study reported may be limited by its restriction to a single category, financial services

**Krishnan Dandapani**<sup>8</sup> The purpose of this paper is to provide a bird's eye overview of the special issue and its significance. The paper reviews relevant topics and provide perspective. It finds the Critical areas and future focus are identified in the paper. The paper provides perspective and impetus for future research.

**Jose Lopez, Laura Kozloski Hart, Alison Rampersad**<sup>9</sup> The paper seeks to evaluate the drivers of customer satisfaction (CS), specifically exploring the impact of business process management (BPM) on service quality and CS. Analysis confirms the role of staff satisfaction and service quality as key drivers of CS, suggested in the service profit chain, but proposes a more complex set of relationships. Technical service quality (TSQ) is found to play a critical role in determining CS and a strong causal link is found between TSQ and BPM.

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<sup>7</sup>. James F. Devlin, Sally McKechnie , “European journal Marketing: 18.07.2008, Volume.6 Issue 7 ,Page(378 - 387)

<sup>8</sup>. Krishnan Dandapani<sup>8</sup>, managerial finance 2008, volume 42, issue 6 page (654-666)

<sup>9</sup> Jose Lopez, Laura Kozloski Hart, Alison Rampersad. " Managing Service Quality" year 2007, volume 17, issue 3, page (259- 274).



**Mayuram S. Krishnan Venkatram Ramaswamy**<sup>10</sup> In this paper, we study the drivers of customer satisfaction for financial services. We discuss a full Bayesian analysis based on data collected from customers of a leading financial services company. Our approach allows us to explicitly accommodate missing data and enables quantitative assessment of the impact of the drivers of satisfaction across the customer population. We find that satisfaction with product offerings is a primary driver of overall customer satisfaction. The quality of customer service with respect to financial statements and services provided through different channels of delivery such as new information technology enabled automated call centers, and traditional branch offices, are also important in determining overall satisfaction.

**This paper**<sup>11</sup> reports the results of an experimental study where four characteristics of premium-based sales promotions were manipulated in the context of a computer purchase: the attractiveness of the premium, the extent to which it fits the product category, the reception delay of the premium, and the mention of its value. The results show that these factors had interactive effects on consumer reactions

**Jackie L M Tam**<sup>12</sup> Although studies have been conducted to advance our understanding of the concept of expectations, a number of challenges have been created in relation to the nature, types and dynamics of these Expectations influence consumers' choice of brand or type of product/service in the pre-purchase stage

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<sup>10</sup> Mayuram S. Krishnan Venkatram Ramaswamy, "Customer Satisfaction for Financial Services: 13.07.1998, Volume.3 Issue 4 ,Page(99 - 104)

<sup>11</sup> Alain d'Astous, Valérie Landreville, An experimental investigation of factors affecting consumers' perceptions of sales promotions, European Journal of Marketing, 11.03.2003 volume 17, issue 11, page(1746-1761)

<sup>12</sup> Jackie L M Tam, Alison Rampersad. " Journal of Financial Services Marketing " 05.06.2007, volume 1, page (281 - 289).

**Roger Maull, Andi Smart** <sup>13</sup>The paper seeks to evaluate the drivers of customer satisfaction (CS), specifically exploring the impact of business process management (BPM) on service quality and CS. Analysis confirms the role of staff satisfaction and service quality as key drivers of CS, suggested in the service profit chain, but proposes a more complex set of relationships. Technical service quality (TSQ) is found to play a critical role in determining CS and a strong causal link is found between TSQ and BPM.

**Tamar Sadeh** <sup>14</sup> The purpose of this article is to describe the need for and realization of a new kind of interface for searching and obtaining library materials, an interface designed around user needs and decoupled from, though interoperating with, current library systems. The paper demonstrates how users' expectations, which emanate from the everyday experience on the internet, can be addressed by library software in a way that corresponds to librarians' requirements and suits and libraries' technological infrastructure.

**James F. Devlin, Sally McKechnie** <sup>15</sup> findings from the current study offer empirical support for the conceptualization of the corporate brand playing a predominant role in services markets. In doing so, the findings also suggest that the alternative conceptualization of a "multi-corporate" approach advocated by practitioners and identified previously is not validated by consumer-based research. A qualitative methodology was adopted for the study incorporating six focus groups containing an average of nine participants.

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<sup>13</sup> Roger Maull, Andi Smart, "International Journal of Operations & Production Management: 26.05.2007, Volume.27 Issue 9 ,Page (999 - 1019)

<sup>14</sup>Tamar Sadeh, User experience in the library: a case study ' perceptions of sales promotions, 12.06.2008 volume 109 issue 2, page (7-24)

<sup>15</sup>. James F. Devlin, Sally McKechnie he "Consumer perceptions of brand architecture in financial services " 04.06.2008, volume 42, issue 6, page (654 - 656).

#### **1.4 STATEMENT OF THE PROBLEM**

- The company public deposits have been decreasing year by year
- The customer can avail the loan facility offered by Sakthi Finance limited, even though there are certain barriers can be face.

#### **1.5 OBJECTIVES OF THE STUDY**

##### **The primary objective of the study is**

To study the deposit mobilization and loan distribution of Sakthi Finance limited.

##### **Secondary objectives are,**

- 1) To analyse the various deposit schemes and loan distribution schemes of Sakthi Finance limited in terms of their growth between 2002 – 03 to 2006 – 07.
- 2) To study the customer satisfaction of Sakthi Finance limited, Coimbatore.
- 3) To suggest suitable measures to increase the deposits, loans and satisfaction level of Sakthi Finance limited.

#### **1.6 LIMITATIONS OF THE STUDY**

1. This study will be limited only to the acceptance to deposits and granting for loans.
2. The study is based on the basis of information available for five years.
3. Since the survey was conducted only at Coimbatore head office. The attitudes of people are different in other branches.
4. Survey is restricted with 100 customers in Sakthi Finance limited.

## **CHAPTER-2**

### **2.1 INDUSTRY PROFILE**

#### **INTRODUCTION:**

The role of NBFCs is not different from that of bank mobilizing money from people with the promise of repaying more. No wonder that nearly 40,000 NBFCs set up establishments to mobilize money with a promise of high interest.

The Indian economy is growing through a period of rapid “financialiation”. Today a wide range of financial institutions through customer friendly financial products is conducting the “intermediation”. Repeated evaluation of the role of NBFCs by study group set up periodically by the Government has confirmed that “NBFCs usefully supplement the activities of banks in the fields of both deposits mobilization and lending. NBFCs are capable of playing a dynamic role in the economy.

The institute of hire purchase organization installment credit is quite well organized in countries like U.K and U.S. In India, hire Purchase credit is made its appearance after I world war. The system grew steadily in 1930 and 1940. It was only after II world war that growth picked up momentum. Hire Purchase credit in India is given by commercial banks, hire Purchase finance company and State Financial Corporation as well as by a large number of firms.

#### **DEFINITION**

Definition of NBFCs under NBFC (Reserve Bank) Directors, 1977 includes the following categories:

1. Housing Finance
2. Hire Purchase
3. Equipments Leasing
4. Loan Company
5. Investment Company
6. Miscellaneous Finance Company

## **MEANING OF NBFC UNDER THE COMPANIES ACT, 1956**

A Non-Banking Finance Company (NBFC) is a company under the company act 1956 is engaged in the business of loan and advances, acquisitions of shares/debentures/stock/securities issued by Governmental/Local authority or other securities of like marketable nature, leasing, Hire Purchase business and chit business. NBFC don't include any institutions whose principal business is that of agriculture activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangements or any other manner, or lending in any manner is also a NBFC (Residuary Non-Banking Company).

## **RBI REGULATIONS**

These companies have been regulating by the RBI through various directions issued from time-time earlier ever since 1966. Over the last three decades numerous but significant development have taken place recognizing and enhancement the role played by NBFCs engagement in fund based activities, particular, HR or leasing company.

Adequate safeguards wear insisted in the regulatory framework for acceptance of public deposits by prescribing norms for deposits taking by NBFCs. These related to the requirements of minimum investment grade credit rating, quantum of public deposits interest rate on deposits, brokerage and period of deposits. The RBI also prescribed disclosure norms and requirements to furnish returns on various aspects of the functioning of the company from time-time. Prudential norms on income, provisioning etc., akin to those applicable to schedule commercial bank were stipulated and have now become mandatory. These regulations are modified as and when felt necessary in response to the market requirements.

## **REGULATORY MEASURES OF NBFCs**

The RBI is entrusted with the responsibilities of regulating and supervising the NBFC by virtue of powers vested in chapter II B the RBI act.

### **The regulatory and supervisory objectives are:**

- Ensures healthy growth of the financial company.
- Ensure that these company functions as a part of the financial system within the policy framework, in such a manner that their existence and functioning don't lead to systematic aberrations.
- The quality of surveillance and supervision exercises by the bank over the NBFCs sustained by keeping pace with the developments that take place in this sector of the financial system.

The regulations are aimed at ensure that only the well run, finance sound and managerially capable NBFCs are allowed to accept public deposits. The RBI has further introduced Asset-Liability Management (ALM) guidelines for NBFCs for efficient risk management. The NBFCs having asset size of Rs.1500 crore or with public deposit of Rs.20 crore and above and as per their audited balance sheet as on March 31<sup>st</sup> 2001 were directed to have an ALM system in place by end march 2002 submit half yearly report to the RBI efficient from September 2002.

## **THE SALIENT FEATURES OF NBFC REGULATIONS**

The important regulations relating to acceptance of deposits by NBFCs are under:

- The NBFCs are allowed to accepts/renew public deposit for a minimum period of 12 months and maximum period of 60 months. They can't accept deposits repayable on demand.
- NBFCs can't offer interest rates higher than the ceiling rate prescribed by RBI from time-time. The present ceiling is 11% per annum. The interest may be paid or compounded at rests not shorter than monthly rests.
- NBFCs can't offer gifts or incentives or any other additional gifts to the depositors.

## **SOURCES OF FUNDS**

The main sources of funds for NBFCs have been their paid up capital, borrowing from bank and financial institutions, issue of bonds and debentures, inter corporate loans, deposits from shareholders, directors and public deposits.

Some of larger NBFCs have assessed multilateral funds. These companies have been working within the stipulated limits on borrowing as a multiple of net owned funds. Although the overall ceiling were not found inadequate, these companies have some time faced difficulty in raising resources from bank or financial institutions more so at a reasonable rate of interest.

As a result they looked for other source even at higher cost. The contribution of public issue, debentures or bonds, inter corporate loans, public deposit has shown a progressive rise in the overall pool of funds.

Recognizing the importance of the NBFCs sector and the need to integrate it with the main stream of the financial system, the working group of financial company appointed by the RBI set the agenda for reforms, pending amendments to the RBI act, a series of policy measures were initiated to monitor the activities of larger NBFCs having net owned funds of Rs.50 lakhs and above on a broader spectrum of regulations simultaneously.

NBFC are similar to banks in their operations. They accept deposits from the public at high rates and offer attractive schemes in order to attract the investors. Registration of NBFCs is made compulsory for companies. Many non-banking institutes also act as intermediaries and when they do so they are known as non-banking financial Intermediaries.

To encourage the NBFC that run on sound business principle, NBFC were divided into two classes:

- Equipment leasing and hire purchase Company.
- Loan and Investment Company.

In India considerable growth has taken place in the non-banking financial sector in the last two decades. Over a period of some times they are success in rendering a wide range of service. Initially intended to cater the needs of savers and investors. NBFC later on developed into instate that can provide services similar to banks. In India several factors have contributed to the growth of NBFC. They provide tailor made service to their clients.

Comprehensive regulations of the banking system and absence or relatively lower degree of regulations over NBFC have been some of the main reason for the growth of momentum of the later.

