



# **A STUDY ON THE LOAN DISBURSEMENT AND RECOVERY PRACTICES OF FINANCIAL INSTITUTIONS IN CONSTRUCTION EQUIPMENT FINANCING**

By

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A PROJECT REPORT

Submitted to the

**FACULTY OF MANAGEMENT SCIENCES**

In partial fulfillment of the requirements  
for the award of the degree

of

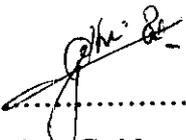
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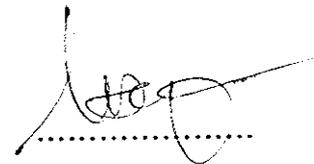
**JUNE, 2008**

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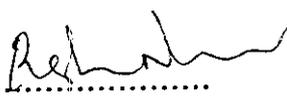
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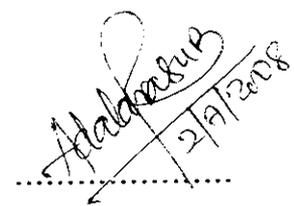
Certified that this project titled 'A STUDY ON THE LOAN DISBURSEMENT AND RECOVERY PRACTICES OF FINANCIAL INSTITUTIONS IN CONSTRUCTION EQUIPMENT FINANCING' is the bonafide work of Miss. A.SANDHYA (71206631045), who carried out this research under my supervision. Certified further, that to the best of 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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**Project Guide**

  
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**Director**

**Evaluated and Viva-voce held on..02..07..08....**

  
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**Examiner I**

  
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**Examiner II**

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**DECLARATION**

## DECLARATION

I, hereby declare that this project report entitled as “**A STUDY ON THE LOAN DISBURSEMENT AND RECOVERY PRACTICES OF FINANCIAL INSTITUTIONS IN CONSTRUCTION EQUIPMENT FINANCING**”, has undertaken for academic purpose submitted to Anna University in partial fulfillment of requirement for the award of the degree of Master of Business Administration. The project is the record of the original work done by me under the guidance of Prof. Col. N. Jothilingam during the academic year 2007-2008.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

Place: Coimbatore

  
.....

Date: 02-07-08

(A.SANDHYA)



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## PROJECT COMPLETION CERTIFICATE

\*\*\*\*\*

This is to certify that Mr. / Ms. Sandhya.A (Roll No. 06MBA45) a student of KCT Business School, Kumaraguru College of Technology, had undergone a project between January 10, 2008 (date of joining) and March 24, 2008 (date of leaving) titled "A Study on Loan Disbursement and Recovery Practices of Financial Institutions in Construction Equipment Funding".

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

Yours faithfully  
For Sakthi Finance Ltd

**R.PRAVEENA**  
HR Executive

## ACKNOWLEDGEMENT

I thank sincerely **Dr. Joseph. V. Thanikal**, Principal, Kumaraguru College of Technology for providing this opportunity to carry out this project.

I wish to express my deep sense of gratitude for permitting me to do the project to **Dr. S .V. Devanathan**, Director, KCT Business School.

I owe my reverential gratitude to my faculty guide **Prof. Col. N. Jothilingam**, Professor, KCT Business School, for his valuable suggestion and constructive ideas at each stage of the project.

I express my sincere thanks to **Mr. Velusamy**, General Manager, Sakthi finance limited, Coimbatore and all the staff members for providing me necessary information for the successful completion of this project.

## EXECUTIVE SUMMARY

Loans disbursed and Recovery of loans indicates the managerial performance in terms of, correct choice of customers and equipments, which perform better, implementation and control. Over dues, likewise, is the inverse measure of managerial effectiveness.

Total amounts of loan disbursement and recovery practices differ for each institution as each of them practice their own methodology. This study attempts to develop an understanding of loan disbursement pattern and recovery practices of financial institutions involved in construction equipment financing.

Descriptive research is used in this research. The primary data is collected from 67 financial institutions throughout Tamilnadu, using the structured interview schedule method. The sampling technique that was adopted for the study is convenient sampling. The collected data was analyzed using percentage analysis, cross tab and mean score analysis.

The Construction Equipment Financing is a highly potential market in India. Many Financial Institutions have already realized its importance and have become aggressive players in this field and hence have an advantage over other retail players. With the development of infrastructure in India, the need for Construction Equipments is further going to rise and thus it is going to be highly competitive due to the increase in number of Financial Institutions making entry into area.

Against this background the study is attempted to analyze the loan disbursement and recovery strategies used by the various Financial Institutions that are would be useful for all Financial Institutions. The findings would enable new and upcoming financial institutions that are involved in construction equipment funding to adopt the strategies used by other players so as match the challenges in the market and enhance their market share.

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**CHAPTER 1**  
**INTRODUCTION**

# CHAPTER 1

## INTRODUCTION:

### 1.1 BACKGROUND OF THE STUDY:

India's earthmoving and construction equipment industry (ECE) is at a watershed in its evolution and will experience strong growth spurred by the nation's economic development, according to a study by McKinsey & Co. The Indian ECE industry has the potential to grow fivefold from its current size of U.S. \$2.3 billion to approximately U.S. \$12 - 13 billion by 2015, growing at 24% compound annual growth rate (CAGR), according to a study.

An estimated investment of \$200 billion in infrastructure and construction projects in the next five years is expected to drive the demand for construction equipment and technology triggering considerable foreign investment. The demand growth also would position India as a preferred destination for outsourcing for equipment and engineering and design. Stressing the point at the Excon 2005, the third annual 'Construction & Technology Trade Fair', Mr. Parasuraman R, Chairman of the Confederation of Indian Industry (CII), Southern Region, said India had the potential to emerge as the hubs for construction equipment, component outsourcing base and design base for equipment and components attracting large investments.

With the Tenth Plan envisaging promising about \$100 billion for accelerating the pace of infrastructure development, it augured well for the construction equipment industry as well a construction equipment financing industry.

There are three types of banks which function in the country of India and these include the nationalized banks, the foreign banks and the cooperative banks.

All these banks offer numerous kinds of loans to the people which are put into good use by the loan seekers. Equipment loans are being provided by various institutions in India some of which are the HDFC bank, the ICICI bank, Centurion Bank, TMF and so on.

The liberalization of the finance sector in India is exposing Indian banks to a new economic environment that is characterized by increased competition and new regulatory requirements. Indian and foreign banks are exploring growth opportunities in India by introducing new products for different customer segments, many of which were not conventionally viewed as lucrative customers for the banking industry. Many Indian banks have, in the last ten years, witnessed new shareholders. All banks are in a position to evaluate its performance compared to others. In general, the performance of the banks may be viewed on three dimensions namely structural, operational and efficiency factors as suggested by Indian Banking Association.

Different types of equipment loans could be availed of, as far as the equipment bank loans in India are concerned. An entrepreneur who wants to set up a new business would surely find the office equipment loans to be of great use to them. In this case also you would have to fulfill numerous formalities before you can expect to lay your hands on the loan amount. But once all the formalities are completed then it should not take much time for the bank to disburse the loan amount. One should also be aware of the possibility of the confiscation of the equipment by the bank which exists in case the customer is unable to repay the debt.

Loan disbursement is a process of paying out or to expending usually from a public fund or treasury. A disbursing officer is an officer in any department of the public service who is charged with the duty of paying out public money.

The economic slowdown took a heavy toll on some of the financial institutions like Industrial Development Bank of India, Industrial Finance Corporation of India and Industrial Investment Bank of India, with the cumulative loan disbursement falling by 22.4 per cent at Rs 17,878 crore (Rs 178.78 billion) in the last fiscal, while the non-performing assets mounted to over Rs 12,600 crore (Rs 126 billion). While the major financial institutions - IDBI, ICICI and IIBI - have seen a drastic fall in the loan disbursement since 2000-01, the Exim Bank and Sidbi continues to post higher growth in the credit off take.

Total loans sanctioned and disbursed indicate contribution to industrialization and economic growth. Loans sanctioned and disburse to small scale industries indicate contribution to the objective of industrialization with employment generation and reduction of concentration of economic power. Assistance to backward areas contributes to correction of regional imbalance within each state. Thus, the above indicators are operational performance indicators in terms of the main objectives of the national economic policy.

The banks have constituted teams for the recovery of their loans from the customers. These teams consisted of different departments including credit cards, personal loans, auto financing, home loans and business debts. These teams mostly comprising on hooligans, thugs and in some cases influential persons from the society adopt inhuman tactics in dealing with the customers.

The banks and financial institutions were given special powers by the government for recovering the outstanding loans. In past, several banks and financial institutions have decided to recover their outstanding money by selling the mortgaged property of defaulters without moving the courts. These banks used Section 15 of the Financial Institutions (Recovery of Finances) Ordinance 2001, which allows banks to sell mortgaged property, land or other immoveable assets without the courts' intervention. Despite harsh actions by the banks, in recent years, the Non Performing Loans (NPL) has shown a sharp increase.

Recovery of loans indicate the managerial performance in terms of, correct choice of projects which perform better, implementation and control. Over dues, likewise, is the inverse measure of managerial effectiveness. Total amounts of loan recovery and over dues reflect managerial effectiveness when taken as ratios of total demand and loans outstanding respectively. Thus, these indicators have been studied along with other financial ratios for financial performance, though these indicators also reflect to some extent operational performance.

## 1.2 REVIEW OF LITERATURE:

A study by Davis<sup>1</sup> analyzed and revised their disbursement of funds regulations in Federal Reserve Bank. He says this action is necessary since existing regulations do not accurately reflect the current disbursement methodologies employed by the Agencies. The intended effect is to simplify and update the regulations; to eliminate reference to the obsolete Loan Disbursement System; clarify Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) insurance coverage; and eliminate reference to the now defunct Federal Savings and Loan Insurance Corporation (FSLIC). These amended regulations are to ensure the Agencies' field offices have current guidance on the disbursement methods available and supervised bank accounts.

J. Dermine<sup>2</sup> et al studied the empirical literature on credit risk has relied mostly on the corporate bond market to estimate losses in the event of default. The reason for this is that, as bank loans are private instruments, few data on loan losses are publicly available. The contribution of this paper is to apply mortality analysis to a unique set of micro-data on defaulted bank loans of a European bank.

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<sup>1</sup> Russell T. Davis, Federal Register: October 12, 2005 (Volume 70, Number 196)

<sup>2</sup> Bank loan losses-given-default, J. Dermine and C. Neto de Carvalho, INSEAD, Boulevard de Constance, F-77300 Fontainebleau, October 20, 2003

The empirical results relate to the timing of recoveries on bad and doubtful bank loans, the distribution of cumulative recovery rates, their economic determinants and the direct costs incurred by that bank on recoveries on bad and doubtful loans.

According to Jens<sup>3</sup>, the prediction of the recovery rate is gaining in importance especially regarding the Basel II-reform. The recovery rate is defined as the payback quota in case of default of the borrower. To investigate influencing factors on it, a data set containing 120 companies from one large German bank is analyzed. According to the literature, the impact of the quota of collateral and the company size can be confirmed. Moreover, important factors are analyzed that are not yet discussed in the literature as the intensity of the business connection and the creditworthiness of the borrower. The detected negative correlation between the probability of default and the recovery rate is important for the calculation of the interest rate and the results of credit risk models that commonly assume independence between these two factors.

Lea V. Carty<sup>4</sup> et al believes that access to analysis and information relating to the credit aspects of bank loans is critical to the continued growth of the secondary market for such loans. This study begins to address loan investors' needs for more complete understanding of the recovery characteristics of defaulted bank loans. According to him, the datasets reveal a high degree of dispersion in the recovery rate estimates. Such dispersion is attributable in great part to variations in the quality of the security behind these loans. It demonstrates the inappropriateness of simple rules for analyzing the credit risks associated with any particular loan.

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<sup>3</sup> Recovery Rates Of Bank Loans: Empirical Evidence For Germany, Jens Grunert & Martin Weber , University of Mannheim - Department of Banking and Finance; Centre for Economic Policy Research (CEPR), March 2005

<sup>4</sup> Defaulted Bank Loan Recoveries, Lea V. Carty & Dana Lieberman, Moody's investors services, Global credit research, November 1996

Groundbreaking findings in a new report, U.S. Equipment Finance Market Study<sup>5</sup>, reveal the most accurate picture yet of the domestic equipment finance sector: of the \$1.1 trillion invested in plant, equipment and software in 2006, 55 percent or \$600 billion is financed through loans, leases and lines of credit according to the study released by the Equipment Leasing and Finance Association. This study quantifies the incredible economic impact of the equipment finance industry and its contribution to capital formation in the United States. It also demonstrates what many businesses already knew: that equipment finance allows U.S. companies to purchase assets affordably and efficiently.

Pankaj in Outlook Money<sup>6</sup> discusses whether there is a need for fresh guidelines when a banking code is already in place that deals at length with the procedure which collection agents are required to follow. He says what we really need is a fresh guidelines when a banking code is already in place that deals at length with the procedure which collection agents are required to follow.

A study by Dr. T. Vanniarajan et al in "An Application of DuPont Control Chart in Analyzing the Financial Performance of Banks"<sup>7</sup> by conclude that the liberalization of the finance sector in India is exposing Indian banks to a new economic environment that is characterized by increased competition and new regulatory requirements. Indian and foreign banks are exploring growth opportunities in India by introducing new products for different customer segments, many of which were not conventionally viewed as lucrative customers for the banking industry. Many Indian banks have, in the last ten years, witnessed new shareholders. All banks are in a position to evaluate its performance

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<sup>5</sup> U.S. Equipment Finance Market Study, Julius H. Johnson Jr.; Journal of International Business Studies, Vol. 26, December 18, 2007

<sup>6</sup> Loan recovery goons? No relief for you, Pankaj Anup Toppo, Outlook Money, December 27, 2007

<sup>7</sup> An Application of DuPont Control Chart in Analyzing the Financial Performance of Banks, Dr. T. Vanniarajan & C. Samuel Joseph, The Management Accountant, Volume 42 No. 8 August 2007

compared to others. In general, the performance of the banks may be viewed on three dimensions namely structural, operational and efficiency factors as suggested by Indian Banking Association.

The replacement of the old system was a huge leap in innovation for the risk assessment team according to Torsten Boehme<sup>8</sup>. Having taken only eight months to deploy, the new system has already increased department efficiency and profitability. Today, more than 50 risk factors are constantly monitored per creditor and per product, and the results are used to calculate the credit risk indicator (CRI). The CRI reflects the probable risk of a customer relationship and is set in reference to the customer's current net risk.

A study by Bearth<sup>9</sup> reveals that the equipment leasing and finance industry's overall size is nearly triple the value reported by lender surveys normally used to track growth," Leichtling said when he released the report late last year. "It tells us how much growth we can expect in coming years, and it provides useful information about the finance products used, the geography of the market and much more. The commercial equipment finance sector provides the fuel that runs and grows the economy.

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

Loan disbursement procedure and Recovery practices in an institution indicates the managerial performance in terms of correct choice of customers and equipments, implementation and control which is the deciding factor assessing the effective structural, operational and efficient performance of the financial institutions. Total amounts of loan disbursement and recovery practices differ for

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<sup>8</sup> Automated Credit Risk Analysis Leads to Improved Loan Recovery, K. Thron and E. O'Malley , Risk Assessment Team, Dresdner Bank, March 2003

<sup>9</sup> Equipment Financing Fuels Growth, Daniel P, Bearth, Lease Foundation, Transport Topics Publishing Group (TTPG) Feb 2008

each institution as each of them practiced their own methodology. The present study attempts to develop an understanding of the loan disbursement pattern and recovery practices of various financial institutions involved in construction equipment financing. This could be used by the new, upcoming and already established players to adopt the strategies used by other players and match the challenges in the market and to achieve competitive advantage in the future.

#### **1.4 OBJECTIVES OF THE STUDY:**

The key objectives of the study are:

- To study the factors involved in determining the amount of loan disbursed by Financial Institutions involved in Construction Equipment funding.
- To study the financing pattern followed by financial institutions for different kinds of Construction Equipment.
- To study the funding practices followed by financial institutions for different categories of customers in Construction Equipment funding.
- To develop an understanding of their market share and risk appetite for Construction Equipment financing.
- To develop an understanding of Recovery Pattern of FIs involved in CE financing.

#### **1.5 SCOPE OF THE STUDY:**

The study is limited as it covers the loan disbursement pattern and recovery practices of financing institutions involved in construction equipment funding. Also the study has been conducted in Tamil Nadu state covering all most all the areas falling within the Tamil Nadu state with a sample size of 67 respondents.

## **1.6 METHODOLOGY:**

### **1.6.1 Type of study:**

The study basically is descriptive in nature as it describes the loan disbursement and recovery strategies of various financing institutions involved in construction equipment funding. It studies the market potential for Construction Equipment financing for small time players in the near future.

### **1.6.2 Sampling Design:**

Convenient Sampling is being used by the researcher to conduct the study. The sample size is 67 respondents from the Financial Institutions in Tamil Nadu state.

### **1.6.3 Method of Data Collection:**

The method used to collect primary data and secondary data. Primary data collected by information gathering through structured interview schedule specially prepared for this purpose. Secondary data are collected using the information which is collected from company manuals, records, magazines, websites and other sources.

### **1.6.4 TOOLS FOR ANALYSIS**

The tools used for analysis are

- Percentage Analysis
- Mean-Score Analysis
- Cross tab

### **1.7 LIMITATION OF THE STUDY:**

The limitations of competitor analysis are:

- The study is limited to the Tamil Nadu state.
- Due to time constraint only 67 respondents have been covered.
- As the method of convenient sampling is used the findings cannot be generalized.

## **1.7 CHAPTER SCHEME:**

### **Chapter 1: Introduction**

The first chapter gives an insight on the background, objectives, scope of the study, methodology used in data collection, limitation, of the study, and brief introduction of all the chapters.

### **Chapter 2: Organization Profile**

This chapter includes details on the history of the organization, management and organization structure, product profile and market potential, competitive strength of the company and brief description on various functional areas of the organization.

### **Chapter 3: Macro-Micro Economic analysis**

Macro-Micro analysis deals with the prevailing scenario of the organization in comparison to its respective industry on the world as well as Indian perspective and performs SWOT analysis of the company.

