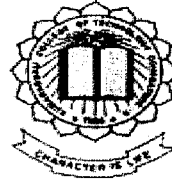


P-2782



**A STUDY ON RETAIL FINANCE FOR TWO WHEELER AND ITS INFLUENCE  
ON SALES WITH REFERENCE TO HERO HONDA MOTORS IN  
COIMBATORE**

A PROJECT REPORT  
submitted by

**S.SAMPATHKUMAR**  
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In partial fulfillment of the requirements  
for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

**April, 2009**

KCT Business School  
Department of Management Studies  
Kumaraguru College of Technology  
( An autonomous institution affiliated to Anna University, Coimbatore)  
Coimbatore-641 006



*Certificate*

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**"A Study on Retail Finance for Two-Wheelers and Its Influence on Sales With Reference To Herohonda Motors Ltd in Coimbatore".**

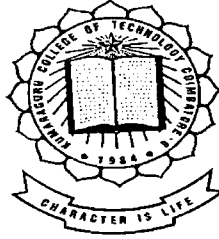
From the period of January '09 to April '09, and was given necessary guidance from our office

  
25/04/09  
**B.M.VIDYADHAR**  
TERRITORY MANAGER- SALES  
HEROHONDA MOTORS LTD  
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*Bonafide Certificate*

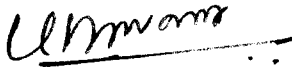
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**BONAFIDE CERTIFICATE**

Certified that this project titled “ **A STUDY ON RETAIL FINANCE FOR THE TWO WHEELER AND ITS INFLUENCE ON SALES WITH REFERENCE TO HERO HONDA MOTORS IN COIMBATORE** ” is the bona fide work of **Mr. S.SAMPATHKUMAR** who carried out this project 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.



**Prof. K.R. AYYASWAMY**  
Faculty Guide



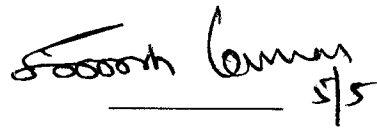
**Prof. Dr. S.V. DEVANATHAN**  
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**Examiner I**

5.5.09



**Examiner II**

*Acknowledgement*

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## *Executive Summary*

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## **EXECUTIVE SUMMARY**

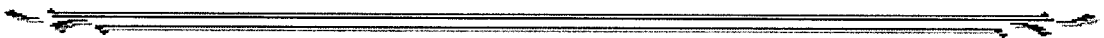
The automobile industry in India is one of the fastest growing industry in that the two wheeler industry has 76% the total automobile market by number of units produced. In the financial year 2008-2009 the industry faced significant drop in its sales due to the economic slowdown. The retail finance for this industry is about half of the market requirement. Due to lack of repayment, few banks have reduced their lending.

Sample data were collected from two categories of borrowers existing and potential. 100 samples were collected from existing borrowers and 100 samples from potential borrowers using two different schedules. The collected data were analyzed using regression analysis, chi- square test and growth percentages

The results are under the availed the loan amount largely depends on the number of installments. The drop in the annual income of the borrowers had a significant effect on the down turn in the two-wheeler market.



## *Introduction*



# CHAPTER 1

## INTRODUCTION

### 1.1 ABOUT THE INDUSTRY:

#### HISTORY OF TWO WHEELER INDUSTRY IN INDIA

The two-wheeler industry in India has grown rapidly in the country of liberalization from 1991. The finance minister Dr. Manmohan Singh announced liberal fiscal and license policies to boost the growth process of our country. The pre-liberalised era, there was only handful of two-wheeler models available in the country. Currently, India is the second largest producer of two-wheelers in the world. It stands next only to China and Japan in terms of the number of two-wheelers production and the sales. In the year 2008-2009, the annual production of two-wheelers in India stood 8,418,626.

The trend of growing two-wheeler demand is due to a variety of reasons peculiar to Indian environment. One of the prime factors is poor public transport in system of India. Additionally, two-wheelers offer a great deal of convenience and mobility for the Indian road connectivity. Bajaj auto began trading in imported Vespa Scooters in 1948. While Automobile Products of India (API) commenced production of scooters in country in the early 50's. Until 1958, API and Royal Enfield were the only producers of two-wheelers in India. Bajaj signed a technical collaboration in 1960 with Piaggio of Italy to produce Vespa Scooters. This collaboration ended in 1971, and subsequently Bajaj launched their scooters under the brand Chetak.

The motorcycle manufacturers were also not different. Until the mid 80's, there were only three major motorcycle manufacturers in India namely Rajdoot, Escorts, and Enfield. The Indian two-wheeler market was opened to foreign manufacturers in the mid 80's. The industry, which had seen a protected environment, faced fierce foreign competition.

Motorcycle companies like the Yamaha, Honda, and Kawasaki, set up shop in India in collaboration with various Indian two-wheeler companies. Companies like Escorts,

motorbikes. Bikes manufactured by Hero Honda, the only company manufacturing four-stroke bikes at that time, gained massive popularity and had a high market share.

In the mid 80's, Kinetic introduced a variomatic gearless scooter in collaboration with Honda. This scooter became instantly popular with the younger generation, especially people who found it difficult to use geared scooters. The introduction of gearless scooter created demand from women and teenagers who could not get used to driving either motorcycles or gear scooters. Many companies such as Kinetic, TVS, and Hero also started manufacturing mopeds that proved immensely popular with people.

Change of government's policy for pollution control and the Kyoto agreement saw the phasing out of two stroke two-wheelers from production. Currently there are around 10 two-wheeler manufacturers in the country, they being Bajaj, Hero, Hero Honda, Honda, Indus, Kinetic, Royal Enfield, Suzuki, TVS, and Yamaha and others in the market.

The latest trend in the two-wheeler market is the introduction of electrically operated vehicles from a range of manufacturers such as Indus and Hero. These can be operated with batteries that are recharged from convenient household electrical points. The only disadvantage is the speed, of the vehicle that around 25 miles per hour.

Currently, the motorcycle market is witnessing a slow demand for lower volume engines. Previously, the 100 cc bikes were very popular owing to the high fuel efficiency offered. However, the market is maturing fast. Sensing this movement, Bajaj has introduced the Bajaj Pulsar, with 150, 180 and 200 cc engines with Dual Twin Spark Ignition (DTSi) technology.

## **Demand Drivers**

The demand for two-wheelers has been influenced by a number of factors over the past five years. The key demand drivers for the growth of the two-wheeler industry are as follows in adequate and poor road condition for four wheelers.