The future belongs to strong financial company. NBFCs with a strong customer focus, services, standards, efficient distribution and a motivated team can make growth a reality in this sector.



## 2.2 COMPANY PROFILE

Sakthi finance limited was incorporated on 30<sup>th</sup> march 1965 under the company's act in the name of "Pollachi credit society" private limited which has converted into a public limited on 27<sup>th</sup> July 1967

The sakthi group's long standing association with the public through its agro-based industries, education, and charitable institutions has helped the company become an edifice of mutual trust & faith. Today the company is one of the leading non banking finance companies with over 21 branches in Tamil nadu, Kerala, Andhra Pradesh and Maharashtra states. To widen its reach and extend its services, a branch expansion program is being implemented.

The company has an excellent brand image among the populace in this part of the country because of the excellent track record of the group. Despite the shakeout in the industry, the company has been able to hold its own in a highly competitive environment. Sakthi finance has positioned itself as a niche player and its now focusing on the commercial vehicle re-finance segment. The company has planned to setup deployment in hire purchase financing and has envisaged a growth rate of 30% to 35% over the next 3 years.

### **Main objectives of the company**

- To lend and or to advance money or grant loans on any terms that may be thought fit with or without security to person, firms, industries, company, local bodies or governments and particularly to customer and others.
- To act as secretaries and financiers to enterprises
- To act as an issue houses, registrars, share transfer agents, financial advisors, technical consultants, system analyst and data processors
- To purchase, sell, exchange, dealing, or invest in shares, debentures, bonds, stock of Joint Stock Company firms, local bodies or governments

### **Vision statement of sakthi finance limited**

- Market share amongst the top three re-financiers
- 10% net margin
- Most preferred financier of customer choice
- 95% competency index
- Six-sigma process efficiency

### **Mission statement of sakthi finance limited**

- To behave like a Marvari Inc., a culture of act like owner to partner the program of small and medium road transport operators (SRTO & MRTTO)
- To provide “End to End service” leading to total customers solution with

1. flexibility
2. speed
3. integrity

### **Products of sakthi finance**

#### **Investment product**

This product is further divided into fixed deposits, cumulative deposit and non convertible debentures. In these products the company providing attractive interest rate ranging from 7.5% to 9% for different terms as 12 months, 24 months, 36 months to cover customer according to their investment and other aspects.

#### **Credit products**

Sakthi finance provides finance for purchase of new and used commercial vehicles, infrastructure machineries and customer durable items for two wheelers. The company providing re-finance for old vehicle, which have used more than 10 years. This is one of the competitive advantage of sakthi finance. The interest rates are very attractive starting from 15% to 24% interest rates are fixed according to the customer rating, settlements and also regarding document for loan.

## **Lockers**

The company will provide finance for safety lockers, which meet safety, security standards in especially in designed and constructed buildings with appropriate ambiance and are available at various locations.

## **Future prospects**

The company committed to various future plans one of the most important is to achieve Rs 500 crores cumulative disbursal within 2007-08. This can be achieved through branch wise and month wise target.

## **Strategies for growth**

Customers delight through CRM:

Sakthi finance is delighting its customer by clearly understanding the customers needs & wants in both products and services

Some of the solutions are

- ❖ Provide multiple products and efficient service
- ❖ Involve customers in product design
- ❖ Customers pre-assessment and rating
  - For specialized service
- ❖ Customer database building for value added service

## **Be a leader in the niche market:**

The company's one of the main objectives is to be leader of high margin-medium volume company by,

- Offering personalized services
- Being customer focused by being closure to them
- Having a relationship approach.

So, the company has chosen to be only in refinance business, being selected geographical location of charge premium for bearing added risks.

## **Going local**

The company is going local to their to their customer place through various means.

### Become preferred credit supplier for customer by

- Security at their locality
- Delivering the product that satisfy their need
- Serving at the time of their choice

### Be constant touch with customer to know

- Local market and its dynamics
- Local customer and their behavior

### Improve operational efficiency by

- Desired collection ratio

### Going local involves setting up a CSP (customer service point) at a local area

- To work within 50-60 kms radius
- To have minimum monthly business level of 150 accounts
- To reach minimum monthly business level of 15 lakhs

Through this strategy the company increase customer share and customer base also it encourage performance of sakthi finance limited to earn more.

## **2.3 DEPOSITE MOBILISATION AND LOAN DISTRIBUTION**

### **DEPOSITE MOBILISATION – AN ANALYSIS:**

The business of NBFC is primarily to accept deposits from customer under contract and leading based on priorities. These are certain general conditions governing acceptance of deposits. These are as follows:

A depositor should properly introduce all deposit accounts. This is resorted for the following reason.

- To get the identity of the depositor.
- To get protection under negotiable instrument act for collection of cheques and warrant.
- To avoid opening of accounts undercharged insolvent and undesirable person.

### **LOAN DISTRIBUTION:**

Lending loan is the major second functions of a NBFC out of the money, which comes to it from the public by way of deposits. Divert loans & advances are given to all types of persons particulars to businessmen and investors against personal security, and other movable and immovable assets.

The NBFC is the middlemen or an intermediary mobilizing the saving of the people and using them to assist industry and trade. It should also be noted in this connection that by choosing those who should be allowed to borrow, the NBFC helping the development of those industries and occupations which perform the most useful service to the community.

For the above statements, clearly states that deposits and loans are plays vital role in the NBFCs. Deposits are made from the public by way of converting their cash in to demand deposits. Advances made by the NBFCs to industrialists, businessmen, traders and others.

Here the Sakthi Finance Limited is taken for the study about the deposit mobilization and loan distribution. Sakthi Finance Limited is very famous one and oldest NBFC in Coimbatore. It provides low interest rate to their loans and with the high interest for its deposits.

Nearly one lakhs and fifty thousand people are members in the NBFC and the service rendered by this NBFC in very good manner.

In Sakthi Finance Limited the deposit mobilization and loan distribution is taken for 5 years period, how the amount rotation is increased year by year and its development.

## 2.4 CUSTOMER SATISFACTION-AN OVERVIEW

### INTRODUCTION:

Customer Satisfaction is an ultimate aim of all economic activity. Customers are the target economic group who are conflict by public and private economic decision. Customer Satisfaction is an ultimate aim of any business. Both survival of business depended on Customer Satisfaction.

The Customer Satisfaction is the relationship between the customer's expectation and the product or services perceived perforations. If it product match expectations, the customer is satisfied. If it exceeds then the customer is highly satisfied. If it falls short the is dissatisfied, A satisfied is more likely to purchase the product next time and will say good thing about the product to other. According to marketer, "A Satisfied customer is best advertisement". The marketing system goal should be to maximize consumption, costumer choice or customer satisfaction. The marketing system goal should be to maximized life quality add life. Quality means not only the quality of customer good and services but also the quality of environment.

A costumer satisfaction deal with the characteristic of human behavior marketing belongs to human behavior as it deals with buying decision. The advertisement copy writer has study psychology behind human behavior in respect of satisfaction of his wants.

In a market, customer is considering to be a king. Her needs and wants are satisfied. Customer's Satisfaction depends upon the nature of customer. The costumers once purchase a product, if it gives satisfaction to them, again they given reference to such product.

The growth expectations are changing day to day. Hence the Customer Satisfaction is not constant.

## **IMPORTANT OF CUSTOMER SATISFACTION FOR THIS STUDY**

The need to satisfy customer for in any commercial enterprises is very obvious. The income of all commercial enterprises is delivered from the payment received for the product and services supplied to its external customer. If there are no customers, there is no income and there is no business. In other words, customer is the pivotal point for the existence of commercial establishment.

Thus the core activity of any company is to attract and retain customer. It is there for no surprise that Peter Drucker the renowned management guru has said to satisfy the customer is the mission and purpose of every business. Satisfaction of Customers is essential for retention of customer and for continuing services or sales of the product and services of company to these customer. This establishment is the need for and prime importance of Customer Satisfaction.



## CHAPTER-3

### RESEARCH METHODOLOGY

#### **RESEARCH DESIGN:**

Research is directed towards the solutions of the problem. The success of the research depends on the designing of the research process. The purpose of research is to discover answers to questions through the application of scientific procedures. Research has its special significance in solving various operational and planning problems of business and industry. A search design forms the framework of the entire research process.

The main purpose of this study was that of formulating a problem for more precise investigation or of developing the working hypothesis from an operational point of view. The major emphasis of the study is on the discovery of ideas and insights. This study attempts to find out the Customer Satisfaction and the development of financial position in sakthi finance limited.

A descriptive study involves formulating the objectives of the study, defining the population and selecting a sample, designing the methods of data collection and analysis of the data and results. Descriptive research studies are those studies, which are concerned with descriptive research studies, which are concerned with describing the characteristics of a particular individual or of a group. The descriptive research study is used for analysis the customer satisfaction of sakthi finance limited.

Exploratory research studies are also termed as formulate research studies. The main purpose of such studies are formulating a problem for more précis investingation or developing the working hypothesis from an operational point of view. The major emphases in such studies are discovery of ideas and insights.

The exploratory research design is used to analyze the deposit mobilization and loan distribution of sakthi finance limited, Coimbatore.

## **DATA DESIGN:**

### **Primary data:**

The Primary data are those which are collected a fresh and for the first time and thus happen to be original character.

The primary data was collected from the customers using a well structured questionnaire and by interviewing personally.

### **Secondary Data:**

Secondary Data are which some one else has already collected and which have already been passed through the statistical process.

The Secondary Data was collected from Books, Journals, Annual reports, Websites of sakthi finance limited.

## **SAMPLE DESIGN:**

Since population of the sample is so vast, the researcher used convenient sampling technique for the selection of samples for customer study.

### **Sample size:**

The sample size limited to 100 customers in Coimbatore.

## **TOOLS FOR ANALYZING DATA:**

### **Questionnaire:**

Questionnaire is considered as the heart of the survey operation. in this method, a Questionnaire is given to the person concerned with a request to answer the questions and return the questionnaire. A questionnaire consists of a number of questions printed in a definite order.

### **Tools used for analysis in deposit mobilization and loan distribution:**

- Simple percentage
- Chi-square test
- Correlation coefficient

### **Tools used for analysis in customer satisfaction**

- Simple percentage
- Weighted average & Chi-square test

## CHAPTER-4

### DATA ANALYSIS AND INTERPRETATION-1

#### 4.1. DEPOSIT MOBILISATION

Table No.1

#### MOBILISATION OF DEPOSITS BY SAKTHI FINANCE LTD

(Rs. In  
lakhs)

Deposits	2002-03	2003-04	2004-05	2005-06	2006-07
Fixed Deposit	5014.23	4987.20	4390.34	3522.14	3372.12
Cumulative Deposit	5711.31	5321.51	5062.89	4648.42	4814.00
NCD Fixed Income Scheme	0905.66	0871.74	1803.16	2471.13	3328.06
NCD Cumulative Income Scheme	2508.88	2696.65	2961.60	3306.88	3917.42
<b>TOTAL</b>	<b>14140.08</b>	<b>13877.10</b>	<b>14217.99</b>	<b>13948.57</b>	<b>15431.60</b>