### **Chapter 4: Data Analysis and Interpretation:**

The chapter mainly deals with perform analysis of the data.

### **Chapter 5: Conclusion**

Conclusion includes the result and the recommendation put forth regarding the performance of the company in regard to the findings of the study carried out.

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**CHAPTER 2**

**ORGANIZATION PROFILE**

## **CHAPTER 2**

### **ORGANIZATIONAL PROFILE:**

#### **2.1 HISTORY OF THE ORGANISATION:**

**SAKTHI FINANCE LIMITED:** Sakthi Finance Ltd. was incorporated in 1955, as a non-banking finance company. Initially, the Company catered exclusively to the hire purchase financial requirements of the Group's Telco Dealership units. This captive hire purchase business launched the Company firmly as a major player in this sector.

The Sakthi Group's long-standing association with the public through its agro-based industries, educational and charitable institutions has helped the company become an edifice of mutual trust and faith. Today, the company is one of the leading non-banking finance companies with over 21 branches in Tamilnadu, 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 is now focusing on the Commercial Vehicle re-finance segment. The Company has planned to set up deployment in hire purchase financing and has envisaged a growth rate of 30 to 35 % over the next 3 years.

It is targeted to increase the deployment in hire purchase business manifold in the coming years. The consistent high economic growth and the Government emphasis on development of infrastructure such as construction of Golden Quadrilateral and linking of rivers have opened up tremendous opportunities for Sakthi Finance.

Sakthi finance limited (SFL) was promoted by Dr. N. Mahalingam during the year 1955 in the name of "The Pollachi Credit Society Private Limited". The Company was later converted into a Public Limited Company as "Sakthi Finance Limited" on 27<sup>th</sup> July 1967. SFL is engaged in the retail finance business. The Company came out with its first public issue of equity shares in 1984 and mobilised Rs.75 lakhs. In the year 1994 SFL obtained credit rating for Fixed Deposit Program through ICRA and was rated 'MA'. Later in the Year 1995 the rating was upgraded from 'MA' to 'MA+'. The grading of the company for Fixed Deposits Program is 'MA-'. Company's business currently involves Acceptance of deposits, Non-Convertible Debentures, Hire Purchase Financing of commercial vehicles, Machinery etc., Mortgage Financing, and other finance related activities with its main focus on the Financing of commercial vehicles.

The total deposits mobilised by the company crossed Rs.100 crore marks in the year 1991. The company is principally engaged in hire purchase and leasing business. The stock on hire has grown steadily over the years from Rs.203.60 lakhs in 1984 to Rs. 20418.08 lacks in the F.Y. 2007. In compliance of the regulations, the company reduced the deposit base to less than Rs.100 crores and the deposit as on 31st March 2007 stood at Rs. 8186 lacks. As a result of the reduction in fund base, the stock on hire also dropped to Rs.11941.68 lakhs in 2001, but gradually increased to Rs.20418 lacks in 2006-07. At present the Company has 25 branches in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Pondicherry and Delhi.

## **SAKTHI FINANCE LIMITED - COMPARATIVE BUSINESS ANALYSIS SNAPSHOT:**

The Group's principal activity is to provide hire purchase financing of commercial vehicles and other financial services. The Group also provides loans for car, commercial vehicle, plant, machinery, Infrastructure and equipments. It has 20 branches in India spread across Tamil Nadu, Karnataka, Kerala, Maharashtra, Andra Pradesh and Delhi.

### **2.2 MAIN OBJECTS OF THE COMPANY:**

The main objects of the company are as follows:

1. To lend and / or to advance money or grant loans on any terms that may be thought fit with or without security to persons, firms, individuals, companies, local bodies or Government and particularly to customers and other persons having dealings with the Company.
2. To promote, assist in promoting, finance, aid, procure aids, manage, takeover or create any undertaking whether existing or new.
3. To act as Secretaries and financiers to enterprises.
4. To act as an issue house, Registrars and Share Transfer Agents, Financial Advisers, Technical Consultants, System Analysts and Data Processors.
5. To purchase, sell, exchange, deal in or invest in shares, debentures, bonds, Stocks of Joint Stock Companies, firms, local bodies or of Government.
6. To carry on the business of Underwriters, Sub-underwriters, Brokers, Managers, Advisors, Consultants to issue of shares, debentures, bonds, fixed deposits and other securities and of syndication of loans, project finance, working capital facilities and deferred payment facilities.

### **SUBSIDIARIES OF THE COMPANY:**

SFL has a 100% Subsidiary Company, Sakthi Properties (Coimbatore) Limited.

### **2.2.2 VISION OF SAKTHI FINANCE LIMITED:**

1. Be amongst the top three re-financiers of commercial vehicles in the country.
2. Become total solution provided through channel seven – value chain management.
3. Become the most preferred supplier of the customer choice.

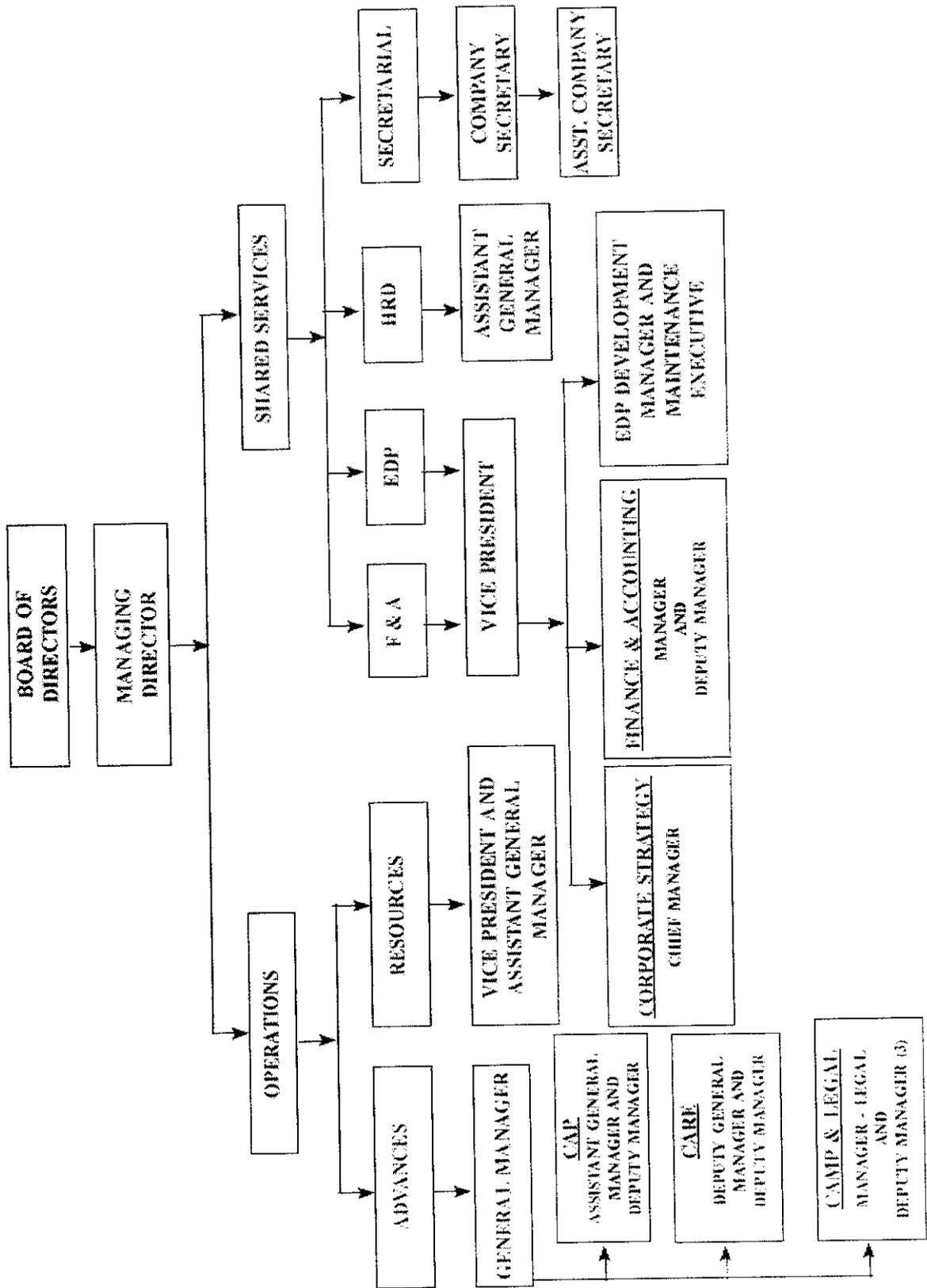
### **2.2.3 MISSION OF SAKTHI FINANCE LIMITED:**

1. To partner the progress of “ the small and medium transport “ (SRTO & MRTO)
2. To provide “End to End service” leading to “Total Customer Solution” with speed, Flexibility and Integrity.

### **2.2.4 COMPANY SUMMARY:**

SFL is a RBI registered NBFC engaged in financing of commercial vehicles, infrastructure equipment and personal finance products for over 50 years. SFL was promoted in 1955 by Dr. N. Mahalingam; promoter of the Coimbatore based Sakthi Group. SFL was formed with an objective of providing hire-purchase assistance to truck operators where it derives certain advantages from the group's dealership business as well as its experience in the transport sector. Currently, SFL is an independent multi –line finance company which focuses mainly on two product lines in finance segment viz. – Commercial Vehicles and Infrastructure equipment. SFL at present has 25 branches concentrated mainly in Southern India. The client base of SFL predominantly consists of small vehicle operators. Customers are usually provided 75% to 80 % of the market value of the asset. The loans are secured by hypothecation of the assets financed.

ORGANISATION STRUCTURE



## **2.4 PRODUCTS PROFILE AND MARKET POTENTIAL**

SFL is engaged in providing finance for commercial vehicles and equipments.

### **Commercial Vehicle Finance:**

Providing finance for the Commercial Vehicles forms the core business of SFL. SFL provides finance for new as well as used commercial vehicles. The strategy of the company is to engage in niche segment of commercial vehicle refinance business. Very few organized players have entered into commercial vehicle refinance business wherein the age of the truck is more than 5 to 6 years. The average loan size for commercial vehicles varies from Rs. 2.00 Lakhs to Rs. 4.00 Lakhs and the tenure is from 24 Months to 36 Months.

### **Infrastructure Equipment Finance:**

SFL has also entered in the financing of Infrastructure equipment and earth moving machines in order to diversify its portfolio. Government has proposed incentives for industries engaged in the infrastructure development. These incentives may give SFL an opportunity to improve in this line of business on account of the potential in equipment financing, as there is scope for growth in this business.

The details of the business done in this segment by the company is as follows

#### **2.4.1 MARKET POTENTIAL:**

SFL has outsourced this process of retail resource mobilizations to its associate company called Sakthi Financial Services Limited. Sakthi Financial Services Limited has employed around 30 field staff in Tamil Nadu to market the Fixed Deposit and Non-Convertible Debentures scheme of Sakthi Finance Limited. Potential customers are contacted and explained about the schemes and deposit is mobilized.

The marketing activity for lending is directly handled by Sakthi Finance Limited. The company has 25 branches in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Pondicherry and Delhi. Each branch is in-charge of a Branch Manager.

Depending upon the potential in the territory, 4 to 6 marketing officers are attached to each branch, at present there are 75 marketing officers in the rolls of the company. These officers are located in rural centers, wherein truck population 35 is higher. Each of these officers typically covers 50 km area from his location. They are responsible for lending money in that area and also for collecting the installments. These officers are given required marketing support, by holding Special Customer Meets, Campaigns etc.

## **2.5 COMPETITIVE STRENGTHS OF SAKTHI FINANCE METHODS:**

- Part of the Sakthi group – one of the reputed groups of the southern Indian headed by Dr.N. Mahalingam
- Customer base of more than 5 million
- Experience in hire purchase financing of more than 45 years
- Business focused executives at all levels.
- The company is rated by ICRA as MA that means adequate safely.
- First in the industry to issue post dated interest warrants in advance every year.

## **FUTURE PLANS OF SAKTHI FINANCE:**

- The company is in progress of setting up exclusive software for maintaining their electronic database.
- The company has planned to electronically appraise the upcoming credit proposals with the newly build software.
- The company has plans to stretch its market to open new branches in South India.
- The company is in the process of framing new deposit schemes to accumulate deposits from its customers.

## **2.7 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS:**

The Basic Process of the Business is explained below:

### **Lending and Collections**

The processes involved in lending activity are enumerated below:-

**1. Customer Acquisition and Retention (CARE):** Marketing Officers located in potential centers identify good customers who intend to borrow and collect their profiles. If the profile of the intended borrower matches with the policy of the company, the executive makes a recommendation as to whether the loan to the applicant should be extended or not.

**2. Customer Appraisal Process (CAP):** This process team takes care of appraising the profiles of all intended borrowers and selects the right borrowers who have the capacity and intention to repay the loan. The Appraisal process is centralized and handled at Head Office. All the branches are linked through internet and hence the appraisal process is carried out faster. The funds are advanced after the process of evaluation is completed and the necessary documentations have been completed.

**3. Customer and Asset Management Process (CAMP):** The critical success factor of an NBFC is its ability to manage the advance portfolio and recover the money lent on due dates. There is a team at Head Office which is continuously monitoring the recovery and offers support to branches on exceptional accounts which pose collection problems.

### **DISTINCTIVE FEATURES OF SAKTHI FINANCE:**

One of India's oldest NBFCs

- Founded in the year 1965.

- Part of the Rs 1200 crore Sakthi Conglomerate which was founded in the year 1935.
- The Sakthi Group has a leading presence in Finance Agro foods, Dairy, and Transport.
- A deep understanding of the transport industry has made Sakthi one of the most trusted names in financing for commercial vehicles.
- A wide variety of loans for cars, commercial vehicles, plant machinery and equipment are available.
- One of the first companies to introduce used vehicle financing.
- Sakthi Finance Ltd. has 20 branches spread all over India.
- Over 1, 00,000 happy customers and still growing.
- The Locker Operations are carried out by SAKTHI FINANCIAL SERVICES LIMITED, an associate Company.

#### **SKFN Details:**

Sakthi Finance Limited operates as a non-banking finance company in India. It offers loans for cars, commercial vehicles, plant machinery, equipment, and other consumer durables. The company was incorporated in 1955 and is based in Coimbatore, India. Sakthi Finance Limited is part of SAKTHI Group of companies.

#### **SWOT ANALYSIS OF THE COMPANY:**

##### *Strengths:*

- Company belongs to reputed “Sakthi Group” of companies.
- Company has been in this line of business for about five decades. Hence the knowledge of the market and customers is excellent.
- Company has well established systems required for this line of business.
- Company has loyal and dedicated man power to handle the business at all levels.

*Weaknesses:*

- The credit rating of the company is MA-, which means adequate safety. With this rating, the company is unable to tap more resources from Banks.

*Opportunities:*

- With the higher level of economic development, the demand for commercial vehicle and consequently the demand for commercial vehicle finance will increase

*Threats:*

- Entry of more organized players into refinancing segment will intensify the competition.

**DETAILS OF COMPETITORS:**

The company has opted to play in niche segment of refinancing of commercial vehicles. Almost 80% of the trucks are owned and run by independent operators. Unorganized players cater to the bulk of demand for used truck financing. Though organized players like banks and NBFCs backed by Banks are entering this refinance business, they have largely restricted their operations to financing trucks aged below 6 to 7 years. Even though more NBFCs and Banks are entering into this segment, only NBFCs with good network of field staff, effective relationship management and customer evaluation tools can succeed in this business. Other players in the market who are close competitors of SFL are:

- Sundaram Finance Ltd
- Cholamandalam DBS Finance Ltd.
- Shriram Transport Finance Company Ltd
- Bajaj Auto Finance Ltd
- Mahindra & Mahindra Financial Services Ltd

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**CHAPTER 3**

**MACRO-MICRO ANALYSIS**

## **CHAPTER 3:**

### **MACRO-MICRO ANALYSIS:**

#### **3.1 OVERVIEW OF BANKING AND FINANCIAL INSTITUTIONS: A GLOBAL PERSPECTIVE**

The banking system in India is significantly different from that of other Asian nations because of the country's unique geographical, social, and economic characteristics. India has a large population and land size, a diverse culture, and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population but, at the same time, the country has a large reservoir of managerial and technologically advanced talents. Between about 30 and 35 percent of the population resides in metro and urban cities and the rest is spread in several semi-urban and rural centers.

As NBFC's come increasing under the regulatory gaze, there will be vacuum in places where there is no bank and the NBFC is required to fill. Regulators have to ensure that banking expansion is promoted in these places. NBFCs undertake a wide spectrum of activities ranging from hire purchase and leasing to pure investments. More than 10,000 reporting NBFCs (out of more than 40,000 NBFCs operating) had deposits of Rs1, 539 billion in 1995/96. RBI initially limited their powers, aiming to moderate deposit mobilization in order to provide depositors with indirect protection. It regulates the NBFCs under the provisions of chapter III B of the RBI Act of 1963, which were confined solely to deposit acceptance activities of NBFCs and did not cover their functional diversity and expanding intermediation. This rendered the regulatory framework inadequate to control NBFCs. The RBI working group on financial companies recommended vesting RBI with more powers for more effective regulation of NBFCs. A system of registration was introduced in April 1993 for NBFCs with net owned funds (NOF) of Rs million or above.

The financial system comprises of financial institutions, financial instruments and financial markets that provide an effective payment and credit system and thereby facilitate channelising of funds from savers to the investors of the economy. Considerable growth has taken place in the Non-banking financial sector in last two decades. Over a period of time they are successful in rendering a wide range of services. Initially intended to cater to the needs of savers and investors, NBFCs later on developed into institutions that can provide services similar to banks. Several factors are found to have contributed to the growth of NBFCs. They provide tailor made services to their clients.

Comprehensive regulation of the banking system and absence or relatively lower degree of regulation over NBFCs has been some of the main reasons for the growth momentum of the latter. It has been revealed by some research studies that economic development and growth of NBFCs are positively related. In this regard the World Development Report has observed that in the developing countries banks hold a major share of financial assets than they do in the industrially developed countries<sup>1</sup>. As the demand for financial services grow, countries need to encourage the development NBFCs and securities market in order to broaden the range of services and stimulate competition and efficiency.