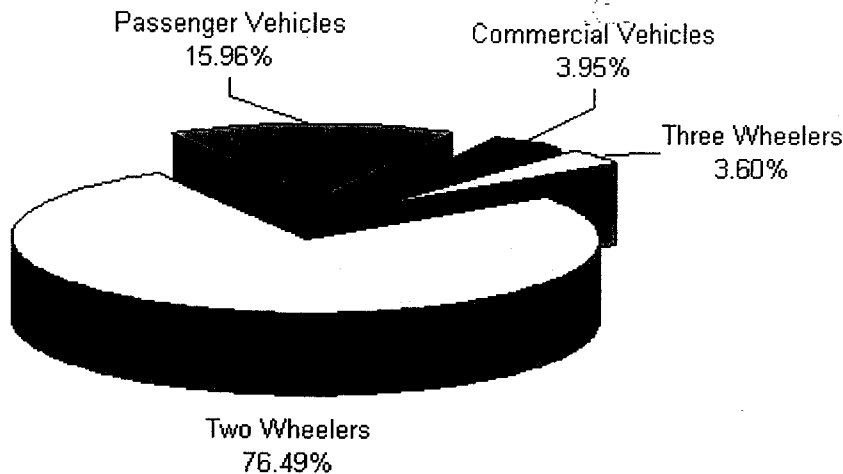
- ? Inadequate public transportation system, especially in the semi-urban and rural areas;
- ? Increased availability of cheap consumer financing in the past 3-4 years;
- ? Increasing availability of fuel-efficient and low-maintenance models;
- ? Increasing urbanisation, which creates a need for personal transportation;
- ? Changes in the demographic profile;
- ? Difference between two-wheeler and passenger car prices, which makes two-wheelers the entry level vehicle;
- ? Steady increase in per capita income over the past five years; and
- ? Increase the number of models with different features to satisfy diverse consumer needs.

While the demand drivers listed here operate at the broad level, segmental demand is influenced by segment-specific factors

## **INTRODUCTION ABOUT THE AUTOMOBILE INDUSTRY IN INDIA**

The Indian automotive industry consists of five segments: commercial vehicles; multi-utility vehicles & passenger cars; two-wheelers; three-wheelers; and tractors. With 11,175,479 units were produced in the financial year 2008-2009 and 9,723,391 sold in the domestic market and 1, 530, 66 units exported during the financial year of 2008-2009.

### Category-Wise Market Share in 2008-09



The graph clearly indicates the auto industry largely depends on two wheeler segments with 76.5 %, share of the total number of vehicle sold.

#### Domestic Sales

The cumulative growth of the Passenger Vehicles segment during April 2007 – March 2008 was 12.17 percent. Passenger Cars grew by 11.79 percent, Utility Vehicles by 10.57 percent and Multi Purpose Vehicles by 21.39 percent in this period.

The Commercial Vehicles segment grew marginally at 4.07 percent. While Medium & Heavy Commercial Vehicles declined by 1.66 percent, Light Commercial Vehicles recorded a growth of 12.29 percent.

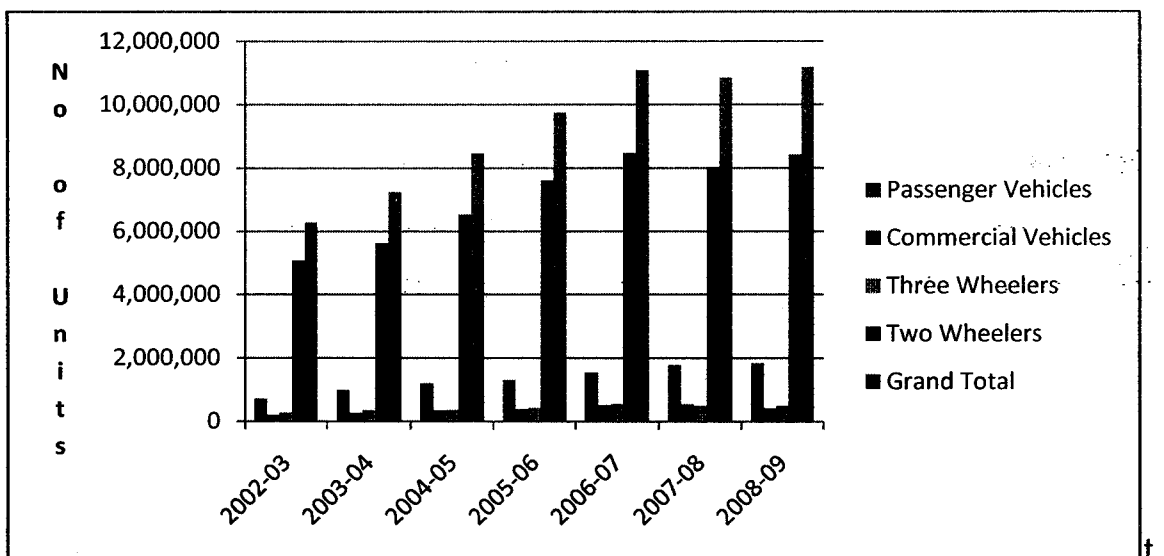
Three Wheelers sales fell by 9.71 percent with sales of Goods Carriers declining drastically by 20.49 percent and Passenger Carriers declined by 2.13 percent during April- March 2008 compared to the last year.

Two Wheelers registered a negative growth rate of 7.92 percent during this period, with motorcycles and electric two wheelers segments declining by 11.90 percent and 44.93 percent respectively. However, Scooters and Mopeds segment grew by 11.64 percent and 16.63 percent respectively.

## Exports

Automobile Exports registered a growth of 22.30 percent during the current financial year. The growth was led by two wheelers segment which grew at 32.31 percent. Commercial vehicles and Passenger Vehicles exports grew by 19.10 percent and 9.37 percent respectively. Exports of Three Wheelers segment declined by 1.85 percent

### 1.1. Charts shows total units of automobile vehicles Sales



## Installed Capacities in the Indian Automobile Industry

The following table explains the total Installed Capacities in the Indian Automobile Industry.

Table: 1.1. Installed Capacities in the Indian Automobile Industry 2006-07

Installed Capacities in the Indian Automobile Industry 2006-07			
2005-06		2006-07	
Installed Capacity (In Millions)		Installed Capacity (In Millions)	
a) Four Wheelers	1.79	a) Four Wheelers	2.24
b) Two &Three Wheelers	10.59	b) Two &Three Wheelers	12.69