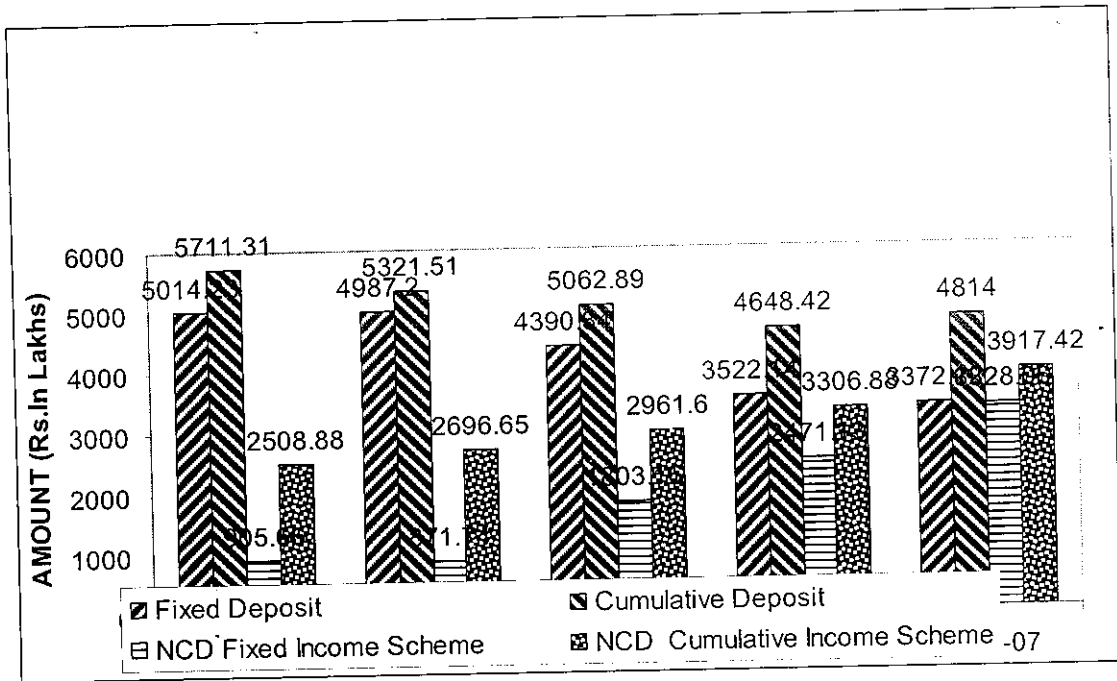
**Data: secondary data**

#### Interpretation

The total deposits of the year 2002-03 were Rs 14140.08. It is decreased Rs.13877.10 in the year 20003-04. The deposits were 14217.99, 13948.57 and 15431.60 lakhs respectively.

Chart No. 1

MOBILISATION OF DEPOSITS BY SAKTHI FINANCE LTD



#### 4.1.1 SIMPLE PERCENTAGE FOR DEPOSIT MOBILIZATION

**Table No.2**  
**MOBILIZATION OF DEPOSITS IN PERCENTAGE**

Years	Deposit				Non convertible debentures			
	Fixed deposit		Cumulative deposit		Fixed income		Cumulative income	
	In crores	In%	In crores	In%	In crores	In%	In crores	In%
2002-03	50.14	22.34	57.11	23.56	9.06	16.30	25.09	09.66
2003-04	49.87	20.82	53.22	23.43	8.72	17.52	26.97	09.29
2004-05	43.90	19.81	50.63	20.63	18.03	19.24	29.62	19.22
2005-06	35.22	18.19	46.48	16.54	24.71	21.49	33.07	26.35
2006-07	33.72	18.84	48.14	15.84	33.28	25.45	39.17	35.48
<b>Total</b>	<b>212.85</b>	<b>100.00</b>	<b>255.58</b>	<b>100.00</b>	<b>93.80</b>	<b>100.00</b>	<b>153.92</b>	<b>100.00</b>

**Source: Secondary data**

#### **Interpretation**

From the above table shows 2002-03 to 2006-07 the Fixed Deposits were decreased, Cumulative Deposit between 2002-03 to 2006-07 were decreased, for the year 2002-03 to 2006-07 the Non Convertible Debenture Fixed Income Scheme were increased and for the year 2002-03 to 2006-07 the Non-Convertible Debenture Cumulative Income Scheme were increased.

## 4.1.2 CHI SQUARE TEST FOR DEPOSIT MOBILIZATION

### CHI SQUARE TEST FOR FIXED DEPOSIT

Null hypothesis (Ho) : The fixed deposit has not increased during the study period

Alternate hypothesis (Ha) : The fixed deposit has increased during the study period

The test statistic is given by

$$\chi^2 = n \sum_{i=1} (O_i - E_i)^2 / E_i$$

Where,  $O_i$  denotes the  $i$ th Observed Frequency

$E_i$  denotes the  $i$ th Expected Frequency

#### Calculator for $\chi^2$ Value

$O_i$	$E_i$	$(O_i - E_i)$	$(O_i - E_i)^2$	$(O_i - E_i)^2 / E_i$
50.14	42.57	7.57	57.30	1.35
49.87	42.57	7.30	53.29	1.25
43.90	42.57	1.33	1.77	0.04
35.22	42.57	-7.35	54.02	1.27
33.72	42.57	-8.85	78.32	1.84
$\sum O_i = 212.85$				$\sum \chi^2 = 5.72$

Here,  $E_i = n \sum_{i=1} O_i / n = 42.57$

Now Calculated  $\chi^2$  Value = 5.75

Degrees of Freedom =  $n - 1 = 5 - 1 = 4$

Tabulated Values at 5% level of signification is 9.488

#### Inference:

Since the calculated value is less than tabulated value, hence the null hypothesis is accepted. So, we concluded that, during the study period the Fixed Deposit has not increased.

## CHI-SQUARE TEST FOR CUMALATIVE DEPOSIT

Null Hypothesis (Ho) : The Cumulative Deposit has not increased during the study period

Alternative Hypothesis (Ha) : The Cumulative Deposit has increased during the study period

### Calculation for $\chi^2$ Value:

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
57.11	51.11	6.00	36.00	0.70
53.22	51.11	2.11	04.45	0.09
50.63	51.11	-0.48	00.23	0.01
46.48	51.11	-4.63	21.44	0.42
48.14	51.11	-2.97	08.82	0.17
$\sum O_i=255.58$				$\sum \chi^2= 1.39$

Here,  $E_i = n \sum_{i=1}^5 O_i / n = 51.11$

Now Calculated  $\chi^2$  Value=1.39

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5%level of signification is 9.488

### Inference:

Since the calculated value is less than table value, hence the null hypothesis is accepted. So, we concluded that, during the study period the Cumulative Deposit has not increased.

## CHI-SQUARE TEST FOR CONVERTIBLE DEBENTURE FIXED INCOME SCHEME

Null Hypothesis (Ho) : The Non-Convertible Debenture Fixed Scheme has not decreased during the study period.

Alternative Hypothesis (Ha) : The Non-Convertible Debenture Fixed Scheme has decreased during the study period

**Calculation for  $\chi^2$  Value:**

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
25.09	30.78	-5.69	32.38	1.05
26.97	30.78	-3.81	14.52	0.47
29.62	30.78	-1.61	01.35	0.04
33.07	30.78	2.29	05.24	0.17
39.17	30.78	8.39	70.39	2.29
$\sum O_i=153.92$				$\sum \chi^2 =4.02$

Here,  $E_i = n \sum_{i=1}^5 O_i / n = 30.78$

Now Calculated  $\chi^2$  Value=4.02

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5% level of signification is 9.488

**Inference:**

Since the calculated value is less than table value, hence the null hypothesis is accepted. So, we concluded that, during the study period the Non-Convertible Debenture Fixed Income Scheme has not decreased.



## CHI-SQUARE TEST FOR NON CONVERTIBLE DEBENTURE CUMULATIVE INCOME SCHEME

Null Hypothesis (Ho) : The Non-Convertible Debenture Cumulative Income Scheme has not increased during the study period.

Alternative Hypothesis (Ha) : The Non-Convertible Debenture Cumulative Income Scheme has increased during the study period

### Calculation for $\chi^2$ Value:

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
09.06	18.76	-09.7	094.09	05.01
08.72	18.76	-10.04	100.80	05.37
18.03	18.76	-00.73	000.53	00.03
24.71	18.76	05.95	035.40	01.87
33.28	18.76	14.52	210.83	11.24
$\Sigma O_i=93.80$				$\Sigma \chi^2 =23.52$

Here,  $E_i = n \Sigma_{i=1} O_i / n$

Now Calculated  $\chi^2$  Value=23.52

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5% level of signification is 9.488

### Inference:

Since the calculated value is greater than table value, hence the null hypothesis is rejected. So, we concluded that, during the study period the Non-Convertible Cumulative Income Scheme has increased.

### 4.1.3 CORRELATION COEFFICIENT FOR DEPOSITS

**Table No.3**  
**DEPOSITS AND INTEREST**

(Rs. in crores)

Years	Deposits	Interest
2002-03	107.26	11.38
2003-04	103.08	11.95
2004-05	94.53	11.46
2005-06	81.71	8.08
2006-07	81.86	7.47
<b>Total</b>	<b>468.44</b>	<b>50.34</b>

$$x = \Sigma X/N = 93.69 \quad y = \Sigma Y/N = 10.07$$

Correlation between deposits and interest

X	Dx=X-x	Dx <sup>2</sup>	Y	Dy=Y-y	Dy <sup>2</sup>	Dx*Dy
107.26	13.57	184.14	11.38	1.31	1.72	17.78
103.08	9.39	88.17	11.95	1.88	3.53	17.65
94.53	.84	.71	11.46	1.39	1.93	1.17
81.71	-11.98	143.52	8.08	-1.99	3.96	23.84
81.86	-11.83	139.95	7.47	-2.60	6.76	30.76
		556.49			17.9	91.2

$$r = \Sigma Dx Dy / \sqrt{(\Sigma Dx^2 * \Sigma Dy^2)}$$

$$r = 91.2 / \sqrt{(556.49 * 97.9)}$$

$$r = 91.2 / 99.81$$

$$r = .91$$

**Inference:**

The coefficient of correlation between public deposits and interest is +.91. This results that the public deposits and interest are highly positively correlated.

**Table No.4**  
**NON-CONVVRTIBLE DEBENTURE AND INTEREST**

(Rs. in crores)

Years	Deposits	Interest
2002-03	34.15	4.73
2003-04	35.68	5.32
2004-05	47.65	4.51
2005-06	57.78	5.26
2006-07	72.45	5.93
<b>Total</b>	<b>247.71</b>	<b>25.75</b>

$$x = \Sigma X/N = 49.54$$

$$y = \Sigma Y/N = 5.15$$

Correlation between NCD deposits and interest

X	Dx=X-x	Dx <sup>2</sup>	Y	Dy=Y-y	Dy <sup>2</sup>	Dx*Dy
34.15	-15.39	236.85	4.73	-.42	.18	6.46
35.68	-13.86	192.10	5.32	.17	.03	-2.36
47.65	-1.89	3.57	4.51	-.64	.41	1.21
57.78	8.24	67.90	5.26	.11	.01	.91
72.45	22.91	524.87	5.93	.78	1.24	17.87
		<b>1025.29</b>		<b>1.24</b>		<b>24.09</b>

$$r = \Sigma Dx Dy / \sqrt{(\Sigma Dx^2 * \Sigma Dy^2)}$$

$$r = 24.09 / \sqrt{(1025.29 * 1.24)}$$

$$r = .68$$

**Inference:**

The coefficient of correlation between non-convertible debenture and interest is +.68. This shows that the non-convertible debenture and interest are positively correlated.