However, the NBFCs segment of finance was less regulated over a period of time. On account of the CRB scam and the inability of some of the NBFCs to meet with the investors demand for return of the deposits the need was felt by the all banks to increase the regulations for the NBFCs. In the light of this background Reserve Bank of India came out with the guidelines on January 2, 1998. The salient features of this guideline are given below. The acceptance of deposits has been prohibited for the NBFCs having net owned funds less than Rs.25 lakhs) the extent of public deposit raising is linked to credit rating and for equipment leasing and hire purchase companies it can be raised to a higher tune.

In the light of the above regulatory frame work one should like to examine various parameters of different groups of NBFCs. The classifications of NBFCs have been changed over a period of time. The functioning of different categories of NBFCs is not governed by the homogeneous factors. Therefore financial implication can differ for different group of companies. The financial performance of 10 leasing companies has been examined by Seem Saggar at disaggregate level and compared with other groups of NBFCs for a period of 1985-90.

Moreover, a study by T.S. Hariharan throws light on the performance of all NBFCs taken together in terms of cost of debt, operating margin, net profit margin, return on net worth, asset turn over ratio etc. The study by Seema Saggar does not reflect the overall performance of NBFCs as it is based on selected 10 companies. The study by Hariharan reveals the aggregate performance of NBFCs which does not throw light on the financial performance of different groups of NBFCs. In the light of these limitations, the present study attempts to examine the financial performance of different groups of NBFCs separately. The present study attempts to examine the relative financial performance of different groups of NBFCs for the period 1985-86 to 1994-95 in terms of profitability, leverage and liquidity. The reasons of selecting this period for the purpose of study are: a) during this period the number of NBFCs has flourished by leaps and bounds. b) The absolute amount of deposits with NBFCs have gone up from 4956.6 cores to Rs. 85495.1 crores (increase is almost 17 times).

Recent years have witnessed significant increase in financial intermediation by the NBFCs. This is reflected in the proposal made by the latest Working Group on Money Supply for a new measure of liquidity aggregate incorporating NBFCs with public deposits worth Rs.20 crore. For regulatory purposes, NBFCs have been classified into 3 categories: (a) those accepting public deposits, (b) those not accepting public deposits but engaged in financial business and (c) core investment companies with 90 per cent of their total assets as

investments in the securities of their group/ holding/subsidiary companies. The focus of regulatory attention is on NBFCs accepting public deposits.

The NBFCs were also encouraged to broad-base their resources through borrowings from banks and financial institutions, inter-corporate deposits/ loans, secured bonds/debentures, etc., which were exempted from the definition of “public deposit”. However, the Associations of NBFCs and the apex trade bodies brought to the notice of both the Government and the RBI the problem of asset-liability mismatches caused by frequent downgrading of the credit ratings of NBFCs and the consequent reduction in quantum of permissible public deposits. They also suggested that smaller NBFCs could be exempted from the requirement of credit rating for having public deposits up to a particular limit while larger NBFCs could be allowed higher limits of public deposits subject to minimum investment grade credit rating and higher capital adequacy requirements. The Task Force on NBFCs appointed by the Government of India submitted its report in October, 1998, which recommended rationalization of regulations for NBFCs, improvement of the legislative framework for protecting the interests of depositors and development of NBFCs on sound and healthy lines.

Top global financial firms which have acquired a foothold in the non-banking finance companies’ (NBFCs) segment are now pursuing an aggressive strategy to expand their reach across their country. Fullerton India, a subsidiary of Temasek, the Singapore government’s investment arm, is emerging as one of the most aggressive players in the financial sector. The firm is now drawing up plans to open 400 branches over the next 12 months to scale up its operations from the current base of 100 branches.

Other recent entrants in the NBFC segment include biggies such as AIG Capital while other global players — BNP Paribas and Society General have also entered the business. The aggressive moves by these firms come at a time when entrenched firms such as Citi Financial and Stan Chart’s Prime Financial have

been pursuing a scorching growth strategy. Besides, the new players have to contend with local firms — Future Group and India bulls which have also forayed into this business during the past few years.

The main reason for deposits with NBFCs is greater customer orientation and higher rate of interest offered by them as compared to banks.

The great NBFC shakeout however has another important lesson for the regulators as well as ordinary investors. Many NBFCs blamed the regulator for abruptly imposing the new rules including the one relating to compulsory rating. Major failures occurred among those NBFCs that paid "above market" deposit interest rates and consequently invested their funds in risky ventures that alone could bear the high interest rates which these companies had to charge (to compensate for their largesse to depositors). This vicious circle had to be broken. NBFC regulation since 1998 seems to have achieved it. The NBFC universe is now considerably safer for investors.

### **3.2 MICRO ANALYSIS:**

NBFC's (Non Banking Financial Companies) are reported periodically to be under the RBI (Reserve Bank of India) lens for one reason or the other. Under the circumstances, any effort by RBI to rationalize the regulatory framework of NBFC's is highly welcome. Of particular concern to RBI appears to be the exposure of those NBFC's that even while not accepting deposits from the public are still raising resources banks and financial institutions and diverting to the stock market. The evolution of RBI as the banking sector regulator to also being the regulator for NBFC's has not been well planned. A particularly manifest evidence of this is the confusion in legislation and in policy reflected in the multiplicity of overlapping and irrational classifications of the various types of NBFC's. The most apt illustration of this is the fact that whereas the 'Reserve bank of India Act 1934' does itself define the term NBFC, there is a different definition of the same

term viz. NBFC in the 'Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1988' that the RBI itself has issued under sections 45 J, 45K, 45M and 45MA of the aforesaid Act of 1934. Why has RBI made NBFC a house divided unto itself by adopting an incongruous definition of an already defined term in its own parent statute?

### **3.2.1 ON THE WAY NBFCs HAVE EVOLVED OVER THE LAST FIVE YEARS:**

In India the last decade has witnessed a phenomenal increase in the number of NBFCs. The number of such companies stood at 7063 in 1981, at 15358 in 1985 and it increased to 24009 by 1990 and to 55995 in 1995.

The major change is structural, triggered by the Reserve Bank of India. It came in January 1998, when prudential norms were made mandatory. That in a way forced the exit of some small players, and the numbers have come down.

Even among the RBI-registered companies, the numbers may not be very large. The number of players has come down. That has in a way aided the niche players. For instance, it has changed the attitude of the lenders because they are aware of the quality of borrowers. They are willing to take an exposure to a NBFC and the rates have also become competitive. There was a time when even a Commercial Paper (CP) of a finance company could not be easily placed. Today, things have changed and the NBFCs are able to use other instruments.

The other major change is that the volume of business we can do has really expanded because of fewer people. It has helped us pick up good risk from a larger population. Now with the whole market being there, companies are available to pick up good risk. In the last three years, the risk addition has been much better than the past.

The NBFCs will now remain focused and not look at unrelated business. All this will help in removing some of the negative perceptions that people have had about the NBFCs over the last few years. Any player in the finance business should continue to look at unfolding opportunities. Entering insurance and other areas are natural phenomena; they will help in broad basing income stream.

### **3.2.1 NBFCS IN 1998 AND 2005:**

The RBI is belatedly trying to extend regulation over the residuary non-banking companies. However, as happened in the aftermath of the NBFC shakeout (when many failed NBFCs blamed the RBI), the RNBCs too may blame regulation for all their problems.

THE RESERVE Bank's ongoing efforts at regulating the hitherto largely unregulated part of the NBFC segment are going to be daunting. For one, it is well recognized that the term NBFC is too broad to be useful as it includes several categories of financial intermediaries which resemble one another only in the nomenclature.

The RBI itself has classified as many as 12 categories under the broad term NBFC. Not all of them come under its regulation or supervision. The presence of multiple regulators only complicates the issue. Besides, regulation over the NBFC sector has been late in coming. For good or for bad, the sector had made its presence felt much before 1997 when the RBI was given the powers to issue a certificate of registration to these companies on their fulfilling certain norms such as the one relating to minimum net owned funds. Meaningful regulation over the NBFC sector may be said to have started only then even though the RBI Act of 1934 had conferred the authority on the central bank.

There is an interesting and possibly portentous message from the RBI's first attempts to rein in deposit taking NBFCs by asking them, in early 1998, to

have their public deposit schemes rated by independent rating agencies such as CRISIL and ICRA.

Many of them raised a hue and cry but the central bank did not budge. It was inevitable that many deposit taking NBFCs which were also offering very high interest rates on their deposits, could not get a satisfactory rating. Being overwhelmingly dependent on public deposits, they could not continue mobilizing deposits.

A shakeout in the NBFC sector appeared in the wake of the stipulation regarding rating of their deposit schemes. Other regulatory stipulations, such as the one on minimum net owned funds, also played a part. Inevitably the shakeout caused a sharp fall in the number of NBFCs accepting public deposits. In 1997 there were 996 NBFCs accepting public deposits. The number came down to 577 by September 2004. Deposits of NBFCs declined from Rs. 6,500 crores in 2000-01 to Rs. 3,400 crores in 2003-04. The situation has come to such a pass that the RBI has suggested that the NBFCs voluntarily phase out their public deposits and instead raise resources from other institutions.

That the RBI suggestion will find little acceptance among many individual depositors is beyond doubt. NBFCs, at least the stronger ones, have given investors a real choice. Besides, the reduction in their number and in their public deposits is not due either to any structural deficiency (which the new regulations exposed) or their losing confidence with investors.

### **3.3.3 ON COMPETITION WITH BANKS:**

The difference between a bank and an NBFC has narrowed. Other than deposit taking activity, the assets are largely similar. The NBFCs have an advantage in management of risks and reach, I would say. Apart from this there is always the adaptability to change, where the NBFCs are fast. Newer banks are also quite like that. In the long-term, the gap between banks and NBFCs will narrow in

which case a different breed of NBFCs will emerge. For instance, a much focused entity catering to a small area. For a company to grow there must be avenues; the range of products it can offer must keep increasing. Growth is possible only by giving varied products.

#### **3.3.4 FINANCIAL PERFORMANCE OF NON BANKING FINANCE COMPANIES IN INDIA:**

The financial system comprises of financial institutions, financial instruments and financial markets that provide an effective payment and credit system and thereby facilitate channelising of funds from savers to the investors of the economy. In India considerable growth has taken place in the Non-banking financial sector in last two decades. Over a period of time they are successful in rendering a wide range of services. Initially intended to cater to the needs of savers and investors, NBFCs later on developed into institutions that can provide services similar to banks. In India several factors have contributed to the growth of NBFCs. They provide tailor made services to their clients. Comprehensive regulation of the banking system and absence or relatively lower degree of regulation over NBFCs has been some of the main reasons for the growth momentum of the latter. It has been revealed by some research studies that economic development and growth of NBFCs are positively related. In this regard the World Development Report has observed that in the developing countries banks hold a major share of financial assets than they do in the industrially developed countries<sup>1</sup>. As the demand for financial services grow, countries need to encourage the development NBFCs and securities market in order to broaden the range of services and stimulate competition and efficiency. In India the last decade has witnessed a phenomenal increase in the number of NBFCs. The number of such companies stood at 7063 in 1981, at 15358 in 1985 and it increased to 24009 by 1990 and to 55995 in 1995.<sup>2</sup> the main reason for deposits with NBFCs are greater customer orientation and higher rate of interest offered by them as compared to banks. With such a dramatic growth in the numbers of NBFCs it was thought necessary to have a regulatory

framework for NBFCs. Slowly the RBI came out with set of guidelines for NBFCs. In one of such step RBI gave definition of NBFCs.

The classification of NBFCs has changed over a period of time. The functioning of different categories of NBFCs is not governed by the homogeneous factors. Therefore financial implication can differ for different group of companies. The financial performance of 10 leasing companies has been examined by Seema Saggar at disaggregate level and compared with other groups of NBFCs for a period of 1985-90. Moreover, a study by T.S. Harihar throws light on the performance of all NBFCs taken together in terms of cost of debt, operating margin, net profit margin, return on net worth, asset turn over ratio etc. The study by Seema Saggar does not reflect the overall performance of NBFCs as it is based on selected 10 companies. The study by Harihar reveals the aggregate performance of NBFCs which does not throw light on the financial performance of different groups of NBFCs. During the period 1985-86 to 1994-95 the number of NBFCs has flourished by leaps and bounds. The absolute amount of deposits with NBFCs have gone up from 4956.6 crores to Rs. 85495.1 crores (increase is almost 17 times). c) The share of deposits with reporting NBFCs have gone up over a period of time from 4.78% to 16.49% (The share is as a percentage of total deposits of Reporting NBFCs Non financial companies and scheduled commercial banks).

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**CHAPTER 4**

**DATA ANALYSIS & INTERPRETATION**

## CHAPTER 4

### DATA ANALYSIS & INTERPRETATION

#### 4.1.1 LOAN DISBURSEMENT FACTORS:

Table 2 – Factors in determining amount of Loan Disbursed

FACTORS	MEAN SCORE	RANKS
Customer Profile	2.46	2
Track Record	2.03	1
Volume of business	4.12	6
Standard Assets	3.28	3
Past Performance	3.48	4
General Economic Conditions	4.03	5

It could be seen that the previous track record which enlightens the credit worthiness of the customers is being considered as one of the main factors while sanctioning loans for customers. The profile of the customer is also given utmost importance for provision of loans by the financial institutions while sanctioning loans. Standard assets they have and their past performance are the next criteria that are being looked for while sanctioning loans for the customers.

#### 4.1.2 PATTERN OF FINANCING FOR VARIOUS KINDS OF CONSTRUCTION EQUIPMENT: DETAILS ABOUT PREFERENCE FOR VARIOUS ASSETS

Table 3– Ranking of Various Construction Equipments According To Preference of Financial institutions:

FI	TIPPER		BL		EXCAVATORS		CRANES		REF		CM	
	Mean score	Rank										
CENTURIAN	1.6	1	3.2	3	2.2	2	4	4	4.6	5	5	6
CANARA	3.0	3	2.0	2	1.0	1	4.0	4	5.0	5	-	-
SHRIRAM	1.5	1	2.5	2	4.0	4	3.5	3	4.5	5	5	6
CITI CORP	3.0	3	1.3	1	2.3	2	3.3	4	5.5	5	5.3	6
DANDAPANI	2.5	1	2.0	3	1.5	2	4.0	4	5	5	5	6
HDFC	2.3	3.5	2.3	3.5	2.9	1.5	2.9	1.5	4.7	5	6.0	6
ICICI	2.9	3	1.6	1	2.6	2	3.4	4	4.7	5	5.1	6
INDUSIND	2.0	1	2.6	2	3.1	3	3.4	4	4.3	6	4.2	4
KOTAK	1.7	1	2.8	3	2.6	2	4.3	5.5	4.3	5.5	4.3	4
KVB	1.0	1	3.0	3	4.0	4	5.0	5	6.0	6	2.0	2
PNB	1.0	1	-	-	3.0	3	5.0	5	4.0	4	2.0	2
SAKTHI	1.0	1	2.0	2	3.0	3	4.0	4	5.0	5	6.0	6
SBI	2.0	2	5.0	5	1.0	1	4.0	4	-	-	3.0	3
SUNDARAM	1.9	1	3.3	3	2.5	2	3.6	4	4.5	6	3.8	5
SYNDICATE	3.0	3	-	-	5.0	5	4.0	4	2.0	2	1.0	1
TATA	3.9	4	1.7	1	2.0	2	2.7	3	4.8	5	5.3	6

It could be seen from the above table that most of the financial institutions prefer to fund tippers in Construction Equipment funding. Backhoe loaders and Excavators are almost equally preferred after tippers. Cranes occupy the fourth position whereas Road laying machineries and Construction equipments are among the less preferred equipments by financial institutions.

### 4.1.3 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR NEW/USED/IMPORTED TIPPERS

TABLE 4 - Details of amount of loan sanctioned by the financial institutions for tippers

NAME	NEW TIPPER-AMOUNT				USED TIPPER-AMOUNT				IMPORTED TIPPER-AMOUNT				
	71-80	81-90	90-100	Total	60-70	71-80	81-90	Total	<60	60-70	71-80	81-90	Total
SHIRAM	2	0	2	4	0	4	0	3	-	-	-	-	-
CANARA	0	1	0	1	0	1	0	1	-	-	-	-	-
CENTURIAN	0	5	0	5	2	1	2	5	-	-	-	-	-
CITI CORP	2	1	0	3	1	2	0	3	0	0	1	0	1
DANDPANI	0	2	0	2	0	1	1	2	0	0	1	1	2
HDFC	1	6	0	7	0	2	5	7	0	1	0	0	1
ICICI	2	2	5	9	1	2	6	9	1	0	2	1	4
INDUSIND	1	6	1	8	0	2	6	8	0	1	0	0	1
KOTAK	2	6	1	9	0	2	2	4	0	1	2	1	4
KVB	1	0	0	1	-	-	-	-	-	-	-	-	-
PNB	1	0	0	1	-	-	-	-	0	0	1	0	1
SAKTHI	0	1	0	1	0	0	1	1	-	-	-	-	-
SBI	0	1	0	1	0	1	0	1	-	-	-	-	-
SUNDARAM	3	5	0	8	4	3	0	7	-	-	-	-	-
SYNDICATE	0	0	1	1	-	-	-	-	0	0	1	0	1
TATA	1	4	1	6	1	2	3	6	0	0	0	1	1
TOTAL	16	40	11	67	9	23	26	58	1	3	8	4	16

It could be inferred from the above table that most of the financial institutions provide 80-90% of the market value for Construction equipments in the field of new equipment financing. Considered to be one of the prominent players in Equipment financing, ICICI mostly provides loans from 90-100%. Players like INDUSIND, HDFC, Sundaram, Centurion bank and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram and CITI mostly provide only 70-80% of market loans for new tippers.

In case of used tipper financing, it could be seen from the above table that most of the financial institutions provide 70-90% of the market value for Construction equipments. None of the financial institutions give 100% finance for used tippers. Players like ICICI, INDUSIND, HDFC, Sundaram and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers whereas Sundaram gives only 60-80% finance for used tippers.