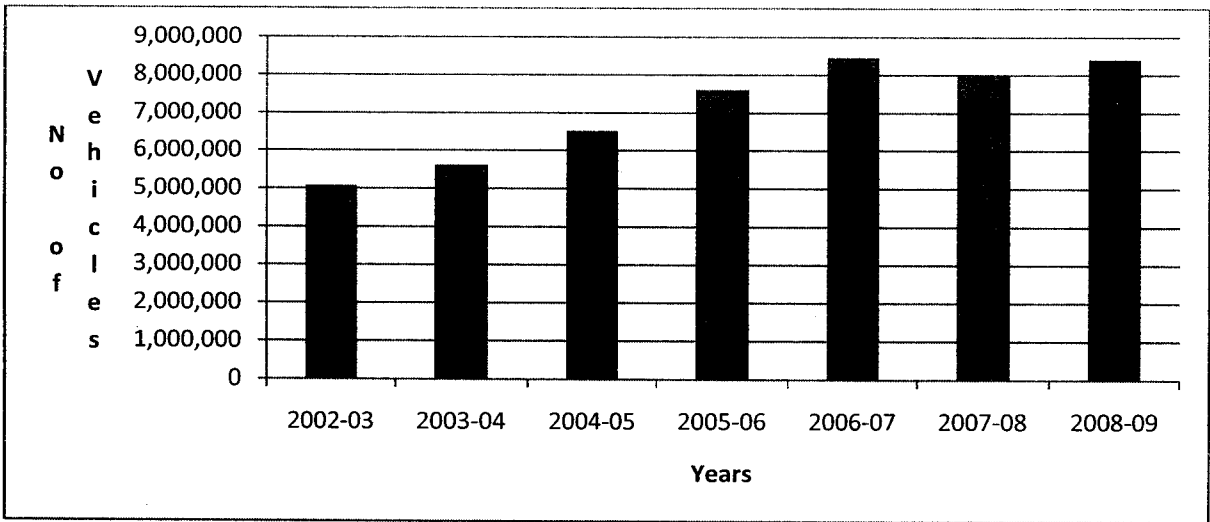
## **TWO WHEELER INDUSTRIES**

The automobile sector of country is very important sector. Because it will be the back bone for the transportation system in the country. In the automobile sector two wheeler sectors contribute 76 percentage of whole automobile sector in India. The two wheeler sector helps all the category of people. In the Indian two wheeler industry has around ten market players. Hero Honda Motors Ltd (HHML), Bajaj Auto Ltd (Bajaj Auto) and TVS Motor Company Ltd (TVS) Kinetic Motor Company Ltd (KMCL), Kinetic Engineering Ltd (KEL), LML Ltd (LML), Yamaha Motors India Ltd (Yamaha), Majestic Auto Ltd (Majestic Auto), Royal Enfield Ltd (REL) and Honda Motorcycle & Scooter India (P) Ltd (HMSI). Among them the top three players – Hero Honda Motors Ltd (HHML), Bajaj Auto Ltd (Bajaj Auto) and TVS Motor Company Ltd (TVS) accounting for over 80% of the industry sales as in 2006-2007.

### **TWO-WHEELERS: MARKET SIZE & GROWTH**

In terms of volume, 8,418,626 units were produced in the financial year 2008-2009 and 7,437,670 two-wheelers were sold in the country in 2008- 2009 with 1004174 units exported. The total two-wheeler sales of the Indian industry accounted for around 76.9% of the total vehicles sold in the period mentioned. Two Wheelers registered a negative growth rate of 7.92 percent during this period, with motorcycles and electric two wheelers segments declining by 11.90 percent and 44.93 percent respectively. However, Scooters and Mopeds segment grew by 11.64 percent and 16.63 percent respectively.

Chart 1.2. Shows total volume of two wheeler sales



### SEGMENTAL CLASSIFICATION AND CHARACTERISTICS

The three main product segments in the two-wheeler category are scooters, mopeds and motorcycles. However, in response to evolving demographics and various other factors, other sub segments emerged, viz. scooter, gearless scooters, and 4-stroke scooters. While the first two emerged as a response to demographic changes, the introduction of 4-stroke scooters has followed the imposition of stringent pollution control norms in the early 2000. Besides, these prominent sub-segments, product groups within these sub-segments have gained importance in the recent years.

Examples include 125cc motorcycles, 100-125 cc gearless scooters, etc

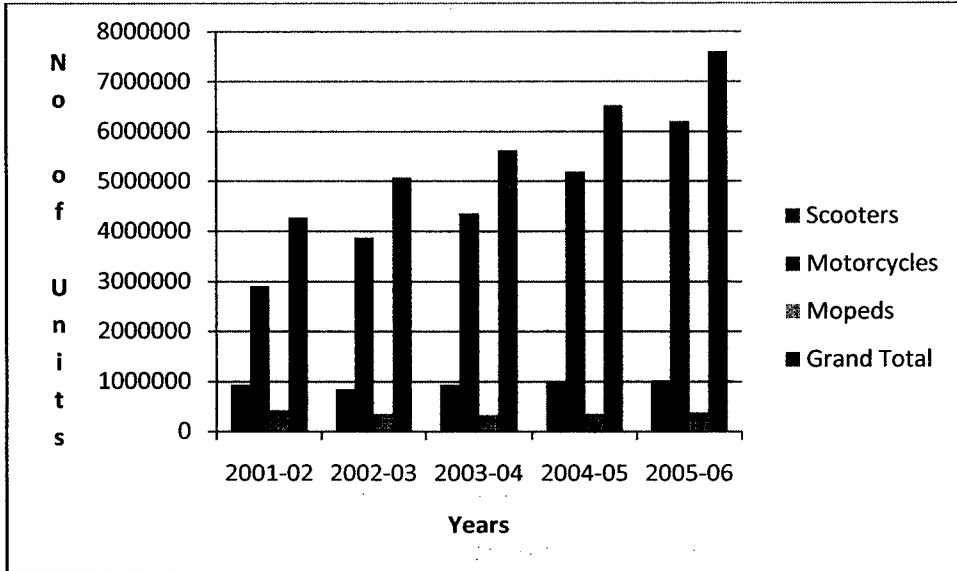
### SEGMENTAL MARKET SHARE

The Indian two-wheeler industry has undergone a significant change over the past 10 years with the preference changing from scooters and mopeds to motorcycles. The scooters segment was the largest till FY 2004, accounting for around 42% of the two-wheeler sales (motorcycles and mopeds accounted for 37% and 21 % of the market respectively, that year). However, the motorcycles segment that had witnessed high growth (since FY1994) became larger than the scooter segment in terms of market share for the first time in FY2005. Between FY2006 and FY2007, the motorcycles segment more than doubled its share of the two-wheeler industry to



79% even as the market shares of scooters and mopeds stood lower at 16% and 5%, respectively

Chart 1.3. Shows two wheeler sales by segments



While scooter sales declined sharply by 28% in FY2002, motorcycle sales reported a healthy growth of 20%, indicating a clear shift in consumer preference. This shift, which continues, has been prompted by two major factors: change in the country's demographic.

Over the past 10-15 years the demographic profile of the typical two-wheeler customer has changed. The customer is likely to be salaried and in the first job. With a younger audience, the attributes that are sought of a two-wheeler have also changed. Following the opening up of the economy and the increasing exposure levels of this new target audience, power and styling are now as important as comfort.

The marketing pitch of scooters has typically emphasised reliability, price, comfort and utility across various applications. Motorcycles, on the other hand, have been traditionally positioned as vehicles of power and style, which are rugged and more durable. These features have now been complemented by the availability of new designs and technological innovations. Moreover, higher mileage offered by the executive and entry-level models has also attracted interest of two-wheeler customer. Given this market positioning of scooters and motorcycles, it is not surprising that the new set of customers has preferred motorcycles to scooters. With

better ground clearance, larger wheels and better suspension offered by motorcycles, they are well positioned to capture the rising demand in rural areas.

Scooters are perceived to be family vehicles, which offer more functional value such as broader seat, bigger storage space and easier ride. However, with the second-hand car market developing, a preference for used cars to new two-wheelers among vehicle buyers cannot be ruled out. Nevertheless, the past few years have witnessed a shift in preference towards gearless scooters (that are popular among women) within the scooters segment. Motorcycles, offer higher fuel efficiency, greater acceleration and more environment-friendliness. Given the declining difference in prices of scooters and motorcycles in the past few years, the preference has shifted towards motorcycles. Besides a change in demographic profile, technology and reduction in the price difference between motorcycles and scooters, another factor that has weighed in favour of motorcycles is the high re-sale value they offer. Thus, the customer is willing to pay an up-front premium while purchasing a motorcycle.

## **TECHNOLOGY**

Hitherto, technology transfer to the Indian two-wheeler industry took place mainly through: licensing and technical collaboration (as in the case of Bajaj Auto and LML); and joint ventures (HHML).