## LOAN DISTRIBUTION

Table No.5

### DISTRIBUTION OF LOANS

(Rs.in

crores)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-2007
Automobiles	6499	9263	12378	12329	15339
Household Durables	240	132	130	60	6
Data Processing/ Office Automation Equipment	12	1	9	3	6
Industrial Machinery	7679	5417	2975	2542	2298
All others	2764	2390	0	0	0
<b>Total</b>	<b>14424</b>	<b>14814</b>	<b>15492</b>	<b>17322</b>	<b>20418</b>

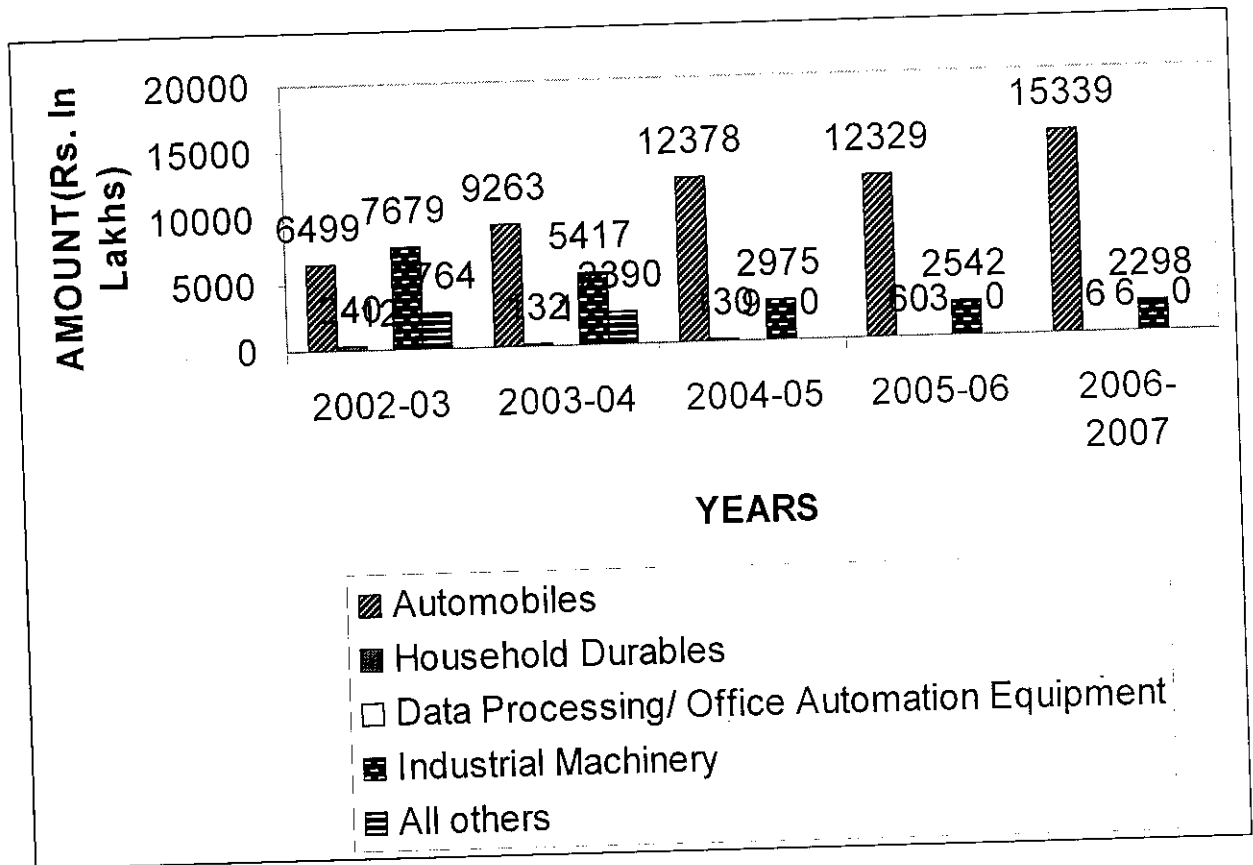
Source: Secondary Data

#### Interpretation:

The distributions of loan for year 2002-03 were 14424. It is marginally increasing year by year. The loans were Rs.20418 in 2006-07.

Chart No. 2

DISTRIBUTION OF LOANS BY SAKTHI FINANCE LIMITED



#### 4.2.1 SIMPLE PERCENTAGE FOR LOAN DISTRIBUTION

Table No.6

#### DISTRIBUTION OF LOAN IN PERCENTAGE

Years	Automobiles Loans		Household Durables		Industrial Machinery	
	In Crores	In%	In Crores	In%	In Crores	In%
2002-03	64.99	11.64	2.40	42.25	76.79	36.72
2003-04	92.63	16.60	1.32	23.24	54.17	25.90
2004-05	123.78	22.18	1.30	22.89	29.75	14.23
2005-06	123.29	22.09	0.60	10.56	25.42	12.16
2006-07	153.59	27.49	0.06	01.05	22.98	10.99
<b>Total</b>	<b>558.08</b>	<b>100.00</b>	<b>5.68</b>	<b>100.00</b>	<b>209.11</b>	<b>100.00</b>

Source: Secondary Data

#### Interpretation:

From the above table shoes for the year 2002-03 to 2006-07 distribution of automobiles loan were increased, for the year 2002-03 to 2006-07 distribution of household durables loan were decreased and for the year 2002-03 to 2006-07 distribution of industrial machinery loans were decreased.

## 4.2.2 CHI-SQUARE TEST FOR LOAN DISTRIBUTION

### CHI-SQUARE TEST FOR AUTOMOBILES LOANS

Null Hypothesis (Ho) : The automobiles loans have not increased during the study period.

Alternative Hypothesis (Ha) : The automobiles loans has increased during the study period

**Calculation for  $\chi^2$  Value:**

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> / E <sub>i</sub>
064.99	111.62	41.77	1744.73	15.63
092.63	111.62	11.67	136.19	01.22
123.78	111.62	12.16	147.87	01.32
123.29	111.62	-18.99	360.62	03.23
153.39	111.62	-46.63	2174.36	19.48
<b><math>\Sigma O_i=558.08</math></b>				<b>40.88</b>

Here,  $E_i = n \Sigma_{i=1}^5 O_i / n = 111.62$

Now Calculated  $\chi^2$  Value=40.88

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5% level of signification is 9.488

**Inference:**

Since the calculated value is greater than table value, hence the null hypothesis is rejected. So, we concluded that, during the study period the automobiles loans have increased.

## CHI-SQUARE TEST FOR HOUSEHOLD DURABLES

Null Hypothesis (Ho) : The household durables loan has not increased during the study period.

Alternative Hypothesis (Ha) : The household durables loans has increased during the study period

**Calculation for  $\chi^2$  Value:**

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
.06	1.14	-1.80	1.17	1.03
.6	1.14	-.54	.29	.25
1.30	1.14	.16	.03	.03
1.32	1.14	.18	.03	.03
2.40	1.14	1.26	1.59	0.39
$\Sigma O_i=5.68$				<b>2.73</b>

Here,  $E_i = n \sum_{i=1}^5 O_i / n = 1.14$

Now Calculated  $\chi^2$  Value=2.73

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5% level of signification is 9.488

**Inference:**

Since the calculated value is greater than table value, hence the null hypothesis is accepted. So, we concluded that, during the study period the household durable has not increased.



## CHI-SQUARE TEST FOR MACHINERY LOANS

Null Hypothesis (Ho) : The industry machinery loan has not increased during the study period.

Alternative Hypothesis (Ha) : The industry machinery loans has increased during the study period

### Calculation for $\chi^2$ Value:

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> / E <sub>i</sub>
76.79	41.82	18.84	354.95	8.49
54.17	41.82	16.40	268.96	6.43
29.75	41.82	-12.07	145.68	3.48
25.42	41.82	12.35	152.52	3.65
22.98	41.82	34.97	1222.90	29.24
<b>ΣO<sub>i</sub>=209.11</b>				<b>51.29</b>

Here,  $E_i = n \sum_{i=1}^5 O_i / n = 41.82$

Now Calculated  $\chi^2$  Value=51.29

Degrees of Freedom= $n-1=5-1=4$

Tabulated Values at 5%level of signification is 9.488

### Inference:

Since the calculated value is greater than table value, hence the null hypothesis is rejected. So, we concluded that, during the study period the industry machinery loans have decreased.

#### 4.2.3 CORRELATION COEFFICIENT FOR LOAN

Table No.7

#### NON-CONVERTIBLE DEBENTURE AND INTEREST

(Rs. In crores)

Years	Loans advanced	Assets repossessed
2002-03	1694.89	--
2003-04	1141.46	13.85
2004-05	93.09	24.96
2005-06	858.13	23.91
2006-07	652.00	30.86
<b>Total</b>	<b>4439.57</b>	<b>93.58</b>

$$x = \Sigma X/N = 887.91$$

$$y = \Sigma Y/N = 18.72$$

The correlation between loans advanced and assets repossessed

X	Dx=X-x	Dx <sup>2</sup>	Y	Dy=Y-y	Dy <sup>2</sup>	Dx*Dy
1694.89	806.38	650248.70	-	-18.72	350.44	-
1141.46	253.55	64287.60	13.85	-4.87	23.72	-1234.79
93.09	-794.82	631738.83	24.96	6.24	38.94	-4959.68
858.13	-29.78	886.85	33.91	5.19	26.94	-154.56
652	-235.91	55653.53	30.86	12.14	147.38	-2863.95
		<b>1402815.51</b>			<b>587.42</b>	-
						<b>24308.41</b>

$$r = \Sigma Dx Dy / \sqrt{(\Sigma Dx^2 * \Sigma Dy^2)}$$

$$r = -24308.41 / \sqrt{(1402815.51 * 587.42)}$$

$$r = -.27$$

#### Inference:

The coefficient of correlation between advanced and asset repossessed is -.27. These results that the loans advanced and asset repossessed are negatively correlated. As the loan advanced decreases year by year the assets repossessed is increasing.

**Table No.8**  
**ADVANCES MADE AND INCOME GAINED**

(Rs. in crores)

Years	Advances	Income Gained
2002-03	16025.37	1605.29
2003-04	17756.71	2139.05
2004-05	17826.61	2347.23
2005-06	17297.83	2341.11
2006-07	20387.23	2499.63
<b>Total</b>	<b>89293.15</b>	<b>10932.31</b>

$x = \Sigma X/N = 17858.63$        $y = \Sigma Y/N = 2186.46$

The correlation between advances made and income gained

X	Dx	Dx <sup>2</sup>	Y	Dy	Dy <sup>2</sup>	Dx*Dy
16025.37	-	3360842.23	1605.29	-581.17	337758.57	106535.71
	1833.26					
17756.71	-101.32	10387.69	2139.05	-47.41	2247.71	4803.58
17826.61	-32.02	1625.28	2347.23	160.77	25846.99	-5147.86
17297.83	-560.80	314496.64	2341.11	154.65	23916.62	-86727.72
20387.23	2528.60	6393817.36	2499.63	313.17	98075.45	791881.66
<b>Total</b>		<b>10081169.2</b>			<b>487845.34</b>	<b>1770245.37</b>

$r = \Sigma Dx Dy / \sqrt{(\Sigma Dx^2 * \Sigma Dy^2)}$   
 $r = 1770245.37 / \sqrt{(10081169.2 * 487845.34)}$   
 $r = 0.80$

**Inference:**

The coefficient of correlation between loans advanced and income gained is +.80. This result that the loans advanced

**Table No.9**  
**LOAN ADVANCED AND BAD DEBITS INCURRED**

(Rs. in crores)

Years	Loan Advanced	Bad debits
2002-03	1694.89	.88
2003-04	1141.46	163.53
2004-05	93.09	161.14
2005-06	858.13	300.86
2006-07	652.00	222.09
<b>Total</b>	<b>4439.57</b>	<b>848.50</b>

$$x = \Sigma X/N = 887.91$$

$$y = \Sigma Y/N = 169.70$$

The correlation between loan advanced and bad debit incurred

X	Dx	Dx <sup>2</sup>	Y	Dy	Dy <sup>2</sup>	Dx*Dy
1694.89	806.98	651216.72	.88	-168.82	28500.19	-
						136234.36
1141.46	253.55	64287.60	163.53	-6.17	38.07	-1564.40
93.09	-794.82	631738.83	161.14	-8.56	73.72	6803.66
858.13	-29.78	886.85	300.86	131.16	17202.95	-3905.95
652.00	-235.91	55653.53	222.09	52.39	2744.71	-12595.24
<b>Total</b>		<b>1403783.53</b>				<b>-</b>
						<b>147496.29</b>

$$r = -147496.29 / \sqrt{(1403783.53 * 4855.19)}$$

$$r = -0.56$$

**Inference:**

The coefficient of correlation between loans advanced and bad debits incurred is -.56. This result that the loans advanced and bad debits incurred are negatively correlation. As the loan advanced decreases year by year the bad debits incurred is increasing.