Most of the financial institutions do not go for imported tipper financing due to the risk involved in it. Some institutions that go in for imported equipment financing mostly prefer giving 70-90% loan. CITI CORP, ICICI, PNB, Kotak and Syndicate give 70-80% finance for imported tippers whereas HDFC and INDUSIND give only 60-70%. Dandapani finance and TMF gives 70-90% finance for imported tippers.

#### 4.1.4 EQUIPMENT FINANCING – TENURE FOR NEW/USED/IMPORTED TIPPERS

TABLE 5- Details of tenure given by the financial institutions for tippers

NAME	NEW TIPPER-TENURE				USED TIPPER-TENURE				IMPORTED TIPPER-TENURE					
	1-2	2/1-3	3/1-4	Total	1-2	2/1-3	3/1-4	>4	Total	1-2	2/1-3	3/1-4	>4	Total
SHIRIRAM	0	0	3	1	4	0	0	3	1	4	-	-	-	-
CANARA	0	1	0	0	1	0	0	1	0	1	-	-	-	-
CENTURIAN	0	4	1	0	5	0	5	0	0	5	-	-	-	-
CITI CORP	1	0	2	0	3	1	0	2	0	3	1	0	0	1
DANDPANI	0	2	0	0	2	0	2	0	0	2	1	1	0	2
HDFC	0	4	3	0	7	2	2	3	0	7	0	1	0	1
ICICI	0	0	9	0	9	0	2	4	3	9	1	1	2	4
INDUSIND	0	7	1	0	8	0	6	1	1	8	0	1	0	1
KOTAK	0	2	5	2	9	0	6	2	0	8	0	3	1	4
KVB	0	0	0	1	1	-	-	-	-	-	-	-	-	-
PNB	0	0	0	1	1	-	-	-	-	-	0	0	1	1
SAKTHI	0	0	1	0	1	0	0	1	0	1	-	-	-	-
SBI	0	1	0	0	1	0	0	1	0	1	-	-	-	-
SUNDARAM	0	3	4	1	8	0	6	0	1	7	-	-	-	-
SYNDICATE	0	0	0	1	1	-	-	-	-	-	0	1	0	1
TATA	0	1	5	0	6	0	1	4	1	6	0	0	1	1
TOTAL	1	25	34	7	67	3	30	22	7	62	3	8	4	16

It could be seen from the above table majority of the FIs provide a 3-4 year tenure period for new tippers which includes ICICI, Shriram, CITI, Kotak and TMF. Institutions like INDUSIND and Centurion Bank give a 2-3 year tenure period. Sundaram finance provides new tipper loans with a range of 2-4 year tenure period which varies according to the customer profile. Some institutions like KOTAK and Syndicate bank, SBI provide loans for even 7-8 year tenure period.

For used tipper financing, most of the FIs give only 2-3 year tenure period for new tippers which includes Centurion, Dandapani, INDUSIND, Kotak and Sundaram. Institutions like Shriram, Sakthi, SBI, TATA, CITI and Canara give 3-4 year tenure period. HDFC finance provides new tipper loans for 2-4 year tenure period on the basis of the profile of their customers.

In case of imported tipper financing, most of the financial institutions give 2-3 years of tenure period. HDFC, Kotak and Sundaram give 2-3 year tenure period, whereas CITI CORP gives only 1-2 years for imported tippers. TMF and ICICI give 3-4 year tenure period. It could be seen that PNB gives more than 3 years for repayment in case of imported tippers.

#### 4.1.5 EQUIPMENT FINANCING - INTEREST RATE FOR NEW/USED/IMPORTED TIPPERS

TABLE 6 - Details of interest rate for tippers by various financial institutions

NAME	NEW TIPPER-INTEREST RATE					USED TIPPER-INTEREST RATE					IMPORTED TIPPER-INTEREST RATE							
	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total
SHRIRAM	1	0	3	0	0	4	0	1	1	2	0	4	-	-	-	-	-	-
CANARA	1	0	0	0	0	1	1	0	0	0	0	1	-	-	-	-	-	-
CENTU	0	0	1	4	0	5	0	0	0	2	3	5	-	-	-	-	-	-
CITI	1	2	0	0	0	3	0	2	1	0	0	3	0	0	0	1	0	1
DANDPANI	0	0	2	0	0	2	0	0	0	2	0	2	0	1	0	0	1	2
HDFC	2	0	3	2	0	7	0	1	5	1	0	7	1	0	0	0	0	1
ICICI	1	0	1	7	0	9	1	0	0	7	1	9	1	0	2	0	1	4
INDUSIND	1	0	6	1	0	8	0	2	5	0	1	8	0	0	0	1	0	1
KOTAK	3	1	1	3	1	9	2	0	1	0	5	8	0	0	1	3	0	4
KVB	0	0	0	1	0	1	-	-	-	-	-	-	-	-	-	-	-	-
PNB	0	0	0	1	0	1	-	-	-	-	-	-	1	0	0	0	0	1
SAKTHI	0	0	0	0	1	1	0	0	0	0	1	1	-	-	-	-	-	-
SBI	0	0	1	0	0	1	0	0	0	1	0	1	-	-	-	-	-	-
SUNDARAM	5	1	1	1	0	8	0	6	1	0	0	7	0	0	0	1	0	1
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	0	0	0	1	0	1
TATA	0	0	5	1	0	6	0	1	1	2	2	6	0	0	0	1	0	1
TOTAL	15	4	25	21	2	67	4	13	15	17	13	62	3	1	3	7	2	16

It could be seen from the above table that most of the players provide a 10-12% interest rate for new tipper funding which includes INDUSIND, Dandapani, HDFC, Shriram, TMF, SBI, and Syndicate bank. Players like ICICI and Centurion give it at 12-14% while KVB gives it at 12-14%. Kotak Mahindra and Sundaram are the players who give loans at minimal interest of 6-8% for new tippers.

For used tippers, interest rates vary from 8-16% for various financial institutions. Kotak has the highest interest rate for used tippers with 14-16%. Centurion bank gives interest rates at 12-16% according to the risk involved in funding for these equipments and their customer profile. Canara bank gives the least interest for used tippers at 6-8%. ICICI, Dandapani, Shriram, and SBI funds used tippers at 12-14% interest rate. HDFC and INDUSIND fund tippers at 10-12%. Sundaram finance gives used tippers at a lower interest rate of 8-10%.

Only 24% of FIs fund for imported tippers mostly at a rate of 12-14%. CITI, TMF, Syndicate, INDUSIND mostly provide at this interest rate for imported tippers. HDFC and PNB are the least interest rate providers with 6-8% interest rate.

#### 4.1.6 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR NEW/USED/IMPORTED BL

TABLE 7 - Details of amount of loan sanctioned by the financial institutions for backhoe loaders

NAME	NEW-BL-AMOUNT				USED-BL-AMOUNT				IMPORTED-BL-AMOUNT				
	71-80	81-90	90-100	Total	60-70	71-80	81-90	Total	<60	60-70	71-80	81-90	Total
SHRIRAM	0	0	1	1	0	3	0	3	-	-	-	-	-
CANARA	0	1	0	1	0	0	1	1	-	-	-	-	-
CENTURIAN	0	5	0	5	2	1	2	5	-	-	-	-	-
CITI CORP	2	1	0	3	1	2	0	3	-	-	-	-	-
DANDPANI	0	2	0	2	0	1	1	2	0	0	0	1	1
HDFC	2	5	0	7	0	2	5	7	-	-	-	-	-
ICICI	2	6	1	9	1	2	6	9	1	0	2	1	4
INDUSIND	1	7	0	8	0	6	1	7	0	1	0	0	1
KOTAK	2	7	0	9	0	2	2	4	0	1	3	1	5
KVB	1	0	0	1	-	-	-	-	-	-	-	-	-
PNB	0	1	0	1	-	-	-	-	-	-	-	-	-
SAKTHI	1	0	0	1	0	1	0	1	-	-	-	-	-
SBI	0	0	1	1	0	0	1	1	-	-	-	-	-
SUNDARAM	3	5	0	8	4	3	0	7	-	-	-	-	-
SYNDICATE	0	0	1	1	-	-	-	-	0	0	1	0	1
TATA	1	4	1	6	1	2	3	6	0	0	0	1	1
TOTAL	15	44	5	64	9	25	22	56	1	2	6	4	13

Mostly 80-90% of the market value is being provided as loans in case of new backhoe loaders. Majority of players like TMF, Sundaram, INDUSIND, ICICI, Kotak and CITI provide 80-90% loans for new backhoe loaders. Some of them like SBI, PNB and Dandapani provide 70-80% of the market value of new backhoe loaders as loan. Rarely do the players Canara bank and Syndicate bank go for 90-100% financing.

In case of used backhoe loader financing, it could be seen from the above table that most of the financial institutions provide 70-90% of their market value. None of the financial institutions give 100% finance for used tippers. Players like ICICI, INDUSIND, HDFC, Sundaram and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers whereas Sundaram gives only 60-80% finance for used backhoe loaders. Syndicate bank, KVB and PNB do not fund for used backhoe loaders.

It could be seen that only 13 out of the 67 financial institutions fund imported backhoe loaders which includes Dandapani, ICICI, INDUSIND, Kotak, Syndicate and TATA. ICICI and Kotak give 70-90% fund while Syndicate gives 70-80% finance for imported tippers whereas INDUSIND give only 60-70%. HDFC and CITI CORP which fund imported tippers do not fund imported backhoe loaders. Dandapani finance and TMF gives 70-90% finance for imported tippers.

#### 4.1.7 EQUIPMENT FINANCING - TENURE SANCTIONED FOR NEW/USED/IMPORTED BL

TABLE 8 - Details of tenure given by the financial institutions for backhoe loaders

NAME	NEW-BL-TENURE				USED-BL-TENURE				IMPORTED-BL-TENURE						
	1-2	2-3	3-4	4	Total	1-2	2-3	3-4	>4	Total	1-2	2-3	3-4	>4	Total
SHRIRAM	0	0	1	1	2	0	0	4	0	4	-	-	-	-	-
CANARA	0	0	1	0	1	0	0	1	0	1	-	-	-	-	-
CENTURIAN	0	4	1	0	5	0	5	0	0	5	-	-	-	-	-
CITI CORP	1	0	2	0	3	1	0	2	0	3	-	-	-	-	-
DANDPANI	0	2	0	0	2	0	2	0	0	2	0	1	0	-	1
HDFC	0	4	3	0	7	2	2	3	0	7	-	-	-	-	-
ICICI	0	1	8	0	9	0	2	4	3	9	1	2	1	-	4
INDUSIND	0	6	2	0	8	0	6	1	0	7	0	1	0	-	1
KOTAK	0	2	5	2	9	0	6	2	0	8	0	3	2	-	5
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	1	0	1	0	1	0	0	1	-	-	-	-	-
SBI	0	0	1	0	1	0	0	1	0	1	-	-	-	-	-
SUNDARAM	0	0	1	0	1	-	-	-	-	-	-	-	-	-	-
SYNDICATE	0	3	4	2	9	-	-	-	-	-	0	1	0	-	1
TATA	0	1	5	0	6	0	1	4	1	6	0	0	1	-	1
TOTAL	1	23	35	5	64	3	31	21	5	60	1	8	4	-	13

From the above table, it could be seen that mostly a 3-4 year tenure period is given by financial institutions for new backhoe loaders who are ICICI, Syndicate bank, CITI, Kotak, SBI and Sundaram and TMF. Institutions like HDFC, INDUSIND, Dandapani and Centurion bank provide a 2-3 year tenure period. Majority of them give on an average of 2-4 year tenure period which changes depending on the profile of the customer.

For used backhoe loader financing, most of the FIs give only 2-4 year tenure period. Institutions like Centurion, Dandapani, INDUSIND, Kotak, Sakthi and Sundaram give 2-3 year tenure period while Shriram, SBI, TATA, CITI and Canara give 3-4 year tenure period. HDFC finance provides new tipper loans for 1-4 year tenure period on the basis of the profile of their customers. KVB, PNB and Syndicate bank do not finance for used backhoe loaders.

In case of imported tipper financing, most of the financial institutions feel comfortable to give 2-3 years of tenure period. Dandapani, ICICI and INDUSIND give 2-3 year tenure period, whereas CITI CORP gives only 1-2 years for imported tippers. TMF gives 3-4 year tenure period. None of the financial institutions give tenure greater than 4 years for imported backhoe loaders.

#### 4.1.8 EQUIPMENT FINANCING - INTEREST RATE FOR NEW/USED/IMPORTED BL

TABLE 9 - Details of interest rate for backhoe loaders various financial institutions

NAME	NEW BL INTEREST RATE					USED BL INTEREST RATE					IMPORTED BL INTEREST RATE							
	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total
SHRIRAM	1	0	2	0	0	3	0	1	0	2	0	3	-	-	-	-	-	-
CANARA	1	0	0	0	0	1	1	0	0	0	0	1	-	-	-	-	-	-
CENTU	0	0	1	4	0	5	0	0	0	2	3	5	-	-	-	-	-	-
CITI	1	2	0	0	0	3	0	2	1	0	0	3	-	-	-	-	-	-
DANDPANI	0	0	2	0	0	2	0	0	2	0	0	2	0	-	0	0	1	1
HDFC	2	0	3	2	0	7	0	1	4	2	0	7	-	-	-	-	-	-
ICICI	1	0	1	7	0	9	1	0	0	7	1	9	1	-	2	0	1	4
INDUSIND	1	0	6	1	0	8	0	1	5	0	1	7	0	-	0	1	0	1
KOTAK	3	1	1	3	1	9	2	0	1	0	5	8	0	-	1	3	1	5
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	0	0	1	1	0	0	0	0	1	1	-	-	-	-	-	-
SBI	0	0	1	0	0	1	0	0	0	1	0	1	-	-	-	-	-	-
SUNDARAM	5	1	1	1	0	8	0	6	1	0	0	7	-	-	-	-	-	-
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	0	-	0	1	0	1
TATA	0	0	6	0	0	6	0	1	1	2	2	6	0	-	0	1	0	1
TOTAL	15	4	25	18	2	64	4	12	13	18	13	60	1	-	3	6	3	13

Most of the financiers like Centurion, HDFC, INDUSIND, SBI, Syndicate and TMF prefer in giving loans at 10-12%. ICICI and Centurion prefer in giving it at a higher interest rate of 12-11%. Canara and Sundaram are the institutions that provide at a lower interest of 6-8% for new backhoe loaders. Dandapani finance gives an 8-10% interest whereas Sakthi has the highest interest rate of 14-16%.

Used backhoe loaders are provided with 10-16% interest rates for various financial institutions that vary according to the customer profile and tenure from which the loan is availed. Centurion bank gives an interest rate ranging from 12-14%. ICICI, Dandapani and SBI give loans at interest rate of 12-14%. INDUSIND and HDFC provide loans at 10-12%. Kotak gives 14-16% interest rate for used backhoe loaders. Sundaram finance gives loans at 8-10% whereas Canara bank gives at 8-10%. TATA gives loans at 8-16 varying according to the type of the machine and type of customer. KVB, PNB and Syndicate banks do not fund used backhoe loaders.

Imported excavators are mostly funded at an interest rate of 12-14% which includes Syndicate, Sundaram finance, Kotak and INDUSIND. ICICI gives 10-12% interest rate whereas Dandapani financiers do it at 14-16%.

4.1.9 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR NEW/USED/IMPORTED EXCAVATORS

TABLE 10 - Details of amount of loan sanctioned by the financial institutions for excavators

NAME	NEW EXCAVATOR-AMOUNT				USED EXCAVATOR -AMOUNT				IMPORTED EXCAVATOR -AMOUNT			
	71-80	81-90	90-100	Total	60-70	71-80	81-90	Total	60-70	71-80	81-90	Total
SHIRAM	1	0	2	3	0	3	0	3	0	1	0	1
CANARA	1	0	0	1	0	1	0	1	-	-	-	-
CENTURIAN	0	5	0	5	2	1	2	5	-	-	-	-
CITICORP	2	1	0	3	1	2	0	3	-	-	-	-
DANDPANI	0	2	0	2	0	1	1	2	-	-	-	-
HDFC	1	5	1	7	0	1	6	7	1	0	0	1
ICICI	1	7	1	9	2	3	4	9	2	3	0	5
INDUSIND	1	7	0	8	0	7	1	8	2	1	0	3
KOTAK	3	6	0	9	0	2	2	4	1	5	1	7
SAKTHI	1	0	0	1	0	1	0	1	-	-	-	-
SBI	1	0	0	1	0	1	0	1	1	0	0	1
SUNDARAM	6	2	0	8	4	2	1	7	1	0	0	1
SYNDICATE	0	0	1	1	-	-	-	-	-	-	-	-
TATA	1	4	1	6	1	4	1	6	0	3	0	3
TOTAL	19	39	6	64	10	29	18	57	8	13	1	22

Mostly 80-90% of the market value is being preferred by players for new excavators. Majority of players like TMF, HDFC, INDUSIND, ICICI, Dandapani, Centurion, Kotak and CITI provide 80-90% loans for new backhoe loaders. SBI provides 70-80% of the market value of new backhoe loaders as loan. Rarely do the players like Shriram go for 90-100% funding for new excavators.

In case of used excavator financing, it could be seen from the above table that most of the financial institutions provide 70-80% of its market value. None of the financial institutions give 100% finance for used tippers. Players like ICICI, INDUSIND, HDFC, Sundaram and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers whereas Sundaram gives only 60-80% finance for used tippers.

Most of the financial institutions due to the high risk involved do not fund imported excavator. Some institutions that go in for imported equipment financing mostly prefer giving 70-80% loan. CITI CORP, ICICI, Kotak and Syndicate give 70-80% finance for imported tippers whereas HDFC and INDUSIND give only 60-70%. Dandapani finance and TMF gives 70-90% finance for imported tippers. It could be seen that none of the financial institutions provide 100% imported excavator finance.