A third form - that is, the 100% owned subsidiary route - found favour in the early 2000s. A case in point is HMSI, a 100% subsidiary of Honda, Japan. Table 2 details the alliances of some major two-wheeler manufacturers in India.

Besides the below mentioned technology alliances, Suzuki Motor Corporation has also followed the strategy of joint ventures (SMC reportedly acquired equity stake in Integra Overseas Limited for manufacturing and marketing Suzuki motorcycles in India).

Table 1.2. Technological tie-ups of Select Players

	<b>Nature of Alliance</b>	<b>Company</b>	<b>Product</b>
<i>Bajaj Auto</i>	Technological tie-up	Kawasaki Heavy Industries Ltd, Japan	Motorcycles
	Technological tie-up	Tokya R&D Co Ltd, Japan	Two-wheelers
	Technological tie-up	Kubota Corp, Japan	Diesel Engines
<i>HHML</i>	Joint Venture	Honda Motor Co, Japan	Motorcycles
<i>KEL</i>	Technological tie-up	Hyosung Motors & Machinery Inc	Motorcycles
<i>KEL</i>	Tie up for manufacturing and distribution	Italjet, Italy	Scooters
<i>LML</i>	Technological tie-up	Daelim Motor Co Ltd	Motorcycles
<i>Hero Motors</i>	Technological tie-up	Aprilia of Italy	Scooters

With the two-wheeler market, especially the motorcycle market, becoming extremely competitive and the life cycle of products getting shorter, the ability to offer new models to meet fast changing customer preferences has become imperative. In this context, the ability to deliver newer products calls for sound technological backing and this has become one of the critical differentiating factor among companies in the domestic market. Thus, the players have increased their focus on research and development with some having indigenously developed new models as well as improved technologies to cater to the domestic market. Further, with exports being one of the thrust areas for some Indian two-wheeler companies, the Indian original equipment manufacturers (OEMs) have realised the need to upgrade their technical capabilities. These relate to three main areas: fuel economy, environmental

It is not only that the OEMs are increasing their focus on in-house R&D; they also provide support to the vendors to upgrade the technology and also assist them striking technological alliances.

## **TRENDS IN THE TWO-WHEELER INDUSTRY**

### **Companies raising capacity to meet the growing demand**

All the major two-wheeler manufacturers, viz. Bajaj Auto, HHML, TYS, HMSI and others, have increased their manufacturing capacities in the recent past. The total capacity of these players stood at 12.69 million units per annum (FY2006-07) as against total market sales of 10.59 million units in (FY2005-06). Most of the players have either expanded capacity, or converted their existing capacities for scooters and mopeds into those for manufacturing motorcycles. The move has been prompted by the rapid growth reported by the motorcycles segment since FY1995.

HHML increased the capacity of its plants from 1.8 million units in FY2004 to 2.25 million in FY2006 and has been able to achieve 92% capacity utilisation. In light of the increase in demand for motorcycles. *Hero Honda* will invest Rs 1900 crore in its new facility in Hardwar to take its *capacity* to 1.5 million units by 2010. Since its entry in the Indian market during FY2005, HMSI has aggressively expanded its capacity.

### **Niche markets also witnessing intense competition**

A significant trend witnessed over the past five years is the inclination of consumers towards products with superior features and styling. Better awareness about international models has raised expectations of consumers on some key attributes, especially quality, styling, and performance. High competitive intensity has prompted players to launch vehicles with improved attributes at a price less than the competitive models.



In an effort to satisfy the distinct needs of consumers, producers are identifying emerging consumer preferences and developing new models. For instance, in the motorcycles segment, motorcycles with engine capacity over 150cc, is a segment that has witnessed significant new product launches and hence, become more competitive. The indigenously launched Pulsar 150 had met with success on its launch and thereafter, a host of models have been launched in this segment by various players. While Bajaj Auto launched the Pulsars (150 and 180 cc) with digital twin spark technology (DTSi) that offers a powerful engine and fuel efficiency of 125 cc models, model launches by other players include LML's Graptor/Beamer, HMSI's Unicorn besides the HHML's CBZ (improved version launched in 2007-08) and TVS' Fiero F2. Moreover, in the recent past, the motorcycle segment has witnessed launch of vehicles with higher engine capacity (higher than 150cc) and power (higher than 15bhp). These include models such as Bajaj Auto Eliminator and Royal Enfield's Thunderbird followed by HHML's Karisma. Besides these, KEL has launched premium segment motorcycles GF 170 and GF Laser besides launching products from the portfolio of its technology partner (Hyosung's Aquila and Comet 250). The products in this segment cater for style conscious consumers. Quite a few players are developing models combining features such as higher engine capacity" optimum mix of power and performance, and superior styling. However, the extent of shift to these products would depend on the positioning of such products in terms of

In the scooters segment, the market for plastic-bodied variomatic scooters continues to witness growth in the scenario of overall decline in scooter volumes. Higher volumes and growth are especially true for certain scooter models, such as Honda Activa, that brought in new technology (besides variomatic transmission) to further differentiate themselves. Thus, the need to differentiate and create a niche has led to companies strengthening their research and development (R&D) capabilities and reducing the development time for new models.

## **1.2. ABOUT THE COMPANY**

### **1.2.COMPANY PROFILE**

#### **HERO HONDA MOTORS LTD.- HISTORY**

Hero Honda Motors Ltd. Was started on a joint venture between India's Hero Group and Japanese Honda Motors Company in the year 1983. This joint venture is not only the world's single largest two wheeler company but also one of the most successful joint ventures worldwide. Hero Honda is globally known of being the most fuel-efficient and the largest CBZ selling Indian motorcycle company. This relationship is so harmonious that Hero Honda has managed to achieve indigenisation of over 95 percent, a Honda record worldwide.



#### **MANAGEMENT**

The management lead by the chairman Brijmohan Lall Munjal, managing director and ceo Pawan Munjal and one joint managing director, one technical director and eleven non executive directors in the board of Hero Honda Motors.

#### **HERO HONDA'S MISSION**

Hero Honda's mission is to strive for synergy between technology, systems and human resources, to produce products and services that meet the quality, performance and price aspirations of its customers. At the same time maintain the highest standards of ethics and social responsibilities.

This mission is what drives Hero Honda to new heights in excellence and helps the organization forge a unique and mutually beneficial relationship with all its stake holders.

## **HERO HONDA'S MANDATE**

Hero Honda is a world leader because of its excellent manpower, proven management, extensive dealer network, efficient supply chain and world-class products with cutting edge technology from Honda Motor Company, Japan. The teamwork and commitment are manifested in the highest level of customer satisfaction, and this goes a long way towards reinforcing its leadership status.

## **CORPORATE PROFILE**

In some ways, Hero and Honda are like two volumes of a single book. What has made the book a bestseller is the fact that right from the outset, the co-authors knew the script they had to write in order to be successful in the Indian market.

Over the course of two and a half decades, both partners have fine tuned and perfected their roles. As the largest motorcycle producer in the world, Honda has been able to consistently provide technical knowhow, design specifications and R&D innovations to its most prolific affiliate in the world, Hero Honda. This has led to the development of world class, value for- money motorcycles and scooters for the Indian market.