## CHAPTER-5

### DATA ANALYSIS AND INTERPRETATION-II

#### 5.1 CUSTOMER SATISFACTION

##### 5.1.1 SIMPLE PERCENTAGE FOR CUSTOMER SATISFACTION

Table No.10

#### AGE OF THE RESPONDENTS

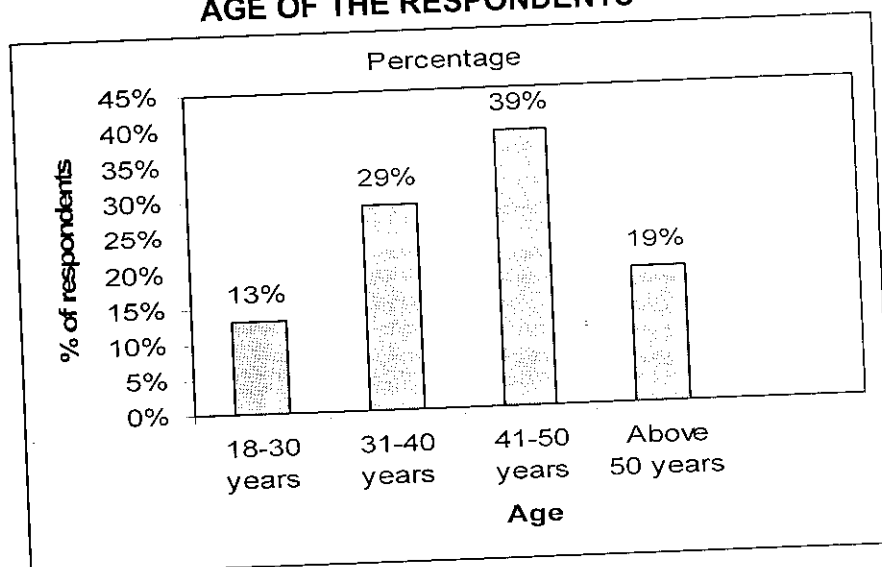
Age	No. of. Respondents	Percentage
18-30 years	13	13%
31-40 years	29	29%
41-50 years	39	39%
Above 50 years	19	19%
<b>Total</b>	<b>100</b>	<b>100%</b>

Source: Primary Data

#### Interpretation:

From the above table shows that 13% of the respondents are between the age group of 18-30years, 29% of the respondents are between the age group of 31-40 years, 39% of the respondents are between the age group of 41-50 years, and 19% of the respondents are between the age group of above 51 years.

Chart No. 3  
AGE OF THE RESPONDENTS



**Table No.11**  
**GENDER OF THE RESPONDENTS**

<b>Gender</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Male	83	83%
Female	17	17%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows the 83% of the respondents are male, and 17% of the respondents are female.

**Table No.12**  
**MARITAL STATUS OF RESPONDENTS**

<b>Marital Status</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Married	89	89%
Unmarried	11	11%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table it is clear that 89% of the respondents are married, and 11% of the respondents are unmarried.

**Table No.13**  
**OCCUPATION OF THE RESPONDENTS**

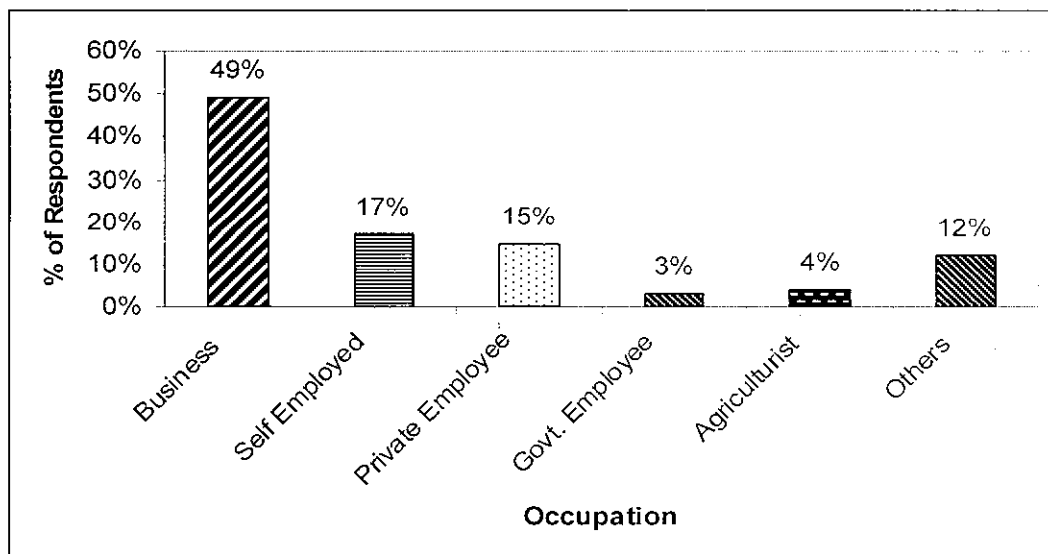
<b>Occupation</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Business	49	49%
Self Employed	17	17%
Private Employee	15	15%
Govt. Employee	3	3%
Agriculturist	4	4%
Others	12	12%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From above table shows the 49% of the respondents are business people, 17% of the respondents are self employed, 15% of the respondents are private employee, 3% of the respondents are government employee, 4% of the respondents are agriculturist, and 12% of the respondents are others like retired person, house wife, etc.,.

**Chart No 4**  
**OCCUPATION OF THE RESPONDENTS**



**Table No.14**  
**INCOME LEVEL OF THE RESPONDENTS**

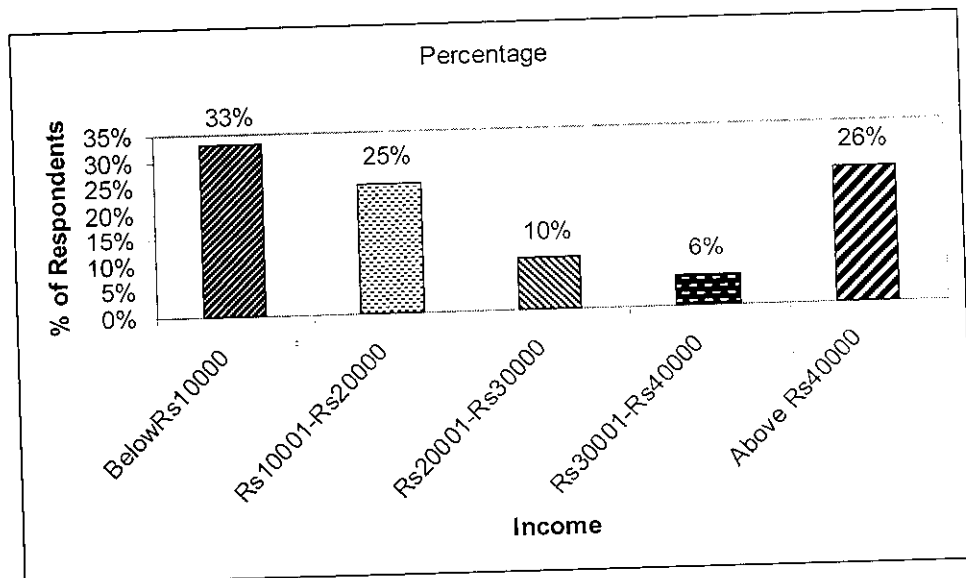
Income	No. of. Respondents	Percentage
BelowRs10000	33	33%
Rs10001-Rs20000	25	25%
Rs20001-Rs30000	10	10%
Rs30001-Rs40000	6	6%
Above Rs40000	26	26%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From above table shows the 33% of the respondents are the income group of Rs.10000, 25% of the respondents are the income group Rs.10001-20000, 10% of the respondents are the income group Rs.20001-30000 , 6% of the respondents are the income group of Rs.30001-40000, and 26% of the respondents are the income group of above Rs40000.

**Chart No 5**  
**INCOME LEVEL OF THE RESPONDENTS**





**Table No.15**  
**EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**

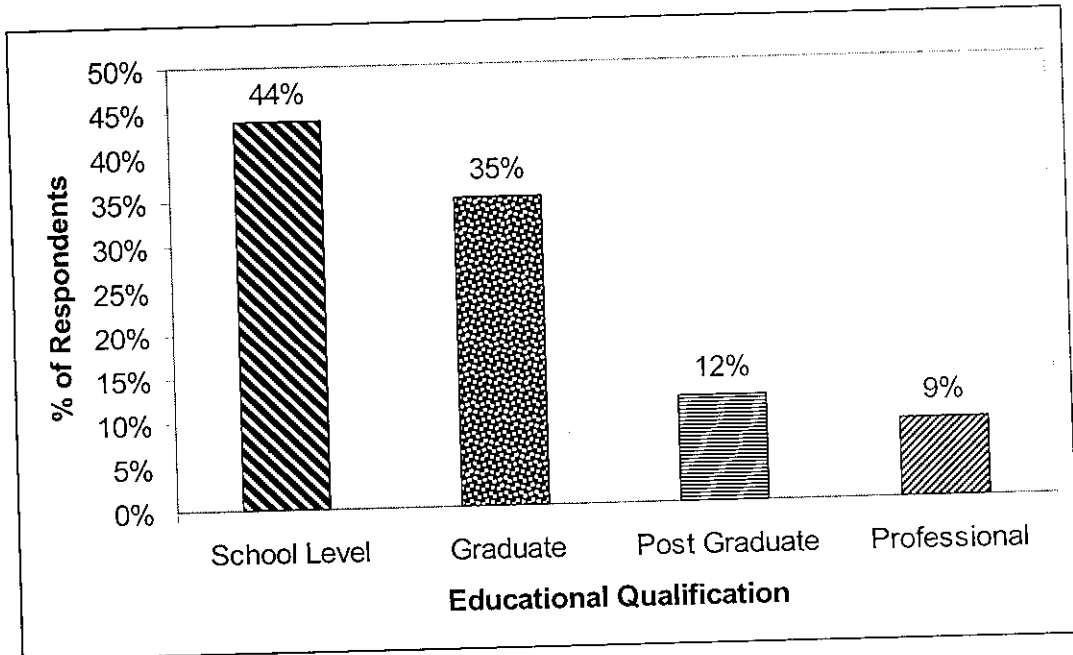
<b>Educational Qualification</b>	<b>No. of Respondents</b>	<b>Percentage</b>
School Level	44	44%
Graduate	35	35%
Post Graduate	12	12%
Professional	9	9%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From above table shows that 44% of the respondents were school level, 35% of the respondents were graduate, 12% of the respondents were post graduate, and 9% of the respondents were professional.

**Chart No 6**  
**EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**



**Table No.16**

**PURPOSE FOR APPROACHING SAKTHI FINANCE LIMITED**

<b>Purpose</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Deposit	47	47%
Loan	53	53%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table it is clear that 47% of the respondents are approaching sakthi finance for depositing the money and 53% of the respondents are approaching for getting for loan.

**Table No.17**

**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED ABOUT  
DEPOSIT INTEREST RATE**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	24	51.06%
Satisfied	15	31.92%
Neutral	3	6.38%
Dissatisfied	5	10.64%
Highly Dissatisfied	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 51.06% respondents state that the interest on deposits are highly satisfied, 31.92% respondents state that the interest rate on deposits are satisfied, 6.38% respondents state that the interest rate on deposits are neutral, 10.64% respondents state that the interest rate on deposits are dissatisfied and none of them says that highly dissatisfied.