#### 4.1.10 EQUIPMENT FINANCING - TENURE FOR NEW/USED/IMPORTED EXCAVATORS

TABLE 11 - Details of tenure given by the financial institutions for excavators

NAME	NEW EXCAVATOR - TENURE				USED EXCAVATOR - TENURE				IMPORTED EXCAVATOR - TENURE						
	1-2	2.1-3	3.1-4	>4	Total	1-2	2.1-3	3.1-4	>4	Total	1-2	2.1-3	3.1-4	>4	Total
SHRIRAM	0	0	2	1	3	0	0	3	0	3	-	0	1	-	1
CANARA	0	1	0	0	1	0	1	0	0	1	-	-	-	-	-
CENTURIAN	0	4	1	0	5	0	5	0	0	5	-	-	-	-	-
CITI CORP	1	0	2	0	3	1	0	2	0	3	-	-	-	-	-
DANDPANI	0	2	0	0	2	0	2	0	0	2	-	-	-	-	-
HDFC	0	3	4	0	7	2	1	4	0	7	-	1	0	-	1
ICICI	0	1	8	0	9	0	2	4	3	9	-	3	2	-	5
INDUSIND	0	6	2	0	8	0	7	1	0	8	-	2	1	-	3
KOTAK	0	3	4	2	9	0	6	2	0	8	-	5	2	-	7
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	1	0	1	0	1	0	0	1	-	-	-	-	-
SBI	0	1	0	0	1	0	1	0	0	1	-	1	0	-	1
SUNDARAM	0	3	4	1	8	0	6	0	1	7	-	-	-	-	-
SYNDICATE	0	0	0	1	1	-	-	-	-	-	-	0	1	-	1
TATA	0	1	5	0	6	0	1	4	1	6	-	0	3	-	3
TOTAL	1	25	33	5	64	3	33	20	5	61	-	12	10	-	22

From the above table, it could be seen that mostly a 3-4 year tenure period is given by financial institutions for new backhoe loaders who are ICICI, Shriram, CITI, HDFC, Kotak, Sundaram and TMF. Institutions like INDUSIND, SBI, Dandapani and Centurion bank provide a 2-3 year tenure period. Syndicate bank gives more than 4 years for repayment of loans taken for purchasing new excavators.

For used excavator financing, most of the FIs gives only 2-3 year tenure period. Centurion, Dandapani, SBI, INDUSIND, Sakthi, Canara Kotak and Sundaram provide 2-3 year tenure period for used excavator finance. Institutions like Shriram, TATA and CITI give 3-4 year tenure period. HDFC finance provides new tipper loans for 2-4 year tenure period on the basis of the profile of their customers.

Imported excavators are given for tenure of 2-4 years. Shriram, Syndicate and TATA give 3-4 years as tenure period whereas Dandapani and HDFC have 2-3 years as tenure for imported BL financing. 2-4 years tenure period is given by institutions like ICICI and INDUSIND

#### 4.1.11 EQUIPMENT FINANCING- INTEREST RATE NEW/USED/IMPORTED EXCAVATORS

TABLE 12 - Details of interest rates for excavators by the financial institutions

NAME	NEW EXCAVATOR - INTEREST RATE						USED EXCAVATOR - INTEREST RATE						IMPORTED EXCAVATOR - INTEREST RATE					
	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	14.1-16	Total	6-8	8.1-10	10.1-12	12.1-14	Total	
	SHIRAM	1	0	2	0	0	3	0	1	0	0	2	0	3	0	1	0	0
CANARA	1	0	0	0	0	1	1	0	0	0	0	0	1	-	-	-	-	-
CENTU	0	0	1	4	0	5	0	0	0	2	3	5	-	-	-	-	-	-
CITY	1	2	0	0	0	3	0	2	1	0	0	3	-	-	-	-	-	-
DANDPANI	0	0	2	0	0	2	0	0	0	2	0	2	-	-	-	-	-	-
HDFC	2	0	3	2	0	7	0	1	4	2	0	7	1	0	0	0	1	1
ICICI	1	0	1	7	0	9	0	1	0	7	1	9	0	1	1	1	3	5
INDUSIND	1	0	7	0	0	8	0	1	6	1	0	8	0	1	1	1	3	3
KOTAK	3	1	1	3	1	9	2	0	1	0	5	8	1	0	1	5	7	7
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	0	0	1	1	0	0	0	0	1	1	0	-	-	-	-	-
SBI	0	0	1	0	0	1	0	0	0	1	0	1	0	0	0	0	1	1
SUNDARAM	5	1	1	1	0	8	0	6	1	0	0	7	1	0	0	0	1	1
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	-	-	-	-	-	-
TATA	0	0	6	0	0	6	0	1	1	2	2	6	0	0	0	2	2	2
TOTAL	15	4	26	17	2	64	3	13	14	19	12	61	5	2	3	11	21	21

It could be seen from the above table that most of the players provide a 10-12% interest rate for new excavator funding who are INDUSIND, Dandapani, HDFC, Shriram, TMF, SBI, and Syndicate bank. Players like ICICI and Centurion give it at 12-14% while KVB gives it at 12-14%. Kotak Mahindra and Sundaram are the players who give loans at minimal interest of 6-8% for new tippers. Sakthi finance gives loans at 14-16% which is very much costly to a normal customer.

Used excavators are provided with 10-16% interest rates for various financial institutions that vary according to the customer profile and tenure for which the loan is availed. Centurion bank gives an interest rate ranging from 12-14%. ICICI, Dandapani and SBI give loans at interest rate of 12-14%. INDUSIND and HDFC provide loans at 10-12%. Kotak gives 14-16% interest rate for used backhoe loaders. Sundaram finance gives loans at 8-10% whereas Canara bank gives at the least interest rate of 6-8%. TATA gives loans at 8-16 varying according to the type of the machine and type of customer. KVB, PNB and Syndicate banks do not fund used backhoe loaders.

Imported excavators are mostly funded at an interest rate of 12-14% which includes Syndicate, ICICI and Kotak, Kotak and INDUSIND. ICICI gives 10-12% interest rate whereas Sundaram, Dandapani and SBI are the least interest rate provider at 6-8%. Shriram gives 8-10% interest rate for imported excavators.



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4.1.12 EQUIPMENT FINANCING- AMOUNT SANCTIONED FOR NEW/USED/IMPORTED CRANES

TABLE 13- Details of amount of loan sanctioned by the financial institutions for cranes

NAME	NEW CRANES -AMOUNT				USED CRANES -AMOUNT					IMPORTED CRANES -AMOUNT			
	71-80	81-90	90-100	Total	<60	60-70	71-80	81-90	Total	60-70	71-80	81-90	Total
SHRIRAM	1	2	0	3	0	0	2	0	2	0	1	0	1
CANARA	1	0	0	1	0	0	1	0	1	-	-	-	-
CENTURIAN	0	5	0	5	0	2	1	2	5	-	-	-	-
CITI CORP	2	1	0	3	0	1	2	0	3	-	-	-	-
DANDPANI	0	2	0	2	0	0	1	1	2	-	-	-	-
HDFC	2	4	1	7	0	0	2	5	7	1	0	0	1
ICICI	2	7	0	9	0	1	4	4	9	2	2	0	4
INDUSIND	1	7	0	8	0	0	2	6	8	2	0	0	2
KOTAK	3	6	0	9	1	0	3	1	5	2	4	1	7
SAKTHI	1	0	0	1	0	0	1	0	1	-	-	-	-
SBI	1	0	0	1	0	0	1	0	1	-	-	-	-
SUNDARAM	6	2	0	8	4	1	1	1	7	1	0	0	1
SYNDICATE	0	0	1	1	-	-	-	-	-	-	-	-	-
TATA	1	4	1	6	0	2	3	1	6	0	2	0	2
TOTAL	21	40	3	64	5	7	25	21	58	8	9	1	18

Most of the financial institutions provide 80-90% of the market value as finance for new cranes. Players like INDUSIND, HDFC, ICICI, Centurion bank and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Sundaram, Sakthi and Canara give 71-80 loans for new cranes while Shriram and CITI mostly provide 70-90% of market value as loan. Syndicate bank gives 90-100 funding for new cranes.

In case of used cranes financing, it could be seen from the above table that most of the financial institutions provide 70-90% of the market value for Construction equipments. None of the financial institutions give 100% finance for used tippers. Players like ICICI, INDUSIND, HDFC, Sundaram and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers whereas Sundaram gives only 60-80% finance for used tippers.

Institutions that finance imported cranes mostly prefer giving 60-80% loan. HDFC, Sundaram and INDUSUIND give only 60-70% as loans while ICICI give 60-80% as loans for imported crane financing. Shriram, TMF and Kotak give 70-80%. Dandapani finance and TMF gives 70-90% finance for imported tippers.

### 4.1.13 EQUIPMENT FINANCING- TENURE FOR NEW/USED/IMPORTED CRANES

TABLE 14 - Details of amount tenure given by financial institutions for cranes

NAME	NEW CRANS TENURE				USED CRANS TENURE				IMPORTED CRANS TENURE				Total		
	1-2	2-3	3-4	>4	1-2	2-3	3-4	>4	1-2	2-3	3-4	>4			
SHRIRAM	0	0	2	2	4	0	0	2	0	3	0	0	1	-	1
CANARA	0	0	1	0	1	0	0	1	0	1	-	-	-	-	-
CENTURIAN	0	4	1	0	5	0	5	0	0	5	-	-	-	-	-
CITY CORP	1	0	2	0	3	1	0	2	0	3	-	-	-	-	-
DANDPANI	0	2	0	0	2	0	2	0	0	2	-	-	-	-	-
HDFC	0	3	4	0	7	2	1	4	0	7	-	-	0	-	1
ICICI	0	1	8	0	9	0	1	5	3	9	-	3	1	-	4
INDUSIND	0	6	2	0	8	0	7	1	0	8	-	1	1	-	2
KOTAK	0	2	5	2	9	0	6	2	0	8	-	4	3	-	7
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	1	0	1	0	1	0	0	1	-	-	-	-	-
SBI	0	0	1	0	1	0	0	1	0	1	-	-	-	-	-
SUNDARAM	0	2	5	1	8	0	5	1	1	7	-	1	0	-	1
SYNDICATE	0	0	0	1	1	-	-	-	-	-	-	-	-	-	-
TATA	0	1	5	0	6	0	1	4	1	6	-	1	1	-	2
TOTAL	1	21	37	5	64	3	29	24	5	61	-	11	7	-	18

The above table shows that majority of the FIs prefer to give 3-4 year tenure period for new tippers which includes ICICI, Shriram, HDFC, SBI, Sundaram, Canara, CITI, Kotak and TMF. Institutions like INDUSIND and Centurion Bank give a 2-3 year tenure period. Syndicate bank provides loans for even greater than 4 years.

For used crane financing, most of the FIs give only 2-4 year tenure period. Centurion, Dandapani, SBI, INDUSIND, Sakthi, Canara Kotak and Sundaram provide 2-3 year tenure period for used Crane finance. Institutions like Shriram, TATA and CITI give 3-4 year tenure period. HDFC finance provides new tipper loans for 2-4 year tenure period on the basis of the profile of their customers.

Imported excavators are given for tenure of 2-3 years. Shriram, give 3-4 years as tenure period whereas Dandapani and HDFC have 2-3 years as tenure for imported Cranes. Kotak, INDUSIND and TATA have 2-4 years as tenure for imported crane financing.

#### 4.1.14 EQUIPMENT FINANCING - INTEREST RATE FOR NEW/USED/IMPORTED CRANES

TABLE 15 - Details of interest rates given for cranes by the financial institutions

NAME	NEW CRANE - INTEREST RATE					USED CRANE - INTEREST RATE					IMPORTED CRANE - INTEREST RATE								
	6-8	8.1.10	10.1.12	12.1.14	14.1.16	Total	6-8	8.1.10	10.1.12	12.1.14	14.1.16	Total	6-8	8.1.10	10.1.12	12.1.14	14.1.16	Total	
SHRIRAM	1	0	2	0	0	3	0	1	0	2	0	3	0	1	0	0	-	-	1
CANARA	1	0	0	0	0	1	1	0	0	0	0	1	1	0	-	-	-	-	-
CENTU	0	0	1	4	0	5	0	0	0	2	3	5	0	-	-	-	-	-	-
CITI	1	2	0	0	0	3	0	2	1	0	0	3	0	-	-	-	-	-	-
DANDPANI	0	0	2	0	0	2	0	0	2	0	0	2	0	-	-	-	-	-	-
HDFC	2	0	3	2	0	7	1	0	4	2	0	7	1	1	0	0	0	0	1
ICICI	1	0	1	7	0	9	0	1	0	7	1	9	0	1	1	2	-	-	4
INDUSIND	1	0	7	0	0	8	0	1	6	1	0	8	0	1	1	0	-	-	2
KOTAK	3	1	1	3	1	9	2	0	1	0	5	8	1	0	1	5	-	-	7
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	0	0	1	1	0	0	0	0	1	1	0	-	-	-	-	-	-
SBI	0	0	1	0	0	1	0	0	0	1	0	1	0	-	-	-	-	-	-
SUNDARAM	1	5	1	1	0	8	1	3	3	0	0	7	1	0	0	0	-	-	1
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	-	-	-	-	-	-	-
TATA	0	0	6	0	0	6	0	1	1	2	2	6	0	0	1	1	-	-	2
TOTAL	11	8	26	17	2	64	5	9	16	19	12	61	4	2	4	8	-	-	18

From the above table, it could be seen that most of the financiers like Shriram, Canara, Dandapani, Kotak HDFC, INDUSIND, SBI, Syndicate and TMF prefer in giving loans at 10-12%. ICICI and Centurion prefer in giving it at a higher interest rate of 12-11%. CITI and Sundaram are the institutions that prefer an interest rate of 8-10% for new cranes. Dandapani finance gives an 8-10% interest whereas Sakthi has the highest interest rate of 14-16%. Canara bank is the lowest interest rate provider giving loan at 6-8%.

Used cranes are provided with 10-16% interest rates for various financial institutions that vary according to the customer profile. Centurion bank gives an interest rate ranging from 12-14%. ICICI, Dandapani and SBI give loans at interest rate of 12-14%. INDUSIND and HDFC provide loans at 10-12%. Kotak gives 14-16% interest rate for used backhoe loaders. Sundaram finance gives loans at 8-10% whereas Canara bank gives at the least interest rate of 6-8%. TATA gives loans at 8-16 varying according to the type of the machine and type of customer. KVB, PNB and Syndicate banks do not fund used cranes.

Imported cranes are mostly funded at an interest rate of 10-14% which includes Syndicate, ICICI and Kotak, Kotak and INDUSIND. ICICI gives 10-12% interest rate whereas Sundaram, Dandapani and SBI are the least interest rate provider at 6-8%. Shriram gives 8-10% interest rate for imported cranes.

#### 4.1.15 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR NEW/USED/IMPORTED RLE

TABLE 16 - Details of amount of loan sanctioned by the financial institutions for road laying equipments

NAME	NEW RLE -AMOUNT					USED RLE-AMOUNT					IMPORTED RLE -AMOUNT			
	<70	71-80	81-90	90-100	Total	<60	60-70	71-80	81-90	Total	60-70	71-80	81-90	Total
SHRIRAM	0	1	2	0	3	0	0	1	0	1	-	-	-	-
CANARA	1	0	0	0	1	0	1	0	0	1	-	-	-	-
CENTURIAN	0	0	5	0	5	0	2	1	2	5	-	-	-	-
CITI CORP	1	1	1	0	3	0	3	0	0	3	-	-	-	-
DANDPANI	0	0	2	0	2	0	0	1	1	2	-	-	-	-
HDFC	2	1	3	0	6	1	0	2	3	6	-	-	-	-
ICICI	2	3	4	0	9	1	2	5	1	9	3	0	-	3
INDUSIND	1	1	5	0	7	0	0	2	5	7	1	0	-	1
KOTAK	3	1	4	0	8	0	2	0	1	3	3	1	-	4
SAKTHI	1	0	0	0	1	0	0	1	0	1	-	-	-	-
SBI	1	0	0	0	1	0	1	0	0	1	-	-	-	-
SUNDARAM	4	4	0	0	8	4	1	2	0	7	-	-	-	-
SYNDICATE	0	0	0	1	1	-	-	-	-	-	-	-	-	-
TATA	0	2	4	0	6	0	3	3	0	6	-	-	-	-
TOTAL	16	14	30	1	61	6	15	18	13	52	7	1	-	8

Mostly 80-90% of the market value is being provided as loans in case of new Road laying equipments like vibrators, road rollers and so on. Majority of players like Shriram, Centurion, Dandapani, HDFC, ICICI, INDUSIND, Kotak and TMF provide 80-90% loans for Road laying equipments. Some of them like SBI, Canara and Sakthi provide 60-70% of the market value of new Road laying equipments as loan. Rarely do the players like Syndicate bank go for 90-100% financing.

In case of used road laying equipment financing, it could be seen from the above table that most of the financial institutions provide 60-90% of the market value for road laying equipments. None of the financial institutions give 100% finance for used Road laying equipments. Players like ICICI, INDUSIND, HDFC and Sundaram provides less than 60% for Road laying equipments whereas Tata Motor Finance mostly provides loans from 60-80% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers.

Only 8 out of 67 financial institutions finance for imported road laying equipments majority of them providing loans at 60-70% which include ICICI, INDUSIND and Kotak.