On its part, the Hero Group has taken on the singular and onerous responsibility of developing the supply chain, ramping up production facilities, setting up distribution networks and creating customers. Since both partners are completely focused on their respective skills, they have been able not just to complement each other, but also draw from each other's strengths. In the process, Hero Honda has gone on to create history, by becoming one of the most successful joint ventures in the world. Today, every second motorcycle sold in the country is a Hero Honda. There are more than 22 million Hero Hondas on the road.

The true test of champions comes when the going gets tough. Champions show the way by doing the basic things right. In a particularly difficult year, when the rest of the motorcycle industry shrunk by 14 per cent, Hero Honda has protected its turf and has actually grown its market share, by re-establishing a lead of more than one million bikes over its nearest rival.

. Today, Hero Honda is powering its way through a market that —despite the short term hiccup—hasn't still unleashed its true potential, since barely 2 per cent of the population has been penetrated so far. Not surprisingly, the company is in no mood to take its hand off the throttle. As Brijmohan Lall Munjal, the Chairman, Hero Honda Motors succinctly puts it, "We pioneered India's motorcycle industry, and it's our responsibility now to take the industry to the next level. We'll do all it takes to reach there."

**Table 1.3.KEY MILESTONES OF HERO HONDA**

<b>Year</b>	<b>Event</b>
<b>1983</b>	Joint Collaboration Agreement with Honda Motor Co. Ltd. Japan signed  Shareholders Agreement signed
<b>1984</b>	Hero Honda Motors Ltd. incorporated
<b>1985</b>	First motorcycle "CD 100" rolled out
<b>1987</b>	100,000th motorcycle produced
<b>1989</b>	New motorcycle model - "Sleek" introduced
<b>1991</b>	New motorcycle model - "CD 100 SS" introduced  500,000th motorcycle produced
<b>1992</b>	Raman Munjal Vidya Mandir inaugurated - A School in the memory of founder Managing Director, Mr. Raman Kant Munjal
<b>1994</b>	New motorcycle model - "Splendor" introduced  1,000,000th motorcycle produced
<b>1997</b>	New motorcycle model - "Street" introduced  Hero Honda's 2nd manufacturing plant at Gurgaon inaugurated
<b>1998</b>	2,000,000th motorcycle produced
<b>1999</b>	New motorcycle model - "CBZ" introduced



	<p>ISO-14001 by DNV Holland</p> <p>Raman Munjal Memorial Hospital inaugurated - A Hospital in the memory of founder Managing Director, Mr. Raman Kant Munjal</p>
<b>2000</b>	<p>4,000,000th motorcycle produced</p> <p>Environment Management System of Gurgaon Plant certified ISO-14001 by DNV Holland</p> <p>Splendor declared 'World No. 1' - largest selling single two-wheeler model</p> <p>"Hero Honda Passport Programme" - CRM Programme launched</p>
<b>2001</b>	<p>New motorcycle model - "Passion" introduced</p> <p>One million production in one single year</p> <p>New motorcycle model - "Joy" introduced</p> <p>5,000,000th motorcycle produced</p>
<b>2002</b>	<p>New motorcycle model - "Dawn" introduced</p> <p>New motorcycle model - "Ambition" introduced</p> <p>Appointed Virender Sehwag, Mohammad Kaif, Yuvraj Singh, Harbhajan Singh and Zaheer Khan as Brand Ambassadors</p>
<b>2003</b>	<p>Becomes the first Indian Company to cross the cumulative 7 million sales mark</p> <p>Splendor has emerged as the World's largest selling model for the third calendar year in a row (2000, 2001, 2002)</p> <p>New motorcycle model - "CD Dawn" introduced</p>

	<p>New motorcycle model - "Splendor +" introduced</p> <p>New motorcycle model - "Passion Plus" introduced</p> <p>New motorcycle model - "Karizma" introduced</p>
<b>2004</b>	<p>New motorcycle model - "Ambition 135" introduced</p> <p>Hero Honda became the World No. 1 Company for the third consecutive year.</p> <p>Crossed sales of over 2 million units in a single year, a global record.</p> <p>Splendor - World's largest selling motorcycle crossed the 5 million mark</p> <p>New motorcycle model - "CBZ*" introduced</p> <p>Joint Technical Agreement renewed</p> <p>Total sales crossed a record of 10 million motorcycles</p>
<b>2005</b>	<p>Hero Honda is the World No. 1 for the 4th year in a row</p> <p>New motorcycle model - "Super Splendor" introduced</p> <p>New motorcycle model - "CD Deluxe" introduced</p> <p>New motorcycle model - "Glamour" introduced</p> <p>New motorcycle model - "Achiever" introduced</p> <p>First Scooter model from Hero Honda - "Pleasure" introduced</p>
<b>2006</b>	<p>Hero Honda is the World No. 1 for the 5th year in a row</p>

## PRODUCTS

The below table shows the growth over the years in the history of Hero Honda and their models introduced in the market.

Table 1.4. shows list of projects of HeroHonda

1985	CD-100
1989	SLEEK
1991	CD-100 SS
1994	Spelendor
1997	Street
1999	CBZ
2001	PASSION
2002	DAWN, AMBITION
2003	CD-DAWN, SPLENDOR +, PASSION +, KARIZMA
2005	SUPER-SPLENDOR, CD-DELUX, GLAMOUR, ACHIEVER
2008	HUNK

## COMPETITIVE STRENGTH OF THE COMPANY

The company is committed to provide the customer with excellence. A rich background of producing high value products at reasonable prices led the world's largest manufacturer of motorcycles to collaborate with the world's largest bicycle manufacturer. During 80s, Hero Honda became the first company in India to prove that it was possible to drive a vehicle without polluting the roads. They company possess three manufacturing units based at Dharuhera, Gurgaon and Haridwar are capable to produce 4.4 million units per year. They introduced new generation

The unique features like fuel conservation, safety riding courses and mobile workshops helped the group reach in the interiors of the country. Well-entrenched in the domestic market, Hero Honda Motors Ltd. turned its attention overseas, and exports

Over the years, the Company has received its share of accolades, including the National Productivity Council's Award ( 1990-91), and the Economic Times - Harvard Business School Association of India Award, against 200 contenders. The gross sales of Hero Honda by March end'2008 was 33,371,43 Crores

## **FUTURE PLAN**

### **EXPORT PLAN FOR 2009-10**

1. Concentration on existing markets and Exploration of New markets.
2. Develop new channels for business growth;
3. To maintain market leadership in Bangladesh;
4. Launch Splendor NXG in Colombia
5. New sources added for existing models
6. Launching of new Models;
7. Indigenisation plan 17 more items to be localized;
8. Compliance Plan for Future Regulations :-
9. T.A & COP for Safety Critical Components, EMC, Mass
10. Emission Norms (BS- IV), Safety Related Standards, E-1 compliance

*Aim of the Project*

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## **CHAPTER 2**

### **AIM OF THE PROJECT**

#### **2.1. OBJECTIVE OF THE STUDY:**

##### **PRIMARY OBJECTIVE:**

To study the impact of economic slowdown on two wheeler sales caused due to credit crunch of retail finance.

##### **SECONDARY OBJECTIVES**

- ❖ To find causes for consumer resistance on the purchase of two wheeler.
- ❖ Sources of two wheeler auto finance and their cost

##### **STATEMENT OF THE PROBLEM:**

The Indian automobile industry witnessed a decline in the financial year 2008-2009; especially the two wheeler industry has declined more than 20 percent. The half of two wheeler market depends on loan. Recently few banks have reduced their lending to the two wheeler market; due to this the sales of two wheeler sales get impacted.