**Table No.18**  
**CUSTOMER IN TERMS OF YEAR IN SAKTHI FINANCE LIMITED**

Year	No. of. Respondents	Percentage
Below 1yr	7	7%
1-3 yrs	26	26%
4-5 yrs	23	23%
Above 5 yrs	44	44%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows that 7% respondents are below one year as a customer, 26% respondents as a customer of one-three years and 23% respondents as a customer of four-five years and 44% respondents as a customer of above five years.

**Chart No 7**  
**CUSTOMER IN TERMS OF YEAR IN SAKTHI FINANCE LIMITED**

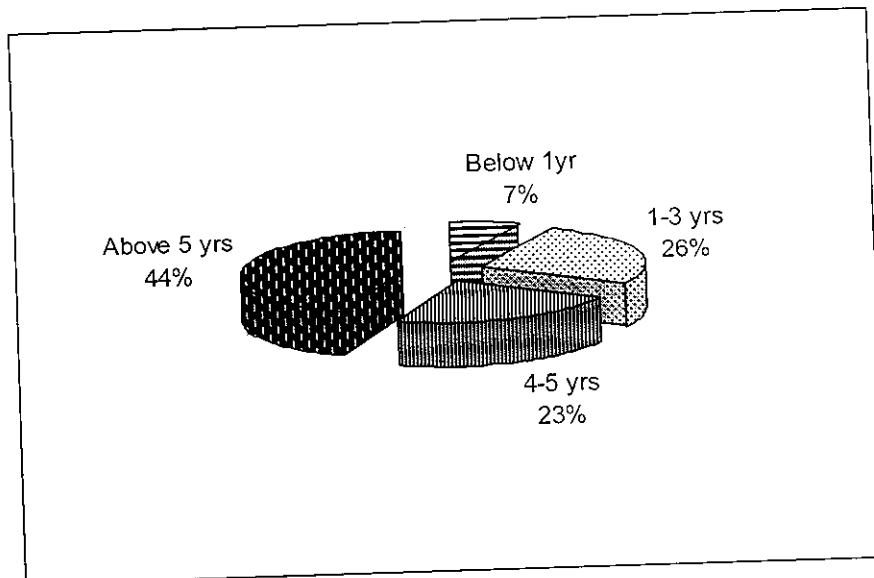


Table No.19

**TYPE OF DEPOSIT PREFERRED BY CUSTOMER**

Deposit	No. of Respondents	Percentage
Fixed Deposit	17	36.11%
Cumulative Deposit	13	27.65%
NCD Fixed Income Scheme	8	17.02%
NCD Cumulative Income Scheme	1	2.13%
ALL	3	6.38%
FD & NCD FIS	1	2.13%
NCD FIS % CIS	4	8.51%
<b>Total</b>	<b>47</b>	<b>100%</b>

Source: Primary Data

**Interpretation:**

From the above table shows that 36.11% respondents are prefer regular FD, 27.65% respondents are prefer regular CD, 17.20% respondents are prefer NCD FD, 2.13% respondents are prefer NCD CD, 6.38% respondents are prefer all, 2.135 are prefer regular FD & NCD CD and 8.51% respondents are prefer NCD FIS & CD .

Chart No 8

**TYPE OF DEPOSIT PREFERRED BY CUSTOMER**

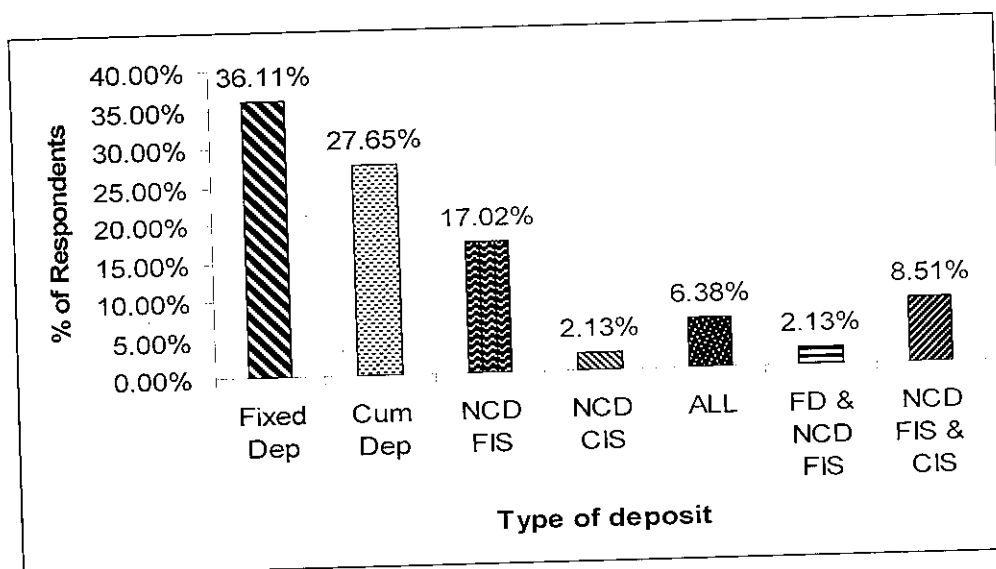


Table No.20

**NUMBER OF ACCOUNT OPERATING BY CUSTOMER**

<b>Account</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
One	2	4.26
Two	4	8.51
Three	12	25.53
Four	10	21.28
Five and above	19	40.43
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows that 4.26% respondents are owning one account, 8.51% respondents are owning two account, 25.53% respondents are owning three account, 21.28% respondents are owning four account and 40.43% respondents are owning five account.

Table No.21

**SOURCE FOR INFLUENCING SAKTHI FINANCE LIMITED**

<b>Source</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Sales Representative	52	52%
Intermediaries	-	-
Friends & Relatives	48	48%
Advertisements	-	-
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows that 52% respondents are influencing by sales representative and 48% respondents the influencing by friends and relatives.

**Table No.22**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**TOWARDS DIFFERENT SCHEMES OF DEPOSIT**

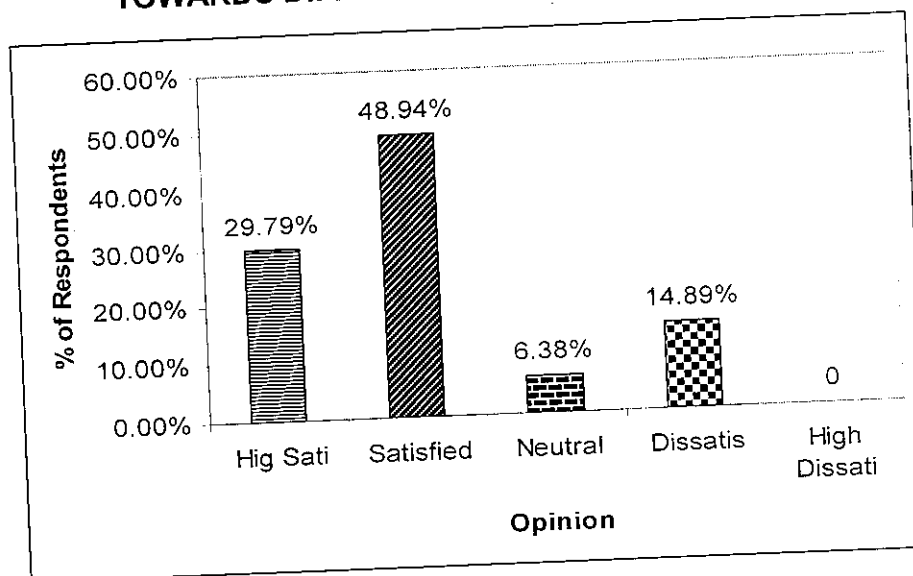
Opening	No. of. Respondents	Percentage
Highly Satisfied	14	29.79%
Satisfied	23	48.94%
Neutral	3	6.38%
Dissatisfied	7	14.89%
Highly Dissatisfied	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

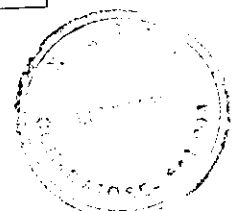
**Interpretation:**

From the table shows 29.79% respondents state that the different scheme of deposits are highly satisfied, 48.94% respondents state that the different scheme of deposits are satisfied, 6.38% respondents state that the different scheme of deposits are neutral, 14.89% respondents state that the different scheme of deposits are dissatisfied and none of them says that highly dissatisfied.

**Chart No 9**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**TOWARDS DIFFERENT SCHEMES OF DEPOSIT**



*P-2530*



**Table No.23**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**TOWARDS DEPOSIT MATURITY DATE**

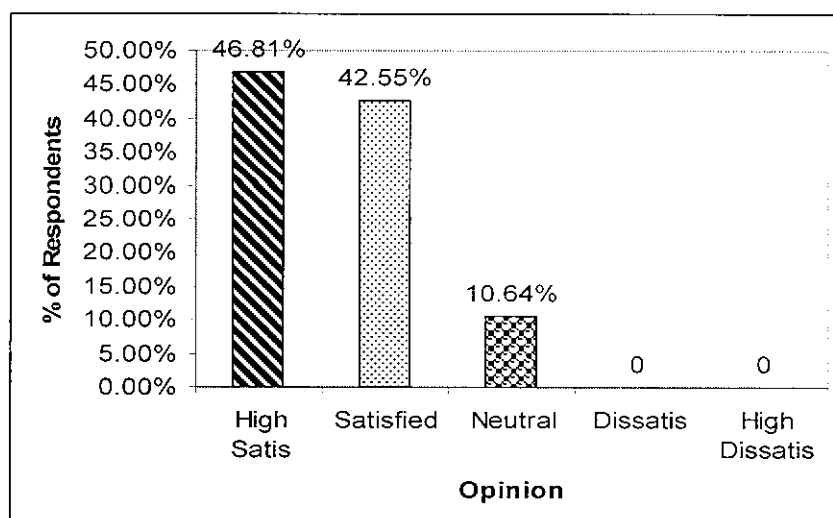
<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	22	46.81%
Satisfied	20	42.55%
Neutral	5	10.64%
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 46.81% respondents find that the given intimation for maturity date are highly satisfied, 42.55% respondents find that the given intimation for maturity date are satisfied, 10.64% respondents find that the given intimation for maturity date are neutral and done of them says that highly dissatisfied.

**Chart No 10**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**TOWARDS DEPOSIT MATURITY DATE**



**Table No.24**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**DEPOSIT SERVICE**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	32	68.09%
Satisfied	15	31.91%
Neutral	-	-
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 68.09% respondents find the service offered to deposits are highly satisfied, 31.91% respondents find the service offered to deposits are satisfied and none of them says that neutral highly dissatisfied.

**Table No.25**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**DEPOSIT REFUND/RENEWAL**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	25	53.19%
Satisfied	18	38.30%
Neutral	4	8.51%
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 53.19% respondents state that the refund/renewal time taken are highly satisfied, 38.30% respondents state that the refund/renewal time taken are satisfied, 8.51% respondents state that the refund/renewal time taken are neutral and none of them says that dissatisfied and highly dissatisfied.