**4.1.16 EQUIPMENT FINANCING - TENURE FOR NEW/USED/IMPORTED RLE**

**TABLE 17 - Details of tenure given by the financial institutions for road laying equipments**

NAME	NEW RLE TENURE				USED RLE TENURE				IMPORTED RLE TENURE				Total		
	12	24	36	Total	12	24	36	Total	12	24	36	Total			
SHIRAM	0	0	2	1	3	0	1	0	0	1	-	-	-		
CANARA	1	0	0	0	1	0	5	0	0	5	-	-	-		
CENTURIAN	0	4	1	0	5	1	0	2	0	3	-	-	-		
CITI CORP	1	0	2	0	3	0	2	0	0	2	-	-	-		
DANDPANI	0	2	0	0	2	1	2	3	0	6	-	-	-		
HDFC	1	2	3	0	6	1	2	6	0	9	-	-	-		
ICICI	0	3	5	1	9	0	7	0	0	7	-	0	3	0	3
INDUSIND	1	6	0	0	7	0	6	1	0	7	-	0	0	1	1
KOTAK	1	1	4	2	8	0	1	0	0	1	-	1	3	0	4
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	1	0	0	1	0	1	0	0	1	-	-	-	-	-
SBI	1	0	0	0	1	0	0	1	0	1	-	-	-	-	-
SUNDARAM	0	2	5	1	8	0	5	1	1	7	-	-	-	-	-
SYNDICATE	0	0	0	1	1	-	-	-	-	-	-	-	-	-	-
TATA	0	3	3	0	6	0	1	4	1	6	-	-	-	-	-
TOTAL	6	24	25	6	61	3	33	18	2	56	-	1	6	1	8

From the above table, it could be seen that mostly on an average 2-4 year tenure period is given by financial institutions for new Road laying equipments which differs according to the profile of customers. Players like Shriram, HDFC, Kotak, ICICI, CITI, Kotak and Sundaram and TMF. Institutions like Sakthi, INDUSIND, Dandapani financiers and Centurion bank provide a 2-3 year tenure period. TMF gives an on an average of 2-4 year tenure period.

For used road laying financing, most of the FIs give only 2-4 year tenure period for new road laying equipments which includes Shriram, Canara CITI, ICICI, Dandapani, INDUSIND, Kotak and Sundaram. Institutions like, SBI, TATA, Centurion and HDFC give 3-4 year tenure period.

ICICI, INDUSIND and Kotak are the three financial institutions that finance imported road laying equipments. The tenure period given by ICICI and Kotak is 3-4 years whereas INDUSIND gives more than 4 years for imported road laying equipment financing.

#### 4.1.17 EQUIPMENT FINANCING - INTEREST RATE FOR NEW/USED/IMPORTED RLE

TABLE 18- Details of interest rate for road laying equipments by the financial institutions

NAME	NEW RLE - INTEREST RATE					USED RLE - INTEREST RATE					IMPORTED RLE - INTEREST RATE						
	6.5	7.0	7.5	8.0	Total	6.5	7.0	7.5	8.0	Total	6.5	7.0	Total				
SHRIRAM	1	0	2	0	0	3	0	0	1	0	0	0	0	1	-	-	-
CANARA	0	0	1	0	0	1	0	0	0	2	3	0	0	5	-	-	-
CENTU	0	0	1	4	0	5	0	2	1	0	0	0	0	3	-	-	-
CITI	0	3	0	0	0	3	0	0	0	2	0	0	0	2	-	-	-
DANDPANI	0	0	2	0	0	2	1	0	2	2	1	0	0	6	-	-	-
HDFC	0	0	2	2	1	5	1	0	0	7	1	0	0	9	-	-	-
ICICI	1	0	1	7	0	9	0	0	6	0	1	0	0	7	2	1	3
INDUSIND	0	0	5	2	0	7	0	0	1	1	5	0	0	7	1	0	1
KOTAK	1	1	1	3	2	8	0	0	0	0	1	0	0	1	3	1	4
KVB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	0	0	1	1	0	0	0	1	0	0	0	1	-	-	-
SBI	0	0	1	0	0	1	0	1	0	0	0	0	0	1	-	-	-
SUNDARAM	2	4	1	1	0	8	0	6	1	0	0	0	0	7	-	-	-
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	-	-	-	-	-
TATA	0	0	1	4	1	6	0	1	1	2	2	0	0	6	-	-	-
TOTAL	5	8	19	23	5	60	2	10	13	17	14	2	14	56	6	2	8

It could be seen that Road laying equipments are given at a higher interest rate than the other construction equipments. Most of the financiers like Centurion, HDFC, ICICI, Kotak, and TMF prefer in giving loans at 12-14%. INDUSIND, Shriram, Dandapani, and SBI prefer in giving it at a higher interest rate of 12-11%. CITI and Sundaram are the institutions that provide at a lower interest of 8-10% for new Road laying equipments. Sakthi has the highest interest rate of 14-16%.

Used road laying equipments are given at an interest rate of 10-16% on an average. HDFC, CITI and Sakthi finance provide 12-14% whereas ICICI gives it at a rate of 10-12%. INDUSIND is the highest interest rate provider at 14-16%. Canara, TATA gives 12-16% based on the track record of the customers and the earning potential of the equipment. CITI and Sundaram finance give used road laying equipments at an interest rate of 8-10%.

Imported road laying equipments are done only by 3 banks which are ICICI, INDUSIND and Kotak who have an interest rate of 12-14%.

4.1.18 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR NEW/USED/IMPORTED  
CONSTRUCTION MACHINERY

TABLE 19 - Details of amount of loan sanctioned by the financial institutions for construction machineries

NAME	NEW CM - AMOUNT					Total	USED CM - AMOUNT					Total	IMPORTED CM - AMOUNT		
	<70	71-80	81-90	90-100			<60	60-70	71-80	81-90			60-70	71-80	Total
SHIRAM	0	1	2	0	0	3	0	0	1	0	1	-	-	-	
CANARA	1	0	0	0	0	1	0	1	0	0	1	-	-	-	
CENTURIAN	1	0	4	0	0	5	1	2	1	1	5	-	-	-	
CITI CORP	2	1	0	0	0	3	0	3	0	0	3	-	-	-	
DANDPANI	0	0	2	0	0	2	0	0	1	1	2	-	-	-	
HDFC	2	1	2	0	0	5	1	0	1	3	5	-	-	-	
ICICI	3	2	3	0	0	8	1	2	5	1	9	3	0	3	
INDUSIND	1	1	5	0	0	7	0	0	2	5	7	1	0	1	
KOTAK	4	1	3	0	0	8	0	3	0	0	3	3	1	4	
KVB	0	1	0	0	0	1	-	-	-	-	-	-	-	-	
SAKTHI	1	0	0	0	0	1	-	-	-	-	-	-	-	-	
SBI	1	0	0	0	0	1	0	1	0	0	1	-	-	-	
SUNDARAM	5	2	1	0	0	8	5	2	0	0	7	-	-	-	
SYNDICATE	0	0	0	1	1	1	-	-	-	-	-	-	-	-	
TATA	2	4	0	0	0	6	0	4	2	0	6	-	-	-	
TOTAL	23	14	22	1	1	60	8	18	13	11	50	7	1	8	

It could be inferred from the above table that most of the financial institutions provide 80-90% of the market value for Construction equipments in the field of new equipment financing. Considered to be one of the prominent players in Equipment financing, Syndicate mostly provides loans from 90-100%. Players like INDUSIND, HDFC, Sundaram, Centurion bank and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram and CITI mostly provide only 70-80% of market loans for new tippers.

In case of used Construction machinery financing, it could be seen from the above table that most of the financial institutions provide 70-90% of the market value. None of the financial institutions give 100% finance for used Construction machinery. Players like ICICI, INDUSIND, HDFC, Sundaram and Tata Motor Finance mostly provide loans from 80-90% of market value for new tippers. Shriram, Canara, SBI and CITI mostly provide only 70-80% of market loans for new tippers. Centurion gives 60-90% finance which differs according to the customer profile. Dandapani and HDFC give 70-90% finances for used tippers whereas Sundaram gives only 60-80% finance for used tippers.

Most of the financial institutions do not go for imported construction machinery financing due to the risk involved in it. Some institutions that go in for imported equipment financing mostly prefer giving 60-70% loan that includes ICICI, Kotak, and INDUSIND.

4.1.19 EQUIPMENT FINANCING - TENURE FOR NEW/USED/IMPORTED CM

TABLE 20 - Details of tenure given for construction machineries by the financial institutions

NAME	NEW/CM/TENURE				USED/CM/TENURE				IMPORTED/CM/TENURE			
	1-2	2-3	3-4	Total	1-2	2-3	3-4	Total	1-2	2-3	3-4	Total
SHIRAM	0	0	2	1	3	0	0	1	0	0	0	1
CANARA	0	1	0	0	1	0	1	0	0	0	0	1
CENTURIAN	1	3	1	0	5	1	4	0	0	0	0	5
CITI CORP	1	1	1	0	3	1	0	2	0	0	0	3
DANDPANI	0	2	0	0	2	0	2	0	0	0	0	2
HDFC	1	1	3	0	5	1	1	3	0	0	0	5
ICICI	0	3	5	0	8	1	1	7	0	0	0	9
INDUSIND	1	6	0	0	7	0	7	0	0	0	0	7
KOTAK	0	3	3	2	8	0	7	0	0	0	0	7
KVB	0	0	0	1	1	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	1	0	0	1	-	-	-	-	-	-	-
SBI	0	1	0	0	1	0	1	0	0	0	0	1
SUNDARAM	1	1	5	1	8	1	5	0	1	1	0	7
SYNDICATE	0	0	0	1	1	-	-	-	-	-	-	-
TATA	0	3	3	0	6	0	1	4	1	0	0	6
TOTAL	5	26	23	6	60	5	30	17	2	54	1	8

The above table shows that majority of the FIs provide a 2-4 year tenure period for new construction machineries. Institutions like Canara, Centurion, Dandapani, INDUSIND, Sakthi provide construction machineries with a tenure period of 3-4 years. Institutions like ICIC, Shriram, HDFC and Sundaram give a 2-3 year tenure period. TMF and Kotak provide construction machineries loans with a range of 2-4 year tenure period which varies according to the customer profile. Syndicate bank and KVB provide loans for greater than 4 year tenure period.

For used construction financing, most of the FIs give only 2-4 year tenure. Centurion, Canara, Dandapani, INDUSIND, Kotak and Sundaram give 2-3 year of tenure period for such used construction machineries. Institutions like CITI, ICICI, Shriram, SBI, TATA and HDFC give 3-4 year tenure period.

ICICI, INDUSIND and Kotak are the three financial institutions that finance imported construction equipments. The tenure period given by ICICI and Kotak is 2-3 years whereas INDUSIND gives more than 4 years for imported construction machinery equipment financing.

#### 4.1.20 EQUIPMENT FINANCING – INTEREST RATE FOR NEW/USED/IMPORTED CM

TABLE 21 - Details of interest rate for construction machineries by the financial institutions

NAME	NEW CM INTEREST RATE					USED CM INTEREST RATE					IMPORTED CM INTEREST RATE					
	6-8	8-10	10-12	12-14	14-16	6-8	8-10	10-12	12-14	14-16	6-8	8-10	10-12	12-14	14-16	Total
SHRIRAM	1	0	2	0	0	3	0	0	0	1	0	0	0	0	0	1
CANARA	0	0	0	1	0	1	0	1	0	0	0	0	0	0	0	2
CENTU	0	0	1	4	0	5	0	0	2	3	0	0	0	0	0	5
CITI	1	2	0	0	0	3	0	2	1	0	0	0	0	0	0	3
DANDPANI	0	0	2	0	0	2	0	0	2	0	0	0	0	0	0	2
HDFC	0	0	2	2	1	5	0	0	2	2	1	0	0	0	0	5
ICICI	0	0	1	7	0	8	1	0	0	7	1	0	0	0	0	9
INDUSIND	0	0	5	2	0	7	0	0	6	0	1	0	0	0	0	7
KOTAK	1	1	0	4	2	8	0	0	0	2	5	0	0	0	0	7
KVB	0	0	0	1	0	1	-	-	-	-	-	-	-	-	-	-
PNB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAKTHI	0	0	0	0	1	1	-	-	-	-	-	-	-	-	-	-
SBI	0	0	1	0	0	1	-	-	-	-	-	-	-	-	-	-
SUNDARAM	1	5	0	2	0	8	1	5	0	1	0	0	0	0	0	7
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-	-	-	-	-	-
TATA	0	0	0	2	4	6	0	1	1	2	2	0	0	0	0	6
TOTAL	4	8	15	25	8	60	2	9	10	20	13	1	5	2	1	54

It could be seen from the above table that most of the players provide a 12-14% interest rate for construction machineries funding which includes Canara, Centurion, ICICI, and Kotak. Players like Shriram, Dandapani, INDUSIND, SBI and Syndicate Bank give an interest rate of 10-12%. While KVB gives it at 10-12%. Kotak Mahindra and Sundaram are the players who give loans at minimal interest of 6-8% for new tippers.

Used construction machineries financing are done at an interest rate of 12-16% on an average. HDFC, CITI and Sakthi finance provide 12-14% whereas ICICI gives it at a rate of 10-12%. INDUSIND is the highest interest rate provider at 14-16%. Canara, TATA gives 12-16% based on the track record of the customers and the earning potential of the equipment. CITI and Sundaram finance give used road laying equipments at an interest rate of 8-10%.

Imported construction machine financing done are done only by three banks. ICICI and Kotak have a higher interest rate of 12-14% where INDUSIND does the same

#### 4.2.1 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR TIPPERS

TABLE 22 - Details of amount of loan sanctioned by the financial institutions for tippers for new customers and existing customers

TIPPERS' NUMBER SAISON FOR NEW AND EXISTING CUSTOMERS									
NEW CUSTOMERS						EXISTING CUSTOMERS			
NAME	60-70	71-80	81-90	91-100	TOTAL	71-80	81-90	91-100	TOTAL
SHRIRAM	0	3	1	0	4	0	4	0	4
CANARA	1	0	0	0	1	0	1	0	1
CENTURIAN	0	5	0	0	5	0	5	0	5
CITI	0	1	2	0	3	1	1	1	3
DANDPANI	1	0	1	0	2	1	1	0	2
HDFC	1	6	0	0	7	2	5	0	7
ICICI	1	3	4	1	9	1	3	5	9
INDUS	1	1	6	0	8	1	6	1	8
KOTAK	3	3	2	1	9	2	5	2	9
KVB	0	1	0	0	1	1	0	0	1
PNB	0	1	0	0	1	0	1	0	1
SAKTHI	0	1	0	0	1	0	1	0	1
SBI	0	1	0	0	1	1	0	0	1
SUNDARAM	1	1	6	0	8	0	8	0	8
SYNDICATE	0	1	0	0	1	-	-	-	-
TATA	0	6	0	0	6	0	6	0	6
<b>TOTAL</b>	<b>9</b>	<b>34</b>	<b>22</b>	<b>2</b>	<b>67</b>	<b>10</b>	<b>47</b>	<b>9</b>	<b>66</b>

From the above table, it could be seen that financial institutions are more comfortable in funding for existing customers than funding new customer in case for financing for tippers. 71% of the respondents are willing to fund up to 90% for existing customers whereas 51% of the financing institutions fund only up to 80%

for new customers. Sundaram financiers give 90% funds for both existing and new customers on the basis of the customer profile. CITI CORP gives 70-90% funds for new customers whereas 70-100% fund for their new customers based on their track record. ICICI gives 70-90% loan for new customers whereas 80-100% loan for existing customers. Canara bank gives up to 70% for new customers and up to 90% for their existing customers.

#### 4.2.2 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR TIPPERS

TABLE 23 - Details of amount of loan sanctioned by the FIs for tippers for FTUs & FTBs

FIS	FTUs					FTBs				
	70-79%	80-89%	90-99%	100%	TOTAL	70-79%	80-89%	90-99%	100%	TOTAL
SHRIRAM	1	3	0	0	4	1	2	1	0	4
CANARA	0	1	0	0	1	0	1	0	0	1
CENTURIAN	0	0	1	0	1	0	1	0	0	1
CITI	1	1	0	0	2	1	1	1	0	3
DANDPANI	1	0	0	0	1	1	0	0	0	1
HDFC	0	3	0	0	3	0	4	0	0	4
ICICI	0	7	0	1	8	0	6	1	1	8
INDUS	0	6	0	0	6	0	1	5	0	6
KOTAK	3	4	0	0	7	2	2	3	0	7
KVB	-	-	-	-	-	0	1	0	0	1
SAKTHI	1	0	0	0	1	1	0	0	0	1
SBI	0	1	0	0	1	0	1	0	0	1
SUNDARAM	0	1	1	0	2	0	2	1	0	3
SYNDICATE	-	-	-	-	-	-	-	-	-	-
TATA	0	2	0	0	2	0	2	0	0	2
<b>TOTAL</b>	<b>7</b>	<b>29</b>	<b>2</b>	<b>1</b>	<b>39</b>	<b>6</b>	<b>24</b>	<b>12</b>	<b>1</b>	<b>43</b>

In case of tippers, only 58% and 62% of the financing institutions fund for FTUs and FTBs. In both the cases, majority of the financing institutions sanction only up to 80% of the total market value as loans in case of financing for tippers. This includes institutions like Shriram, Canara, HDFC, ICICI, SBI and TMF. CITI on the other hand provides up to 80% loan for first time users of tippers whereas up to 90% for first time buyers of tippers.

#### 4.2.3 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR BACKHOE LOADERS

TABLE 24 - Details of amount of loan sanctioned by FIs for BL for new & existing customers

NAME OF CUSTOMER	NEW CUSTOMERS					EXISTING CUSTOMERS			
	0-80	81-90	91-100	TOTAL	0-80	81-90	91-100	TOTAL	
SHRIRAM	0	2	1	0	3	0	3	0	3
CANARA	1	0	0	0	1	0	1	0	1
CENTURIAN	0	4	1	0	5	0	5	0	5
CITI	0	0	1	0	1	0	1	0	1
DANDPANI	1	0	1	0	2	1	1	0	2
HDFC	1	6	0	0	7	1	5	0	6
ICICI	1	3	5	0	9	1	4	4	9
INDUS	1	2	5	0	8	1	7	0	8
KOTAK	3	3	2	1	9	2	5	2	9
KVB	0	1	0	0	1	1	0	0	1
PNB	0	0	1	0	1	1	0	0	1
SAKTHI	0	1	0	0	1	1	0	0	1
SBI	0	1	0	0	1	1	0	0	1
SUNDARAM	2	2	4	0	8	0	8	0	8
TATA	0	6	0	0	6	0	6	0	6
<b>TOTAL</b>	<b>10</b>	<b>32</b>	<b>21</b>	<b>1</b>	<b>64</b>	<b>10</b>	<b>46</b>	<b>6</b>	<b>62</b>

Even in the case of backhoe loaders, it could be seen that financial institutions provide up to 90% fund for existing customers in comparison to 70-80% for new customers. 74% of the respondents are willing to fund up to 90% for existing customers whereas 52% of the financing institutions fund only up to 80% for new customers. Institutions that include Shriram, Centurion, HDFC and TMF fund up to 90% for existing customers in comparison to 80% for new customers.