#### **2.2. SCOPE OF THE STUDY**

To study the two wheeler auto finance and its influence on the two wheeler sales with special reference to Hero Honda.

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

1. The study is limited to Coimbatore city with reference to the three dealers cited above due paucity of time and recourses.
2. The data were collected only from the customer who availed loan who visited the company and potential dealers who are likely to purchase vehicles from dealers.

### 2.3. METHODOLOGY:

Table 2.1 Methodology

1	Research Design	Exploratory and Descriptive Research
2	Population	The Population of the project consists of the entire population of Coimbatore city who has the hero Honda bike.
3	Sample Technique	Ratified strata random Sampling
4	Sample Size	200
5	Sampling Unit	Hero Honda motor cycle owners ( Businessman, Salaried Employee, student, others )
6	Data Collection	Primary and Secondary Data Collection
7	Data Collection Tools	Questionnaire

#### TYPE OF STUDY:

The study is based on primary and secondary data; it is an exploratory and descriptive study.

#### SAMPLING DESIGN:

The sampling design is a stratified sampling method. Three dealers of Hero Honda Motors were taken for collecting primary data. Two schedules were designed (shown at annexure 1 and annexure 2 ) to collect data from existing customers who availed loan and from the potential customers who are likely to avail loan for owning two wheeler 100 samples were collected from first category and another 100 samples from second category and data so collected were analysed using the

**METHOD OF DATA COLLECTION:**

It is an exploratory and descriptive study. The required data are collected from secondary sources and through a sample study of questionnaire method.

**TOOLS OF ANALYSIS:**

Tools used for analysis are,

- ✓ Regression Analysis
- ✓ Chi-square Test
- ✓ Weighted average
- ✓ Bivariate correlation Co-efficient



## 2.4. REVIEW OF LITERATURE:

**The Business Line**<sup>1</sup> The sharp decline in the growth of the auto sector, the Department of Banking Government of India is expected to come out with a set of guidelines soon making it easier for banks and NBFCs to increase their exposure to auto loans. The department also took note of the fact that the banks were taking a longer time to process loan applications and at the same time, the rejection of loan applications had increased to about 40 per cent from about 10 per cent earlier. Even the quantum of funding had decreased in the case of various types of vehicles. For two-wheelers, the quantum of loan had decreased from about 60 per cent to about 30 per cent; for passenger cars, it had decreased to 60 per cent from about 90 per cent and in the case of commercial vehicles, it had decreased by about 10 per cent to 50 per cent.

**Siamindia**<sup>2</sup> The two-wheeler finance industry, which witnessed a 25-30 per cent decline in 2008-09, is expected to register flat or slightly incremental growth at about 4-5 per cent in 2009-2010, according to senior bank officials and industry experts. With a number of private players exiting this segment either completely or in selected areas due to rising default rates and high operating expenses, growth in two-wheeler finance is likely to be spearheaded by public sector banks, which have a wider reach and broader customer base.

**The Business Line**<sup>3</sup>“The two-wheeler finance industry contracted by 25-30 per cent in 2008-09; however, there could be a modest growth in 2009-2010 due to an increase in the underlying asset and the support provided by public sector banks. Public sector banks, would try to increase their market share in the two-wheeler finance segment but they would not be as aggressive as in home or auto loans owing to the high delinquency rate in this segment. PSBs would move cautiously to partially fill the vacuum created by the exit of private players

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<sup>1</sup> The Business Line (2008) “Overview of Performance of The Indian Automobile Industry)

<sup>2</sup> Siamindia (2007)“Two wheeler industry”

<sup>3</sup> The Business Line (2008)“ Govt likely to ease auto loan exposure norms”

**The Business Line**<sup>4</sup>The share of Hero Honda customers who are purchasing two-wheelers on loans has dropped to 30-35 per cent, a 50 per cent reduction in the last two years“ Many of Hero Honda customers who approach us for loans are mainly entry-level customers who want to own a bike to serve their needs and not for frills. They are very cautious. So there are less defaults. Besides, with the resale value on Hero Honda bikes estimated to be high, customers prefer to choose their brand About 78 lakh two-wheelers got sold in India last fiscal (2006-07). The first six months of this fiscal have seen a 9.5 per cent drop in two wheeler sales. If this trend continues, there will be only about 70 lakh two-wheelers sold this year. That would mark a reversal after six years of steady growth of about 12 per cent annually.

**FIDA**<sup>5</sup>The two-wheeler giants such as Hero Honda TVS Motors and Bajaj Auto have been quoted as saying that credit squeeze by banks and high lending rates are among the major reasons for the slowdown in sales. Banks lend about Rs 15,000 crore to the two-wheeler borrower. They finance half the total two-wheeler sales in the country. Two-wheeler loans are now priced at rates of about 21 per cent per annum compared to about 17 per cent per annum last year.

**The Business Line**<sup>6</sup> Bankers say the operational costs associated with two-wheeler loans (in terms of expenses on documentation, collection and recoveries as a percentage of the loan amount) are high. Besides, the risk profile of the average borrower in this segment is higher and bankers need to charge higher rates to compensate for this. Interest rates went up by another 4 percentage points during the course of the last year because defaults started increasing. Default rates, which are normally around 2 per cent to 3per cent, increased to about 5 per cent,

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<sup>4</sup> The Business Line (2008) “Two-wheeler sales skid on interest rate hike”

<sup>5</sup> FIDA (2008) “Decline in Two wheeler loan”

<sup>6</sup> The Business Line (2008) “Two-wheeler sales skid on interest rate hike”

**The Business Line**<sup>7</sup> The average ticket size of a two-wheeler loan is only around Rs 35,000. Even if there is an increase in rate of interest by a couple of percentage points, it will not make much of a difference to the buyer. The equated monthly instalment (EMI) would only go up by about Rs 100."ICICI Bank, which has a 40 per cent market share in this segment, said, "We have only stopped lending in certain geographies — and that has nothing to do with funding two-wheelers alone. These areas exhibit poor repayment behaviour — and so we are going slow in funding all products in those areas."

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<sup>7</sup>The Business Line (2008) "Two-wheeler sales shed on interest rate hike"

## *Analysis and Interpretation*

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### 3.1. ANALYSIS & INTERPRETATION

#### 3.1.1. REGRESSION ANALYSIS FOR POTENTIAL CUSTOMER

The following variable loan amount (Y) as dependent variable and instalment amount (X1), annual income (X2), marital status (X3), no of instalment (X4) were selected for multiple regression analysis, the data related to this variable fed into SPSS, the following results were obtained.

Y (constant) = Loan amount – Dependent variable

X1= Instalment amount - Independent Variable

X2 = Annual income - Independent Variable

X3 = Marital Status - Independent Variable

X4= No of instalment - Independent Variable

Table 3.1. Coefficients of Potential customers

#### Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-14.039	3.000		-4.679	.000
	instalment	13.600	1.112	.762	12.229	.000
	Annual income	.005	.003	.096	1.680	.096
	Marital Status	-.050	.249	-.012	-.203	.840
	No of instalment	.963	.068	.884	14.260	.000

a. Dependent Variable: loan Amount

Above results can put into regression line format.

$$Y = - 14.039 (\text{Depend variable- loan amount}) + 13.6(\text{Instalment amount}) \\ +.005X_2(\text{Annual income}) -.050X_3(\text{Marital Status } ) +. 963X_4(\text{No of instalment})$$

## INTERPRETATION

There are four independent variable taken in the correlation co-efficient calculation. It tells the repayable instalment amount has high relationship with the loan amount. No of instalment has a low relationship with the loan amount compared to the instalment amount, annual income also has a low relationship with loan amount but marital status has negative relationship with loan amount.