**Table No.26**  
**TYPE OF LOAN GETTING FOR CUSTOMER**

<b>Loan</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Commercial vehicles	40	75.47%
Construction Equipment vehicles	7	13.21%
Others	3	5.66%
All	3	5.66%
<b>Total</b>	<b>53</b>	<b>100%</b>

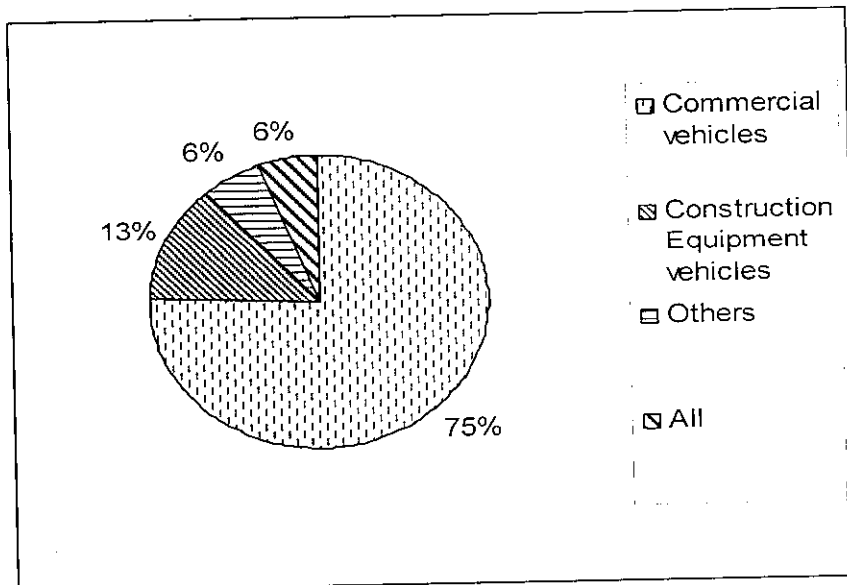
**Source: Primary Data**

**Interpretation:**

From the table shows 75.41% of the respondent are avail loan for commercials vehicle, 13.21% of the respondent are avail loan for construction equipment vehicles, 5.66% of the respondents are others and 5.66% of the respondents are avail loan for all.

**Chart No 11**

**TYPE OF LOAN GETTING FOR CUSTOMER**



**Table No.27  
NUMBER OF ACCOUNT OWNING IN LOAN**

<b>Account</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
One	15	28.30%
Two	23	43.40%
Three	6	11.32%
Four	7	13.21%
Five and above	2	3.77%
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows that 28.30% of the respondents are avail loan from one account, 43.40% of the respondents are avail loan for two accounts, 11.32% of the respondents are avail loan for three accounts, 13.21% of the respondents are avail loan from four account and 3.77% respondents are avail loan for five and above

**Table No.28  
CUSTOMER SATISFATION ON SAKTHI FINANCE LIMITED  
TOWARDS LOAN INTEREST RATE**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	12	22.64%
Satisfied	21	39.62%
Neutral	5	9.43%
Dissatisfied	13	24.53%
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 22.64% of the respondents feel about the interest rate for loan are highly satisfied, 39.62% of the respondents feel about the interest rate for loan are satisfied, 9.43% of the respondents feel about the interest rate for loan are neutral, 24.53% respondents state that the interest rate for loan are dissatisfied and none of them says that highly dissatisfied.

**Table No.29**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**TOWARDS LOAN AMOUNT SANCTION**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	20	37.74%
Satisfied	23	43.40%
Neutral	3	5.66%
Dissatisfied	7	13.21%
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 37.74% of the respondents feels that the loan amount sanctioned is highly satisfied, 43.40% of the respondents feel that the loan amount sanctioned is satisfied, 5.66% of the respondents feel that the loan amount sanctioned is neutral, 13.21% of the respondents feel that the loan amount sanctioned is dissatisfied and none of them say that highly dissatisfied.

**Table No.30**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED LOAN TENURE**

<b>Opening</b>	<b>No. of. Respondents</b>	<b>Percentage</b>
Highly Satisfied	25	47.17%
Satisfied	25	47.17%
Neutral	3	5.66%
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 47.17% of the respondents state that the loan tenure are highly satisfied, 47.17% of the respondents state that the loan tenure are satisfied, 5.66% of the respondents state that the loan tenure are neutral and none of them says that dissatisfied and highly dissatisfied.

**Table No.31**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**ABOUT SERVICE CHARGES OF LOAN**

Opening	No. of. Respondents	Percentage
Highly Satisfied	34	64.15%
Satisfied	16	30.19%
Neutral	1	1.87%
Dissatisfied	1	1.87%
Highly Dissatisfied	1	1.87%
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 64.15% of the respondents find that the service charges of loan are highly satisfied, 30.19% of the respondents find that the service charges of loan are satisfied, 1.87% of the respondents find that the service charges are Neutral, 1.87% of the respondents find that the service charges of loan are dissatisfied and 1.87% of the respondents find that the service charges of loan are highly dissatisfied.

**Table No.32**  
**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED**  
**SPEED OF SANCTIONING LOAN**

Opening	No. of. Respondents	Percentage
Highly Satisfied	32	60.38%
Satisfied	21	39.62%
Neutral	-	-
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 60.38% of the respondents find that the speed of sanctioning loan are highly satisfied and 39.62% of the respondents find that the speed of sanctioning loan are satisfied and none of them says that neutral, dissatisfied and highly dissatisfied.

Table No.33

**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED  
ABOUT LOAN INSTALLMENT**

Opening	No. of. Respondents	Percentage
Highly Satisfied	36	67.92%
Satisfied	16	30.19%
Neutral	1	1.89%
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 67.92% of the respondents opinion about loan installment are highly satisfied, 30.19% of the respondent opinion about loan installment are satisfied, 1.89% of the respondent opinion about loan installment are neutral and none of them says that dissatisfied and highly dissatisfied.

Table No.34

**CUSTOMER SATISFACTION ON SAKTHI FINANCE LIMITED  
OPINION ABOUT GUARANTEE**

Opening	No. of. Respondents	Percentage
Highly Satisfied	34	64.15%
Satisfied	18	33.96%
Neutral	1	1.89%
Dissatisfied	-	-
Highly Dissatisfied	-	-
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the table shows 64.15% respondents opinion about guarantee are highly satisfied and 33.96% respondents opinion about guarantee are satisfied and 1.89% respondents opinion about guarantee are neutral and none of them says that dissatisfied and highly dissatisfied.

**Table No.35**  
**OVER ALL SATISFACTION LEVEL**

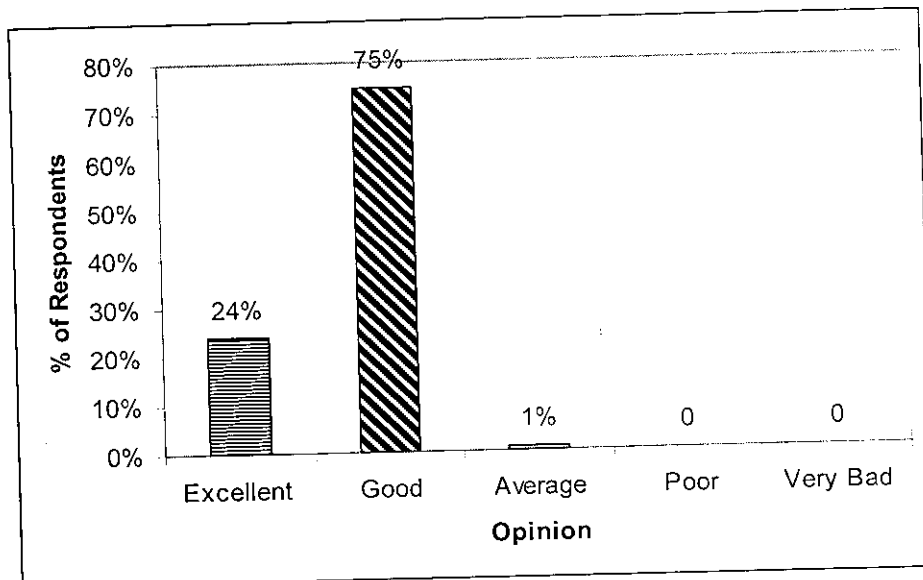
Particulars	No. of Respondents	Percentage
Excellent	24	24%
Good	75	75%
Average	1	1%
Poor	-	-
Very Bad	-	-
<b>Total</b>	<b>100</b>	<b>100%</b>

**Source: Primary Data**

**Interpretation:**

From the above table shows that 24% of the respondents give opinion about the over all satisfaction level is excellent, 75% the respondents give opinion about the over all satisfaction level is good and 1% of the respondents give opinion about the over all satisfaction level is average, none of them says poor and very bad.

**Chart No 12**  
**OVER ALL SATISFACTION LEVEL**



### 5.1.2 WEIGHTED AVERAGE METHOD

#### WEIGHTED AVERAGE FOR SERVICES OFFERED BY SAKTHI FINANCE LIMITED

Ranking analysis is used to identify the satisfaction of sakthi finance limited opinion of the selected sample respondents such as customer services, easy approachability of officials, rate of interest, terms and conditions and speed of receiving deposit /speed of disbursal of loan.

Particulars	1	2	3	4	5	Weighted score	Weighted average	rank
Customer services	50	36	4	3	7	419	27.93	1
Easy approachability officials	38	39	11	5	7	396	26.4	2
Rate of interest	10	14	18	10	48	228	15.2	4
Terms and conditions	1	6	12	61	20	207	13.8	5
Speed of receiving deposit/speed of disbursal of loan	1	5	55	21	18	250	16.67	3

#### INFERENCE:

From the above table observed that service offered by sakthi finance the large number of respondents had a favorable opinion towards customer service (419), followed by easy approachability of officials (396) and speed of receiving deposit/speed of disbursal of loan (250), rate of interest (228) and terms and conditions(207).

Since the majority of the respondents had favorable opinion towards customer services it was ranked 1, followed by the easy approachability of officials ranked 2 and followed by the speed of receiving deposit/speed of disbursal of loan ranked 3, rate of interest ranked 4 and terms and condition ranked 5.

### 5.1.3 CHI SQUARE TEST FOR CUSTOMER SATISFACTION

#### CHI SQUARE TEST OF AGE AND YEAR OF CUSTOMER

AGE/YEAR	Below 1 yr	1-3 yrs	4-5 yrs	Above 5 yrs	Total
18-30	2	7	0	4	13
31-40	3	6	9	11	29
41-50	2	11	11	15	39
Above 50	0	2	3	14	19
Total	7	26	23	44	100

Null hypothesis (Ho) : There is no significance relationship between age and customer in terms of year

Alternate hypothesis : There is significance relationship between age and customer in terms of year

The test statistic is given by

Using the formula  $E_i = \text{row total} * \text{column total} / \text{grand total}$ , the expected frequencies are calculated in the table below:

$$\chi^2 = n \sum \frac{(O_i - E_i)^2}{E_i}$$

where  $O_i$  denotes the  $i$ th Observed frequency

$E_i$  denotes the  $i$ th Expected frequency



**Calculation for  $\chi^2$  value:**

Age/year	Below 1 year	1-3 yrs	4-5 yrs	Above 5 yrs	Total
18-30	2 (0.91)	7 (3.38)	0 (2.99)	4 (5.72)	13
31-40	3 (2.03)	6 (7.54)	9 (6.67)	12 (12.76)	30
41-50	2 (2.73)	11 (10.14)	10 (8.97)	14 (17.16)	37
Above 50	0 (1.33)	2 (4.94)	3 (4.37)	15 (8.36)	20
Total	7	26	23	44	100

Now calculated  $\chi^2$  value = 18.84

Degrees of freedom  $v = (r-1) * (c-1) = (4-1) * (4-1) = 9$

Tabulated value at 5% level of significance is 16.919

**Inference:**

Since the calculated value is greater than tabulated value, hence the null hypothesis is rejected. So we conclude that, there is significance relationship between age and year in terms of the customer.