#### 4.2.4 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR BACKHOE LOADERS

TABLE 25 - Details of amount of loan sanctioned by the FIs for BL for FTUs & FTBs

FIS	EXISTING CUSTOMERS				NEW CUSTOMERS			
	60-70%	71-80%	81-90%	TOTAL	60-70%	71-80%	81-90%	TOTAL
SHRIRAM	1	2	0	3	0	2	1	3
CANARA	0	1	0	1	0	1	0	1
CENTURIAN	0	0	1	1	0	1	0	1
CITI	0	1	0	1	0	0	1	1
DANDPANI	1	0	0	1	1	0	0	1
HDFC	0	2	1	3	0	4	0	4
ICICI	0	8	0	8	0	3	5	8
INDUS	0	6	0	6	0	1	5	6
KOTAK	3	4	0	7	2	2	3	7
PNB	0	0	1	1	-	-	-	-
SAKTHI	1	0	0	1	1	0	0	1
SBI	0	1	0	1	0	1	0	1
SUNDARAM	0	1	1	2	0	2	1	3
SYNDICATE	-	-	-	-	-	-	-	-
TATA	0	2	0	2	0	2	0	2
<b>TOTAL</b>	<b>6</b>	<b>28</b>	<b>4</b>	<b>38</b>	<b>4</b>	<b>19</b>	<b>16</b>	<b>39</b>

Only 57% and 58% of the financing institutions fund for FTUs and FTBs in case of backhoe loaders. Majority of the financing institutions sanction only up to 80% of the total market value as loans in case of FTUs but it varies from 70-90 in case of FTBs. Shriram, Canara, HDFC, SBI and TMF give 70-80% loans for both FTUs and FTBs in case of backhoe financing. CITI, ICICI, INDUSIND gives up to 80% loans for FTUs whereas up to 90% for FTBs.

#### 4.2.5 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR EXCAVATORS

TABLE 26 - Details of amount of loan sanctioned for excavator for new & existing customers

FINANCING INSTITUTION	NEW CUSTOMERS					EXISTING CUSTOMERS				
	70-80	81-90	91-100	TOTAL	60-70	71-80	81-90	91-100	TOTAL	
SHRIRAM	0	2	1	0	3	0	0	3	0	3
CANARA	0	1	0	0	1	0	0	1	0	1
CENTURIAN BANK	0	4	1	0	5	0	0	5	0	5
CITI CORP	0	0	1	0	1	0	0	1	0	1
DANDAPANI	1	1	0	0	2	0	1	1	0	2
HDFC	2	3	2	0	7	1	0	5	0	6
ICICI	1	2	6	0	9	0	1	4	4	9
INDUSIND BANK	1	2	5	0	8	0	1	7	0	8
KOTAK MAHINDRA	3	2	3	1	9	0	1	6	2	9
KVB	0	1	0	0	1	0	1	0	0	1
PNB	0	1	0	0	1	0	0	1	0	1
SAKTHI FINANCE	1	0	0	0	1	0	1	0	0	1
SBI	0	1	0	0	1	0	1	0	0	1
SUNDARAM FINANCE	0	6	2	0	8	0	0	8	0	8
SYNDICATE BANK	0	1	0	0	1	-	-	-	-	-
TATA MOTOR FINANCE	0	6	0	0	6	0	0	6	0	6
<b>TOTAL</b>	<b>9</b>	<b>33</b>	<b>21</b>	<b>1</b>	<b>64</b>	<b>1</b>	<b>7</b>	<b>48</b>	<b>6</b>	<b>62</b>

Even in the case of excavators, it could be seen that financial institutions provide 80- 90% fund for existing customers in comparison to 70-90% for new customers. 77% of the respondents are willing to fund up to 90% for existing customers whereas 69% of the financing institutions fund only up to 80% for new customers.

#### 4.2.6 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR EXCAVATORS

TABLE 27 - Details of amount of loan sanctioned by the FIs for excavators for FTUs & FTBs

FINANCIAL INSTITUTION	EXISTING CUSTOMERS				NEW CUSTOMERS			
	61-70	71-80	81-90	TOTAL	61-70	71-80	81-90	TOTAL
SHRIRAM	1	2	0	3	0	2	1	3
CANARA	0	1	0	1	0	1	0	1
CENTURIAN	0	0	1	1	0	1	0	1
CITI	0	1	0	1	0	0	1	1
DANDPANI	1	0	0	1	1	0	0	1
HDFC	0	2	1	3	0	4	0	4
INDUSIND	1	8	0	9	0	4	5	9
ICICI	0	6	0	6	0	1	5	6
KOTAK	3	4	0	7	2	2	3	7
PNB	0	1	0	1	0	0	1	1
SAKTHI	-	-	-	-	0	1	0	1
SBI	0	1	0	1	0	2	1	3
SUNDARAM	0	1	1	2	-	-	-	-
SYNDICATE	-	-	-	-	-	-	-	-
TATA	0	2	0	2	0	2	0	2
<b>TOTAL</b>	<b>6</b>	<b>29</b>	<b>3</b>	<b>38</b>	<b>3</b>	<b>20</b>	<b>17</b>	<b>40</b>

In case of excavators, only 57% and 60% of the financing institutions fund for FTUs and FTBs. In both the cases, majority of the financing institutions sanction only up to 80% of the total market value as loans in case of financing for excavators. This includes institutions like Shriram, Canara, HDFC, ICICI, SBI and TMF. CITI on the other hand provides up to 80% loan for first time users of excavators whereas up to 90 for first time buyers of excavators.

#### 4.2.7 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR CRANES

TABLE 28 - Details of amount of loan sanctioned for cranes for new & existing customers

	NEW CUSTOMERS					EXISTING CUSTOMERS				
	0-50%	51-80%	81-90%	91-100%	TOTAL	0-50%	51-80%	81-90%	91-100%	TOTAL
SHRIRAM	0	2	1	0	3	0	0	3	0	3
CANARA	0	1	0	0	1	0	0	1	0	1
CENTURIAN	0	4	1	0	5	0	0	5	0	5
CITI	0	1	1	0	2	0	1	1	0	2
DANDPANI	2	0	0	0	2	0	2	0	0	2
HDFC	2	4	1	0	7	1	0	5	0	6
ICICI	2	2	5	0	9	0	2	4	3	9
INDUS	1	1	6	0	8	0	1	7	0	8
KOTAK	3	2	3	1	9	0	1	6	2	9
KVB	0	1	0	0	1	0	1	0	0	1
SAKTHI	-	-	-	-	-	0	1	0	0	1
SBI	0	1	0	0	1	0	1	0	0	1
SUNDARAM	3	3	2	0	8	0	3	5	0	8
SYNDICATE	0	1	0	0	1	-	-	-	-	-
TATA	0	6	0	0	6	0	0	6	0	6
<b>TOTAL</b>	<b>13</b>	<b>29</b>	<b>20</b>	<b>1</b>	<b>63</b>	<b>1</b>	<b>13</b>	<b>43</b>	<b>5</b>	<b>62</b>

It is clear from the above table that in case for financing for cranes, the financial institutions provide up to 90% for existing customers than 80% for new customer. 70% of the respondents are willing to fund up to 90% for existing customers whereas 46% of the financing institutions fund only up to 80% for new customers. Major players like Shriram, Centurion, HDFC, PNB, Sakthi and TMF fund up to 90% for existing customers in comparison to 80% for new customers.

#### 4.2.8 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR CRANES

TABLE 29 - Details of amount of loan sanctioned by the FIs for cranes for FTUs & FTBs

NAME	EXISTING CUSTOMERS				NEW CUSTOMERS			
	60-70%	71-80%	81-90%	TOTAL	60-70%	71-80%	81-90%	TOTAL
SHRIRAM	1	2	0	3	0	2	1	3
CANARA	0	1	0	1	0	1	0	1
CENTURIAN	0	0	1	1	0	1	0	1
CITI	0	1	0	1	0	0	1	1
DANDPANI	1	0	0	1	1	0	0	1
HDFC	0	3	0	3	0	3	1	4
ICICI	1	7	0	8	1	4	3	8
INDUS	0	6	0	6	0	1	5	6
KOTAK	3	4	0	7	2	2	3	7
PNB	0	0	1	1	-	-	-	-
SAKTHI	0	1	0	1	-	-	-	-
SBI	-	-	-	-	0	1	0	1
SUNDARAM	0	1	1	2	0	2	1	3
SYNDICATE	-	-	-	-	-	-	-	-
TATA	0	2	0	2	0	2	0	2
TOTAL	6	28	3	37	4	19	15	38

Even in the case of first time users of cranes, majority of them provide 70-80% loans for first time users whereas 70-90% for first time buyers. Only 55% and 57% of the financing institutions fund for FTUs and FTBs in case of cranes.. Shriram, Canara, HDFC, SBI and TMF give 70-80% loans for both FTUs and FTBs in case of financing for cranes. CITI, ICICI, INDUSIND gives up to 80% loans for FTUs whereas up to 90% for FTBs.

#### 4.2.9 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR RLEs

TABLE 30 - Details of amount of loan sanctioned by the FIs for RLEs for new & existing customers

	<60	61-70	71-80	81-90	91-100	TOTAL	61-70	71-80	81-90	91-100	TOTAL
SHRIRAM	0	0	2	1	0	3	0	0	3	0	3
CANARA	0	0	1	0	0	1	0	1	0	0	1
CENTURIAN	0	0	4	1	0	5	0	0	5	0	5
CITI	0	1	0	1	0	2	1	0	1	0	2
DANDPANI	1	1	0	0	0	2	0	2	0	0	2
HDFC	0	2	4	0	0	6	1	2	2	0	5
ICICI	0	3	6	0	0	9	1	2	6	0	9
INDUS	0	1	0	6	0	7	0	1	6	0	7
KOTAK	2	1	2	2	1	8	0	2	4	2	8
KVB	0	0	1	0	0	1	0	1	0	0	1
PNB	-	-	-	-	-	-	0	1	0	0	1
SBI	0	0	1	0	0	1	0	1	0	0	1
SUNDARAM	0	3	4	1	0	8	0	4	4	0	8
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-
TATA	0	0	5	0	0	5	0	0	6	0	6
<b>TOTAL</b>	<b>3</b>	<b>12</b>	<b>31</b>	<b>12</b>	<b>1</b>	<b>59</b>	<b>3</b>	<b>17</b>	<b>37</b>	<b>2</b>	<b>59</b>

From the above table, it could be seen that financial institutions prefer funding for existing customers than funding new customer in case for financing for Road laying equipments. 62% of the respondents are willing to fund up to 90% for existing customers whereas 53% of the financing institutions fund only up to 80% for new customers. Major players like Shriram, Centurion, HDFC, PNB, Sakthi and TMF fund up to 90% for existing customers in comparison to 80% for new customers.

#### 4.2.10 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR ROAD LAYING EQUIPMENTS

TABLE 31 - Details of amount of loan sanctioned by the FIs for RLEs for FTUs & FTBs

	EXISTING CUSTOMERS					NEW CUSTOMERS				
	<60%	60-70%	71-80%	81-90%	TOTAL	<60%	60-70%	71-80%	81-90%	TOTAL
SHRIRAM	0	1	2	0	3	0	0	2	1	3
CANARA	0	0	1	0	1	0	0	1	0	1
CENTURIAN	0	0	0	1	1	0	0	1	0	1
CITI CORP	0	0	1	0	1	0	0	0	1	1
DANDAPANI	1	0	0	0	1	1	0	0	0	1
HDFC	0	0	2	0	2	0	0	2	0	2
ICICI	0	1	6	0	7	0	4	3	0	7
INDUSIND	0	0	5	0	5	0	0	0	5	5
KOTAK	2	1	4	0	7	2	0	2	3	7
PNB	0	0	0	1	1	-	-	-	-	-
SBI	0	0	1	0	1	0	0	1	0	1
SUNDARAM	0	0	1	1	2	0	0	2	1	3
TATA	0	0	2	0	2	0	0	2	0	2
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>25</b>	<b>3</b>	<b>34</b>	<b>3</b>	<b>4</b>	<b>16</b>	<b>11</b>	<b>34</b>

Only 51% of the total respondents involved themselves in financing first time users and first time buyers of road laying equipments. Majority of them provide 70-80% loans for first time users whereas 70-90% for first time buyers. Shriram, Canara, HDFC, SBI and TMF give 70-80% loans for both FTUs and FTBs in case of financing for Road laying equipments. CITI, ICICI, INDUSIND gives up to 80% loans for FTUs whereas up to 90% for FTBs.

#### 4.2.11 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR CM

TABLE 32 - Details of amount of loan sanctioned CM for new & existing customers

	NEW CUSTOMER						EXISTING CUSTOMER				
	60-70	71-80	81-90	91-100	TOTAL	60-70	71-80	81-90	91-100	TOTAL	
SHRIRAM	0	0	2	1	0	3	0	0	3	0	3
CANARA	0	0	1	0	0	1	0	1	0	0	1
CENTURIAN	0	0	4	1	0	5	0	0	5	0	5
CITI	0	0	0	1	0	1	0	0	1	0	1
DANDPANI	1	1	0	0	0	2	0	2	0	0	2
HDFC	0	2	3	0	0	5	1	1	3	0	5
ICICI	0	4	3	0	0	7	0	2	5	0	7
INDUS	0	1	0	6	0	7	0	1	5	1	7
KOTAK	2	1	2	2	1	8	0	2	4	2	8
KVB	0	0	1	0	0	1	0	1	0	0	1
PNB	0	0	1	0	0	1	0	0	1	0	1
SBI	0	0	1	0	0	1	0	1	0	0	1
SUNDARAM	0	3	3	2	0	8	0	4	4	0	8
SYNDICATE	0	0	1	0	0	1	-	-	-	-	-
TATA	2	0	2	0	0	4	2	0	2	0	4
<b>TOTAL</b>	<b>5</b>	<b>12</b>	<b>24</b>	<b>13</b>	<b>1</b>	<b>55</b>	<b>3</b>	<b>15</b>	<b>33</b>	<b>3</b>	<b>54</b>

From the above table, it could be seen that most of the financial institutions provide 60-90% loans for new customers while 70-90% for existing customers. Institutions like Shriram, Centurion and PNB gives 70-80% loans for new customers whereas 80-90% loans for existing customers.

#### 4.2.12 EQUIPMENT FINANCING - AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR CM

TABLE 33 - Details of amount of loan sanctioned by financial institutions for Construction Machinery for FTUs & FTBs

NAME OF FINANCIAL INSTITUTION	FTUs (NEW CUSTOMERS)					FTBs (EXISTING CUSTOMERS)				
	TYPE OF FINANCING					TYPE OF FINANCING				
	<60	60-70	71-80	81-90	TOTAL	60-70	71-80	81-90	TOTAL	
SHRIRAM	0	1	2	0	3	0	0	2	1	3
CANARA	0	0	1	0	1	0	0	1	0	1
CENTURIAN	0	0	0	1	1	0	0	1	0	1
CITI	0	0	1	0	1	0	0	0	1	1
DANDPANI	1	0	0	0	1	1	0	0	0	1
HDFC	0	0	2	0	2	0	0	2	0	2
ICICI	0	0	6	0	6	0	3	3	0	6
INDUS	0	0	5	0	5	0	0	0	5	5
KOTAK	2	1	4	0	7	2	0	2	3	7
SBI	0	0	1	0	1	0	0	1	0	1
SUNDARAM	0	0	1	1	2	0	0	2	1	3
TATA	2	0	0	0	2	2	0	0	0	2
<b>TOTAL</b>	<b>5</b>	<b>2</b>	<b>23</b>	<b>2</b>	<b>32</b>	<b>5</b>	<b>3</b>	<b>14</b>	<b>11</b>	<b>33</b>

Only 48% of the financial institutions fund for FTUs and FTBs while funding for construction machinery. Mostly 70-80% of the market value is provided as loans for FTUs and 70-90% for FTBs. Shriram, Canara, HDFC and

ICICI provide 70-80% loan for both first time users and first time buyers of construction machinery. CITI gives 80% fund for first time user but 90% fund for first time buyers. Sundaram finance gives 70-90% loans for both first time users and first time buyers. It could be noted that none of the financial institutions provide 100% finance for first time users or first time buyers while funding construction machineries.

#### 4.3.1 DISBURSEMENT OF LOANS – COLLATERAL SECURITIES COLLECTED BY FINANCIAL INSTITUTIONS

TABLE 34- Details of number of FIs that collect collateral securities while funding construction equipments

NAME	NO.	YES	TOTAL
SHRIRAM	3	1	4
CANARA	1	0	1
CENTURIAN BANK	5	0	5
CITI CORP	3	0	3
DANDAPANI	2	0	2
HDFC	7	0	7
ICICI	9	0	9
INDUSIND BANK	6	2	8
KOTAK MAHINDRA	8	1	9
KVB	1	0	1
PNB	1	0	1
SAKTHI FINANCE	1	0	1
SBI	1	0	1
SUNDARAM FINANCE	4	4	8
SYNDICATE BANK	1	0	1
TATA MOTOR FINANCE	5	1	6
<b>TOTAL</b>	<b>58</b>	<b>9</b>	<b>67</b>

86% of the financial institutions do not collect collateral securities while funding construction equipments. Sundaram finance collects collateral securities on the basis of risk involved while funding a customer.

#### 4.3.2 RECOVERY OF LOANS – ADDITIONAL CHARGES LEVIED BY FINANCIAL INSTITUTIONS FOR DELAYED PAYMENT

TABLE 35 - Details of number of FIs that impose additional charges for delayed payments

ADDITIONAL CHARGES			
NAMES	YES	NO	TOTAL
SHRIRAM	3	0	3
CANARA	0	1	1
CENTURIAN BANK	5	0	5
CITI CORP	3	0	3
DANDAPANI	2	0	2
HDFC	7	0	7
ICICI	9	0	9
INDUSIND BANK	8	0	8
KOTAK MAHINDRA	9	0	9
KVB	1	0	1
PNB	1	0	1
SAKTHI FINANCE	1	0	1
SBI	0	1	1
SUNDARAM FINANCE	8	0	8
SYNDICATE BANK	1	0	1
TATA MOTOR FINANCE	6	0	6
<b>TOTAL</b>	<b>65</b>	<b>2</b>	<b>67</b>

It could be seen that majority of the financial institutions levy additional charges for default payment by customers. 97% of the financial institutions impose

additional charges. Only SBI and Canara bank do not levy additional charges for delayed payments.