## REGRESSION ANALYSIS FOR EXISTING CUSTOMER

The following variable loan amount (Y) as dependent variable and instalment amount (X1), annual income (X2), marital status (X3), no of instalment (X4) were selected for multiple regression analysis, the data related to this variable fed into SPSS, the following results were obtained.

Y (constant) = Loan amount – Dependent variable

X1= Instalment amount - Independent Variable

X2 = Annual income - Independent Variable

X3 = Marital Status - Independent Variable

X4= No of instalment - Independent Variable

Table 3.2. Coefficients of Existing customers

**Coefficients**

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	-11.016	3.809		-2.892	.005
Instalment amount	12.786	1.397	.818	9.152	.000
Annual income	.000	.004	.006	.099	.922
Marital Status	.236	.294	.053	.803	.424
No instalment	.972	.080	1.073	12.207	.000

a. Dependent Variable: loan Amount

Above results can put into regression line format.

$$Y = - 11.016 (\text{Dependent variable- loan amount}) + 12.786 X1(\text{Instalment amount}) + .000 X2(\text{Annual income}) + .236X3(\text{Marital Status } ) + .972X4(\text{No of instalment})$$

**INTERPRETATION**

All the independent variable has the relationship with the dependent variable loan amount. The instalment amount has high relationship with the loan amount. The marital status and No of instalment have positive relationship, but the relationship is less compare to the instalment amount. The annual income has no relationship with loan amount.

### 3.2. CHI- SQUARE TEST

To test whether working beyond office hour has a relation with providing transportation facility by the company. The chi – square test has been administrated as under

Null Hypothesis (Ho): There is no association between working beyond office hours and company provide transportation system

#### OBSERVED FREQUENCIES

Table 3.3 Observed frequency of chi- square test

Working beyond the office time	company provide transportation system	
	Yes	No
Yes	4	12
No	5	18

#### EXPECTED FREQUENCIES

Row total \* column Total

Expected frequencies = \_\_\_\_\_

Grand Total

Table 3.4. Expected frequency of chi- square test

Do you work beyond the office time	Do your company provide bus transportation system	
	Yes	No
Yes	3.7	12.3
No	5.3	17.7



$$\chi^2 = \sum (O^2 - E^2)/E$$

1. Calculated Value  $\chi^2$  : 0.0769
2. Level of Significance : 0.05
3. Degrees of Freedom : 1
6. Critical Value : 3.841 at 5% Level of Significance with 1 Degrees of Freedom

## INTERPRETATION

Since the calculated value is smaller than the table value so the null hypothesis is accepted. So there is no association between providing company transportation and the work beyond the office hour.

### 3.3. LOAN AMOUNT IN ANNUAL INCOME

#### EXISTING CUSTOMER

There are two variables loan amount and annual income, in this the analysis how much percentage annual income the loan amount has. The loan amount of existing customer got 23.57 % in their annual income

#### PROSPECTS

There are two variables loan amount and annual income, in this the analysis how much percentage annual income the loan amount has. The loan amount of existing customer got 26.% in their annual income.

Table 3.5. Loan Amount percentage in annual income

Type of Customer	Percentage
Prospects	26
Existing customer	23.57

## INTERPRETATION

The loan amount of prospects and the existing customers were around 25% of their annual income. In this situation the customer would like to have more than two years to complete their instalment, so the customer would like low instalment amount for their payment. Because they won't wish to spent 25 % of their annual income in repayment of instalment. They desire to have 2 to 3 year period for repayment of this loan.

### 3.4. LOAN AMOUNT IN ANNUAL INCOME (Compound interest)

1. The loan amount calculated in compound interest with expected interest of customer. The loan amount of existing customer got 31.3 % in their annual income.
2. The loan amount calculated in compound interest with market interest (14%) of customer. The loan amount of existing customer got 34 % in their annual income.

Table 3.6. Loan Amount percentage in annual income (Compound interest)

Customer	Percentage
Prospects' expected	31
Market Rate	34

## INTERPRETATION

According to the result of compound interest calculation the customer have to pay the loan amount-loan with the interest 31% of their annual income when the interest rate is their expected rate. In case of market interest rate they have to pay 34% of their annual income. The customers really have to pay 3% to 4% annual income more.

## WEIGHTED AVERAGE FOR POTENTIAL CUSTOMER

The weighted average of expected interest, number of instalment and loan amount has been calculated and following result was obtained.

Weighted average **9.94%**

## INTERPRETATION

According to the result of weighted average calculation the prospects expects around 10% interests for their loan, but in the, market the interest rate around 14%. So the deviation is four percentages. Approximately 30% to 40% of amount they have to pay as a interest for their loan amount when the interest rate is market rate.

## BIVARIATE CORRELATION CO-EFFICIENT ANALYSIS

### Bivariate Correlation Co-Efficient Analysis For potential Customer

The following attributes are number of family members and the annual income were calculated using bi-variate correlation co-efficient test and following calculated values were shown in the following table .

Table 3.7. Bivariate Correlation Co-Efficient Analysis For potential Customer

<b>x/y</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>	<b>fy</b>	<b>Fy<sup>2</sup></b>	<b>fx</b>
<b>.5</b>	12	0	7	5	0	<b>24</b>	12	6	26.5
<b>1.75</b>	21	2	25	7	0	<b>55</b>	96.25	168.4	224
<b>3.75</b>	4	1	3	10	3	<b>21</b>	78.75	295.3	262.3
<b>Total</b>	<b>37</b>	<b>3</b>	<b>35</b>	<b>22</b>	<b>3</b>	<b>100</b>	<b>187</b>	<b>253</b>	
<b>fx</b>	37	6	105	88	15	<b>251</b>			
<b>Fx<sup>2</sup></b>	37	12	315	352	375	<b>1091</b>			
<b>fx</b>	57.5	14.5	175.5	209	56.25				<b>513</b>

The above table value was calculated by using bi-variate correlation co-efficient formula and the following correlation co-efficient value was obtained.

$$r_{xy} = \frac{\sum f_{uv} - 1/n (\sum fx^2) (\sum fy^2)}{\sqrt{\sum fx^2 - 1/n (\sum fx)^2} \sqrt{\sum fy^2 - 1/n (\sum fy)^2}}$$

$$r_{xy} = .0010389$$

## INTERPRETATION

According to the above results the family members were high and earning member in the family was very low. So that most of the family members were depending on the earning member.