### CHI-SQUARE TEST FOR INCOME AND PURPOSE OF APPROACHING

Income/Approach	Deposit	Loan	Total
Below Rs 10000	24	9	33
Rs 10001-20000	16	9	25
Rs 20001-30000	7	3	10
Rs 30001-40000	0	6	6
Above Rs 40000	0	26	26
Total	47	53	100

Null hypothesis (Ho) : There is no significance relationship between income and purpose approaching

Alternate hypothesis (Ha) : There is significance relationship between income and purpose approaching

#### Calculation for $\chi^2$ value:

Income/Approach	Deposit	Loan	Total
Below Rs 10000	24 (15.51)	9 (17.49)	33
Rs 10001-20000	16 (11.75)	9 (13.25)	25
Rs 20001-30000	7 (4.70)	3 (5.30)	10
Rs 30001-40000	0 (2.82)	6 (3.18)	6
Above Rs 40000	0 (12.22)	26 (13.78)	26
Total	47	53	100

Now calculated  $\chi^2$  value = 40.82

Degrees of freedom  $v = (r-1) * (c-1) = (5-1) * (2-1) = 4$

Tabulated value at 5% level of significance is 9.488

#### Inference:

Since the calculated value is greater than table value, hence the null hypothesis is rejected. So we conclude that, there is significance relationship between income and purpose of approaching.

### CHI SQUARE TEST FOR OCCUPATION AND OWNED DEPOSIT ACCOUNT

Occupation/deposit Account	1	2	3	4	5 and above	Total
Business	0	0	0	0	3	3
Self-employed	1	0	4	3	6	14
Private employee	0	1	3	3	5	12
Govt.employee	1	1	0	1	0	3
Agriculturist	0	1	0	0	3	14
Others	0	1	5	3	2	11
Total	2	4	12	10	19	47

Null hypothesis (Ho) : There is no significance relationship between based on occupation and owned for deposit account

Alternate hypothesis (Ha) : There is significance relationship between based on occupation and owned for deposit account

#### Calculation for $\chi^2$ value:

Occupation/Owned Deposit Account	1	2	3	4	5 and above	Total
Business	0 (.13)	0 (.26)	0 (.77)	0 (.64)	3 (1.21)	3
Self-employed	1 (.60)	0 (1.19)	4 (3.57)	3 (2.98)	6 (5.66)	14
Private employee	0 (.51)	1 (1.02)	3 (3.06)	3 (2.55)	5 (4.85)	12
Govt.employee	1 (.13)	1 (.26)	0 (.77)	1 (.64)	0 (1.21)	3
Agriculturist	0 (.17)	1 (.34)	0 (1.02)	0 (.85)	3 (1.62)	14
Others	0 (.47)	1 (.94)	5 (2.81)	3 (2.34)	2 (4.45)	11
Total	2	4	12	10	19	47

$$\chi^2 = 24.89$$

Now calculated  $\chi^2$  value = 24.89

Degrees of freedom  $v = (r-1) * (c-1) = (6-1) * (5-1) = 20$

Tabulated value at 5% level of significance is 31.410

#### Inference:

Since the calculated value is less than table value, hence the null hypothesis is accepted. So, we conclude that, there is no significance relationship based on occupation and owned deposit account.

### CHI SQUARE TEST FOR OCCUPATION AND GET FOR LOAN ACCOUNT

Occupation/deposit Account	1	2	3	4	5 and above	Total
Business	11	20	6	7	2	46
Self-employed	1	2	0	0	3	3
Private employee	2	1	0	0	0	3
Govt. employee	0	0	0	0	0	0
Agriculturist	0	0	0	0	0	0
Others	1	0	0	0	0	1
Total	15	23	6	7	2	53

Null hypothesis (Ho) : There is no significance relationship between based on occupation and get loan amount

Alternate hypothesis (Ha) : There is significance relationship between based on occupation and get loan amount

#### Calculation for $\chi^2$ value:

Occupation/ get loan amount	1	2	3	4	5 and above	Total
Business	11 (13.02)	20 (.19.96)	6 (.5.21)	7 (6.08)	2 (1.74)	46
Self-employed	1 (.85)	2 (1.30)	0 (.34)	0 (.40)	0 (.11)	3
Private employee	2 (.85)	1 (1.30)	0 (.34)	0 (.40)	0 (.11)	3
Govt. employee	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Agriculturist	0 (.0)	0 (0)	0 (0)	0 (0)	0 (0)	0
Others	1 (.28)	0 (.43)	0 (.11)	0 (.13)	0 (.04)	1
Total	15	23	6	7	2	53

$$\chi^2 = 6.91$$

Now calculated  $\chi^2$  value = 6.91

Degrees of freedom  $v = (r-1) * (c-1) = (6-1) * (5-1) = 20$

Tabulated value at 5% level of significance is 31.410

#### Inference:

Since the calculated value is less than table value, hence the null hypothesis is accepted. So, we conclude that, there is no significance relationship between based on occupation and get for loan account.

## CHAPTER 6

### SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

#### 6.1 FINDINGS FROM DEPOSIT MOBILIZATION AND LOAN DISTRIBUTION

1. The total number of fixed deposits has decreased during the study period due to the reason that financial institutions have reduced the interest rate.
2. The total number of cumulative deposits has decreased during the study period due to the reason that financial institutions have reduced the interest rate.
3. The total number of NCD fixed income scheme has increased during the study period.
4. The total number of NCD cumulative income scheme has increased during the study period.
5. The deposit schemes and interest for deposit are correlated highly positively.
6. The non convertible debentures and interest for NCD are correlated positively.
7. The automobiles loans have increased during the study period in the recent times the.
8. The house hold durables loan and industrial machinery loans have decreased during the study period. Because the companies and builders have themselves arranging the bank loans with their own banking partners.
9. The loan advance and assets repossessed are negatively correlated.
10. The advances made incomes gained are highly positively correlated.
11. The loan advanced and bad debts incurred are negatively correlated.

## 6.2 FINDINGS FROM CUSTOMER SATISFACTION:

1. Most (39%) of the respondents are between age group of 41-50 years, because they can avail 0.5% more interest being senior citizen.
2. 83% of the respondents are male and 17% of the respondents are female.
3. 89% of the respondents are married and 11% of the respondents are unmarried.
4. Majority of the respondents (49%) occupation is business customers who need loan for rotation.
5. 33% of the respondents are the income group of Rs.10000 and 26% of the respondents of the income group of above rs.40000.
6. Large number of respondents (44%) educational qualifications is school level because most of the respondents are continuing their parental accounts because of family trust.
7. 47% of the respondents are approaching sakthi finance limited for deposit purpose and rest (53%) of the respondents for approaching to get loan.
8. The majority of the respondents (52%) are influenced by sales representative.
9. 44% of the respondents are dealing sakthi finance limited with above 5 years because of greater trust and satisfactory service.
10. The most (36.11%) of the respondents are preferred for fixed deposit scheme.
11. The large number of the respondents (40.43%) owns 5 and above accounts because of greater trust, satisfactory service and no delay in providing loans.
12. The majority of the respondents (51.06%) are stated that interest rate is highly satisfied.
13. Most (48.94%) of them satisfied about different schemes for deposit.
14. 46.81% of the respondents of sakthi finance limited provide intimation about the maturity date is highly satisfied.

15. The majority of the respondents (68.09%) feel that the services offered by sakthi finance limited.
16. The large number of the respondents (53.2%) stated that renewal / refund time are highly satisfied.
17. Most (69.81%) of the respondents are got loan for commercial vehicles.
18. Majority of the respondents (43.40%) stated that receiving loan from two accounts.
19. 43.40% of the respondents stated that the interest rate for loan is satisfied.
20. 43.40% of the respondents feel that loan amount sanctioned is satisfied.
21. 47.17% of the respondents highly satisfied about the loan tenure.
22. Majority of the respondents (64.15%) feel highly satisfied about the service charges.
23. The large number of the respondents (60.38%) feels the speed of sanctioning loan is highly satisfied.
24. Maximum of the respondents (67.92%) opinions about installments basis is highly satisfied.
25. Most (64.15%) of the respondents opinion about guarantee is highly satisfied.
26. Maximum of the respondents (75%) gave opinion of over all satisfaction level of sakthi finance limited is good.
27. There is significant relationship between the based on age and year of the customer.
28. There is significant relationship between the based on income and purpose of approaching.
29. There is no significant relationship between the based on occupation and owned account for deposit.
30. There is significant relationship between the based on occupation and get loan account.

### **6.3 SUGGESTION FOR DEPOSIT MOBILIZATION, LOAN DISTRIBUTION AND CUSTOMER SATISFACTION**

1. New deposit scheme should be introduced to attract the general public.
2. The sakthi finance limited should increase the facilities that can be availed by the account holder.
3. Company must decrease outstanding loan, so the bad debts may recovered.
4. The credit policies to be reviewed periodically and communicated to all branches.
5. The company should focus more number of customers for deposit and loan account.
6. The company should give advertisement in news paper, magazines and television.
7. Reduce the rate of interest for loan.
8. Quantum of fund should be increased.



## **6.4 CONCLUSION**

The study will help the researcher to understand company background in overall concept of deposits and loan distribution in detail and customer satisfaction. Sakthi finance limited is one of the leading Non-Banking finance company in Tamilnadu.

Though there are some other players in the same industry, sakthi finance limited occupying the market in Coimbatore and neighboring districts.

More individuals and customers are approaching sakthi finance limited because of their products and services. This study is useful for company to improve the areas of mobilization of deposits, loans recovered, customer satisfaction, bad dept recovered etc.

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**QUESTIONNAIRE FOR CUSTOMER SATISFACTION  
A STUDY ON CUSTOMER SATISFACTION OF SAKTHI FINANCE LIMITED  
IN COIMBATORE**

1. Name :
2. Age
  - a) 18-30yrs
  - b) 31-40yrs
  - c) 41-50yrs
  - d) Above 50 yrs
3. Gender:
  - a) Male
  - b) Female
4. Martial status:
  - a) Married
  - b) Unmarried
5. Monthly income
  - a) Below Rs. 10000
  - b) Rs. 10001-20000
  - c) Rs. 20001- 30000
  - d) Rs. 30001-40000
  - e) Above Rs. 40000
6. Occupation
  - a) Business
  - b) Self-Employee
  - c) Govt.Employee
  - d) Private Employee
  - e) Agriculturist
  - f) Others (specify)
7. Educational qualification
  - a) School level
  - b) Graduate
  - c) Post-Graduate
  - d) Professional
8. What purpose you are approaching sakthi finance limited?
  - a) Depositing money
  - b) Getting for loan
9. Which source do you influence sakthi finance limited?
  - a) Sales Representative
  - b) Intermediaries
  - c) Friends & Relatives
  - d) Advertisements
10. In how many years you are customer of sakthi finance limited?
  - a) Below 1 year
  - b) 1-3 yrs
  - c) 4-5 yrs
  - d) Above 5 yrs
11. What type of deposit do you prefer?
  - a) Fixed Deposit
  - b) Cumulative Deposit
  - c) NCD Fixed Income Scheme
  - d) NCD Cumulative Income Scheme
  - e) All
12. How many deposits accounts do you invest in SFL?
  - a) 1
  - b) 2
  - c) 3
  - d) 4
  - e) 5 and above

13 What is your satisfaction level of deposit scheme offered by SFL?

Particulars	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Interest rate					
Different scheme					
Maturity date					
Services					
Refund/ Renewal					

14) What types of loan do you prefer?

a) Commercial vehicles    b) Construction Equipment Vehicles

c) Others (specify) -----    d) All

15) How many loan accounts do you currently servicing with SFL?

a) 1    b) 2    c) 3    d) 4    e) 5 and above

16) What is your satisfaction level of loan scheme offered by SFL?

Particulars	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Interest rate					
Loan amount					
Loan tenure					
Service charges					
Speed of sanction					
Instalment guarantee					

17) Rank the following services offered by sakthi finance limited  
(Please specify rank 1, 2, 3...)

Particulars	Rank
Customer service	
Easy approachability of officials	
Rate of interest	
Terms & conditions	
Speed of disbursal of loan / speed of receiving deposits	

18) What is your overall satisfaction level of SFL?

a) Excellent    b) good    c) average    d) poor    e) very bad

19) Please give your Valuable Suggestion.