### Bivariate Correlation Co-Efficient Analysis For potential Customer

The following attributes are number of family members and the annual income were calculated using bi-variate correlation co-efficient test and following calculated values were shown in the following table

Table 3.8. Bivariate Correlation Co-Efficient Analysis for Existing Customer

x/y	1	2	3	4	5	Total	fy	Fy <sup>2</sup>	fxy
.5	27	6	7	9	0	49	24.5	12.25	48
1.75	13	3	10	10	4	40	70	122.5	190.75
3.75	4	0	4	3	0	11	41.25	154.7	105
<b>Total</b>	<b>44</b>	<b>9</b>	<b>21</b>	<b>22</b>	<b>4</b>	<b>100</b>	<b>135.75</b>	<b>289.43</b>	
<b>fx</b>	44	18	63	88	20	233			
<b>Fx<sup>2</sup></b>	44	36	189	352	100	721			
<b>fxy</b>	51.25	16.5	108	133	35				<b>343.5</b>

The above table value was calculated by using bi- variate correlation co-efficient formula and the following correlation co-efficient value was obtained.

$$\frac{\sum f_{uv} - 1/n (\sum fx^2) (\sum fy^2)}{\sqrt{\sum fx^2 - 1/n (\sum fx)^2} \sqrt{\sum fy^2 - 1/n (\sum fy)^2}}$$

$$r_{xy} = \frac{\sum f_{uv} - 1/n (\sum fx^2) (\sum fy^2)}{\sqrt{\sum fx^2 - 1/n (\sum fx)^2} \sqrt{\sum fy^2 - 1/n (\sum fy)^2}}$$

$$r_{xy} = \frac{343.5 - 1/100 (721) (289.43)}{\sqrt{721 - 1/100 (233)^2} \sqrt{289.43 - 1/100 (135.75)^2}}$$

$$r_{xy} = .2006$$

## INTERPRETATION

According to the above results the family members were high and earning member in the family was comparatively low. So that few of the family members were depending on the earning member.

## *Findings and Suggestions*



### 3.2. FINDINGS AND RECOMMENDATIONS

1. According to the calculations of correlation co-efficient the loan amount highly related to the instalment amount and the number of instalment. The other variables like annual income and marital status have low relationship. So the financial companies would relax their instalment amount and the number of instalment. It will ease to the customer to repay the amount comfortably.
2. According to the calculation of chi- Square test there is no relationship between the company transportation and the working beyond the office timings. So they may need the individual transportation facility, it would help the increasing in sales.
3. The loan amount of the customer around 25% of their annual income. So they cannot pay the amount in the single year. So the customer wants to repay the amount in more than two years. In view of this the banks/company that gives two wheeler loan can design loan repayment period 24 months to 36 months
4. As the current interest rate in the market works about 34% of their annual income, so the potential customer wish to save and postpone their current purchase of two wheelers. To attract the customers, the financier can give dual interest rates.
5. The lenders in the market charge high interest because of various problems like increase in NPA (Non Performing Asset) involve in risk, etc. So, company or dealers may collaborate with any financial company or they can lend the loan to customer at moderate interest rate (10%) based upon the credit worthiness. It will boost up the company sales.

*Conclusion*

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### 3.3. CONCLUSION

various factors identified in the study and those variables provide a feasible solution for the study. The important variable in the study are number of instalment, instalment amount, interest rate, marital status, etc. Finally less amount of loan amount and more number of the instalment period and low interest rate similar to the customer expectation will leads to increase in the sales of two wheelers.

*Appendix*

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## APPENDIX

### I. Questionnaire of Potential Customers

A STUDY ON RETAIL FINANCE FOR TWO WHEELER AND ITS INFLUENCE ON SALES WITH REFERENCE  
TO HERO HONDA MOTORS IN COIMBATORE

#### Questionnaire

1. Name of the customer: \_\_\_\_\_

2. Address: \_\_\_\_\_

3. Gender:

Male       Female

4. Age:

Below 22 yrs     22 yrs to 28 yrs     29 yrs to 35 yrs     36 Yrs to 45 yrs  
 46 yrs to 55yrs     above 55 yrs

5. Occupation:

Student     Business (  Single  Partnership)     Salaried Employee  
 Others

6. If employed

(a) Do your company provide bus transportation system?

Yes     No

(b) Distance from residents to work place \_\_\_\_\_ kilo-meters

(c) Office timings

Start \_\_\_\_\_ Close \_\_\_\_\_

(d) Do you work beyond the office time?

Yes     No

(e) If yes how many hours do you work on an average \_\_\_\_\_

7. Annual Income \*

Below Rs.1, 00,000  Rs 1, 00,001 to Rs 2, 50,000  Rs 2, 50,001 to 5, 00,000

Rs 5, 00,001 and above

8. Marital Status

Single  Married

\* In the case of student owner, please indicate the parental income

9. If you are unmarried do you give financial support to your family?

Yes  No

10. If married do you have children

Yes  No

11. If yes How many children \_\_\_\_\_

12. Children's age Group

Below 3 Years  3 to 10 Years  10 to 16 years  16 to 22 years  above 22 years

13. Name your brand preference of Vehicle \_\_\_\_\_

14. Source of finance for purchase of Vehicle and value of the vehicle

Cash  Finance

Value (in Rs) \_\_\_\_\_

15. If finance, have you made any arrangement for the finance

Yes  No

16. If yes Name of the financier: \_\_\_\_\_

17. Down payment: Rs

18. Loan amount: Rs \_\_\_\_\_

19. Number of instalment: \_\_\_\_\_

20. What is the expected interest rate of loan: \_\_\_\_\_

**\*Questionnaire for prospects**

## II. Questionnaire of Existing customer

A STUDY ON RETAIL FINANCE FOR TWO WHEELER AND ITS INFLUENCE ON SALES WITH REFERENCE  
TO HERO HONDA MOTORS IN COIMBATORE

### Questionnaire

1. Name of the customer: \_\_\_\_\_

2. Address: \_\_\_\_\_

3. Gender:

Male       Female

3. Age:

Below 22 yrs     22 yrs to 28 yrs     29 yrs to 35 yrs     36 Yrs to 45 yrs  
 46 yrs to 55yrs     above 55 yrs

4. Occupation:

Student     Business (  Single  Partnership)     Salaried Employee  
 Others

5. Annual Income\*

Below Rs.1, 00,000     Rs 1, 00,001 to Rs 2, 50,000     Rs 2, 50,001 to 5, 00,000  
 Rs 5, 00,001 and above

6. Marital Status

Single     Married

7. If married do you have children

Yes     No

7. If yes How many children \_\_\_\_\_

## 8. Children's age Group

- Below 3 Yrs  
  3 yrs to 10 Years  
  11 yrs to 16 year  
  17 yrs to 22 yrs  
 Above 22 yrs

9. Brand name of the vehicle \_\_\_\_\_

## 10. Vehicle capacity (Cubic centimetre)

- 97.2 cc  
  102cc  
  124.4 cc  
  149.2 cc  
  223 cc

## 12. Mode of Payment

Month		Year	
-------	--	------	--

- Cash  
  Finance

13. Did you get any free fittings, If so mention \_\_\_\_\_

14. Cost of the vehicle \_\_\_\_\_

Down payment \_\_\_\_\_

Loan amount \_\_\_\_\_

15. Equated monthly Instalment (in Rs) \_\_\_\_\_

16. Number of Instalments \_\_\_\_\_

17. No of month's defaulted \_\_\_\_\_

18. Penalty clause and interest on default paid \_\_\_\_\_

19. Have you arranged the finance through?

- Dealer  
  Banker  
  Agents  
  Self-approach

21. Are you credit card holder?

If yes

21a. Bank \_\_\_\_\_

Limit \_\_\_\_\_

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