### 4.3.3 RECOVERY OF LOANS – ADDITIONAL CHARGES LEVIED BY FINANCIAL INSTITUTIONS FOR DELAYED PAYMENT

TABLE 36 - Details of percentage of additional charges imposed by FIs for delayed payments

PERCENTAGE OF ADDITIONAL CHARGES LEVIED					
NAME	0	10-20	21-30	31-40	TOTAL
SHRIRAM	0	0	0	3	3
CANARA	0	1	0	0	1
CENTURIAN BANK	0	0	2	3	5
CITI CORP	0	2	1	0	3
DANDAPANI	0	0	0	2	2
HDFC	0	1	0	6	7
ICICI	0	3	3	3	9
INDUSIND BANK	0	2	2	4	8
KOTAK MAHINDRA	1	2	2	4	9
KVB	0	1	0	0	1
PNB	0	1	0	0	1
SAKTHI FINANCE	0	0	0	1	1
SBI	0	1	0	0	1
SUNDARAM FINANCE	0	2	3	3	8
SYNDICATE BANK	0	1	0	0	1
TATA MOTOR FINANCE	0	1	1	4	6
TOTAL	1	18	14	34	67

It could be seen that most of the financial institutions levy 10-40% as penalty for delayed payments. Shriram, Centurion bank, HDFC and TATA charge 30-40% as additional charges whereas Canara bank, KVB, PNB, SBI and

Syndicate bank levy 10-20%. ICICI, Kotak and Sundaram finance levy 10-40% additional charges which differ according to the profiles of defaulters.

#### 4.3.4 RECOVERY OF LOANS – ENFORCING EXTERNAL AGENCIES FOR RECOVERY OF LOANS

TABLE 37 - Details of number of FIs who enforce external agencies for recovering their loans

NAME	ENFORCE EXTERNAL AGENCY		TOTAL
	YES	NO	
SHRIRAM	1	3	4
CANARA	0	1	1
CENTURIAN BANK	2	3	5
CITI CORP	0	3	3
DANDAPANI	0	2	2
HDFC	2	5	7
ICICI	3	6	9
INDUSIND BANK	0	8	8
KOTAK MAHINDRA	2	7	9
KVB	0	1	1
PNB	0	1	1
SAKTHI FINANCE	0	1	1
SBI	1	0	1
SUNDARAM FINANCE	0	8	8
SYNDICATE BANK	0	1	1
TATA MOTOR FINANCE	5	1	6
<b>TOTAL</b>	<b>16</b>	<b>51</b>	<b>67</b>

It could be seen that only 24% of the financial institutions go for external agencies for recovering of loans. 66% of the financial institutions do not enforce

external agencies for recovering their loans. It could be seen that TMF, ICICI, HDFC, Kotak, SBI, and Centurion bank are the institutions that enforce external agencies for recovering their loans.

#### 4.4 CHANGES IN FUNDING PATTERN IN CONSTRUCTION EQUIPMENT FINANCE

TABLE 38 - Details of change in funding pattern in construction equipment finance for the past five years

CHANGE IN FUNDING PATTERN FOR PAST 5 YEARS							
NAME	NO	<20	20-40	41-60	61-80	81-100	TOTAL
SHRIRAM	0	1	1	0	0	2	4
CANARA	1	0	0	0	0	0	1
CENTURIAN BANK	1	1	2	0	1	0	5
CITI CORP	2	0	1	0	0	0	3
DANDAPANI	0	0	0	0	0	2	2
HDFC	3	0	2	2	0	0	7
ICICI	1	3	1	3	0	0	9
INDUSIND BANK	1	1	1	2	1	2	8
KOTAK MAHINDRA	2	2	4	0	1	0	9
KVB	1	0	0	0	0	0	1
PNB	1	0	0	0	0	0	1
SAKTHI FINANCE	0	1	0	0	0	0	1
SBI	1	0	0	0	0	0	1
SUNDARAM FINANCE	1	2	2	2	0	1	8
SYNDICATE BANK	1	0	0	0	0	0	1
TATA MOTOR FINANCE	0	0	2	1	0	3	6
<b>TOTAL</b>	<b>16</b>	<b>11</b>	<b>16</b>	<b>10</b>	<b>3</b>	<b>11</b>	<b>67</b>

It could be seen that only 24% of the total respondents feel that there is no change in CE financing for the past five years. Rest 76% of the respondents has an

opinion that there has been an increase in the funding for construction. 31% of the respondents feel that growth in funding for CE in the past five years has been in the range of 20-40% growth. Shriram, Dandapani and TMF have an opinion that it has been growing at a rate of 80-100% for the past few years whereas Kotak feel the growth was in the range of 20-40%.

#### 4.5 RISK THE FINANCIAL INSTITUTIONS ARE WILLING TO UNDERTAKE

TABLE 39 - Details of risk appetite of FIs in construction equipment financing

	<15	15-25	25-35	35-45	45-55	55-65	>65	TOTAL
SHRIRAM	0	0	0	1	0	2	1	4
CANARA	0	0	0	0	0	0	1	1
CENTURIAN BANK	0	1	0	0	2	1	1	5
CITI CORP	0	3	0	0	0	0	0	3
DANDAPANI	0	0	0	2	0	0	0	2
HDFC	0	3	2	1	0	0	1	7
ICICI	1	0	0	0	1	3	4	9
INDUSIND BANK	1	1	1	1	0	2	2	8
KOTAK MAHINDRA	1	2	0	1	1	2	2	9
KVB	1	0	0	0	0	0	0	1
PNB	1	0	0	0	0	0	0	1
SAKTHI FINANCE	0	0	0	0	0	1	0	1
SBI	1	0	0	0	0	0	0	1
SUNDARAM FINANCE	4	0	0	1	0	0	3	8
SYNDICATE BANK	0	1	0	0	0	0	0	1
TATA	0	0	0	0	0	1	5	6
<b>TOTAL</b>	<b>10</b>	<b>11</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>12</b>	<b>20</b>	<b>67</b>

It could be seen that most of the financial institutions are willing to undertake risk greater than 3% in case of CE financing which includes major players like TMF and Canara. Shriram and Sakthi finance have a risk appetite of 2.5-3%. INDUSIND, ICICI and Kotak have a risk appetite of 2.5-4%. HDFC and CITI CORP are willing to take risk of 0.5-1%. Sundaram finance is the least risk taker willing to undertake only less than 0.5% risk in construction equipment financing.

#### 4.6 FORECASTING THE FUTURE ACTION PLANS OF THE FINANCING INSTITUTIONS IN CE FINANCING

TABLE 40 - Details of the amount the FIs are willing to deploy in CE funding for next five years

Name	AMOUNT DEPLOYED						TOTAL
	<50C	50C-100C	100C-150C	150C-200C	200C-250C	>400C	
SHRIRAM	0	1	0	1	0	2	4
CANARA	0	1	0	0	0	0	1
CENTURIAN	2	1	1	0	1	0	5
CITI CORP	1	1	1	0	0	0	3
DANDAPANI	1	0	1	0	0	0	2
HDFC	1	6	0	0	0	0	7
ICICI	3	5	0	0	0	1	9
INDUSIND	1	5	0	0	2	0	8
KOTAK	3	1	1	3	1	0	9
KVB	1	0	0	0	0	0	1
PNB	0	1	0	0	0	0	1
SAKTHI FINANCE	0	1	0	0	0	0	1
SBI	0	1	0	0	0	0	1
SUNDARAM	3	2	1	1	1	0	8
SYNDICATE	0	1	0	0	0	0	1
TATA	3	1	1	0	1	0	6
<b>TOTAL</b>	<b>19</b>	<b>28</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>67</b>

It could be seen that the most of the financing institutions are willing to deploy approximately 50-100 crores in construction equipment financing. Institutions like Canara bank, HDFC, ICICI, INDUSIND, PNB, SBI and Syndicate Bank perceive to deploy 50-100 crores in CE financing for the next five years whereas Centurion, Kotak, Sundaram, KVB and TMF are willing to deploy 50-100 crores. CITI CORP forecasts to deploy 50-150 crores in the next five years.

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**CHAPTER 5**

**FINDINGS, SUGGESTION & CONCLUSION**

## **CHAPTER 5**

### **CONCLUSION**

This chapter deals with the results and discussions of the study.

#### **5.1 Results and discussions**

The results of the study are given below:

##### **5.1.1 PATTERN OF FUNDING FOR CONSTRUCTION EQUIPMENTS THAT INCLUDE TIPPERS, BACKHOE LOADERS, EXCAVATORS AND CRANES:**

###### **Factors in Determining Amount of Loan Disbursed**

Previous track record which enlightens the credit worthiness of the customers is being considered as one of the main factors while sanctioning loans for customers. The profile of the customer is also given utmost importance for provision of loans by the FIs while sanctioning loans. Standard assets they have and their past performance are the next criteria that are being looked for while sanctioning loans for the customers.

###### **Percentage of amount sanctioned as loan**

- Financial institutions provide 80-90% of the market value for Construction equipments in the field of new equipment financing.
- Most of the financial institutions provide 70-90% of the market value for Construction equipments. None of the financial institutions give 100% finance for used equipments.
- Most of the financial institutions do not go for imported equipment financing due to the risk involved in it. Some institutions that go in for imported

equipment financing mostly prefer giving 70-90% loan. It could be seen that none of the financial institutions provide 100% imported equipments.

### **Tenure**

- Majority of the FIs provide a 3-4 year tenure period for new equipments which includes ICICI, Shriram, CITI, Kotak and TMF. Institutions like INDUSIND and Centurion Bank give a 2-3 year tenure period. Some institutions like KOTAK and Syndicate bank, SBI provide loans for even 7-8 year tenure period.
- For used equipment financing, most of the FIs give only 2-3 year tenure period.
- For imported equipments also, 2-3 year tenure period is given by majority of the institutions.

### **Interest rate**

- In case of imported equipment financing, most of the financial institutions give 2-3 years of tenure period. TMF and ICICI give 3-4 year tenure period. It could be seen that PNB gives more than 4 years for repayment in case of imported tippers.
- Most of the players provide a 10-12% interest rate for new equipment funding. Players like ICICI and Centurion give it at 12-14% while KVB gives it at 12-14%. Kotak Mahindra and Sundaram are the players who give loans at minimal interest of 6-8% for new equipments.
- For used equipments, interest rates vary from 8-16% for various financial institutions. Kotak has the highest interest rate for used tippers with 14-16%. Centurion bank gives interest rates at 12-16%. Canara bank gives the least interest for used equipments at 6-8%.

- Only 24% of FIs fund for imported equipments mostly at a rate of 12-14%. CITI, TMF, Syndicate, INDUSIND mostly provide at this interest rate for imported equipments. HDFC and PNB are the least interest rate providers with 6-8% interest rate. None of the financial institutions give tenure greater than 4 years for imported equipments. Imported cranes are mostly funded at an interest rate of 10-14%.

*AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR TIPPERS, EXCAVATORS BACKHOE LOADERS AND CRANES*

- Financial institutions are more comfortable in funding for existing customers than funding new customer. 71% of the respondents are willing to fund up to 90% for existing customers whereas 51% of the financing institutions fund only up to 80% for new customers.
- In case of construction equipments like tippers, backhoe loaders, excavators and cranes, only 50-60% and 55-65% of the financing institutions fund for FTUs and FTBs respectively.
- Majority of the financing institutions sanction only up to 80% of the total market value as loans in case of FTUs but it varies from 70-90 in case of FTBs.

**5.1.2 PATTERN OF FUNDING FOR CONSTRUCTION EQUIPMENTS THAT INCLUDE ROAD LAYING EQUIPMENTS AND CONSTRUCTION MACHINERY:**

**Percentage of amount sanctioned as loan**

- Mostly 80-90% of the market value is being provided as loans in case of new Road laying equipments and construction equipments. Rarely do the players

like Syndicate bank go for 90-100% financing for both new road laying equipments and construction machineries.

- In case of used road laying equipment financing most of the financial institutions provide 60-90% of the market value for road laying equipments. In case of used Construction machinery financing, most of the financial institutions provide 70-90% of the market value. None of the financial institutions give 100% finance for used Construction machinery and road laying equipments.
- Only 8 out of 67 financial institutions finance for imported road laying equipments and construction machinery. Majority of them providing loans at 60-70% which include ICICI, INDUSIND and Kotak. None of the financial institutions give 100% finance for imported Road laying equipments and Construction machineries.
- On an average, 2-4 year tenure period is given by financial institutions for new Road laying equipments and Construction machinery.

#### **Tenure**

- For used road laying financing also, most of the FIs give only 2-4 year tenure period for new Road laying equipments and Construction machinery.
- It could be seen that most of the financial institutions do not fund for imported equipments due to the amount of risk involved in it. Only 42% of the financing institutions fund for imported road laying equipments and construction machineries.
- ICICI, INDUSIND and Kotak are the three financial institutions that finance imported Road laying equipments and Construction machinery. The tenure period given by ICICI and Kotak is 2-3 years whereas INDUSIND gives more

than 3 years for imported road laying equipment financing and Construction machinery.

#### **Interest rate**

- It could be seen that road laying equipments and construction machineries are given at a higher interest rate than the other construction equipments. Most of them prefer in giving loans at 12-14% for new Road laying equipments and Construction machinery.
- Used road laying equipments and Construction machinery are given at an interest rate of 12-16% on an average. INDUSIND is the highest interest rate provider at 14-16%. CITI and Sundaram finance give used road laying equipments at an interest rate of 8-10%.
- Imported Road laying equipments and Construction machinery are done only by the 3 banks ICICI, INDUSIND and Kotak give an interest rate of 12-14%.

#### *AMOUNT SANCTIONED FOR VARIOUS CATEGORIES OF CUSTOMERS FOR ROAD LAYING EQUIPMENTS AND CONSTRUCTION MACHINERIES*

- For road laying equipments and construction machineries, most of the financial institutions provide 60-90% loans for new customers while 70-90% for existing customers.
- Only 45-50% of the financial institutions fund for FTUs and FTBs while funding for road laying equipments and construction machineries. Mostly 70-80% of the market value is provided as loans for FTUs and 70-90% for FTBs.

### **5.1.3 COLLATERAL SECURITIES COLLECTED BY FIs**

- 86% of the financial institutions do not collect collateral securities while funding construction equipments.

### **5.1.4 ADDITIONAL CHARGES LEVIED BY FIs FOR DELAYED PAYMENT**

- 97% of the financial institutions impose additional charges. Only SBI and Canara bank do not levy additional charges for delayed payments.
- Most of the financial institutions levy 30-40% as penalty for delayed payments.

### **5.1.5 ENFORCING EXTERNAL AGENCIES FOR RECOVERY OF LOANS**

- It could be seen that only 24% of the financial institutions go for external agencies for recovering of loans. 66% of the financial institutions do not enforce external agencies for recovering their loans. It could be seen that TMF, ICICI, HDFC, Kotak, SBI, and Centurion bank are the institutions that enforce external agencies for recovering their loans.

### **5.1.6 RECOVERY OF LOANS**

- Most of them go in as per the RBI regulations for recovering their loans. They go in for legal actions if the customers default by 90 days. The first stage of recovering loans is done through follow up like calling up with the customers.
- Bad debts are being covered up finally through surrendering of asset and realizing money through selling them.

### **5.1.6 CHANGES IN FUNDING PATTERN IN CONSTRUCTION EQUIPMENT FINANCE**

- 76% of the respondents have an opinion that there has been an increase in the funding for construction.
- 31% of the respondents feel that growth in funding for CE in the past five years has been in the range of 20-40% growth.

### **5.1.7 RISK THE FINANCIAL INSTITUTIONS ARE WILLING TO UNDERTAKE**

- Most of the financial institutions are willing to undertake risk greater than 3% in case of CE financing.

### **5.1.8 AMOUNT THE FIS ARE WILLING TO DEPLOY IN CE FUNDING FOR NEXT FIVE YEARS**

- For the next five years, most of the financing institutions are willing to deploy approximately 50-100 crores in construction equipment financing.

## **5.2 SUGGESTION:**

The following suggestions would be useful to financial institutions that are already in construction equipment financing or is willing to enter into this field.

- More preference could be given for equipments like tippers, excavators and backhoe loaders which have low risk than road laying equipments or construction machineries.
- Financial institutions provide up to 100% funding for Construction equipments in the field of new and used equipment financing for all the construction equipments for potential customers having a good track record.

- Imported assets could be dealt more cautiously as the risks and procedures associated with such equipments are very high.
- 2-4 year tenure period could be given for new, used and imported equipments which could be varied according to the profile and track record of the customer.
- Niche players could adopt interest rate ranging from 10-12% for new and used construction equipments so as to be more competitive in the market.
- 80-90% of the market value could be sanctioned to the new customers. Existing customers having a track record and repayment pattern could be given 100% funding for construction equipments. In case of FTUs and FTBs, financial institutions could give up to 80% and 90% respectively.
- Collateral securities are not compulsory while funding construction equipments as the machineries could be confiscated in case of defaulters.
- Additional charges could be levied in the range of 10-40% as penalty for delayed payments.
- Recovery of loans could be done by the banks themselves instead of enforcing external agencies through finding and funding proper customers.
- If the financiers afford to take more risk while funding construction equipments, they would be able to meet the challenges of the market and hence become more competitive.

## **Conclusion**

The Construction Equipment Financing is a highly potential market in India. Many Financial Institutions have already realized its importance and have become aggressive players in this field and hence have an advantage over other retail players. With the development of infrastructure in India, the need for Construction Equipments is further going to rise and thus it is going to be highly competitive due to the increase in number of Financial Institutions making entry into area. Against this background the study is attempted to analyze the loan disbursement and recovery strategies used by the various Financial Institutions that are would be useful for all Financial Institutions. The findings would enable new and upcoming financial institutions that are involved in construction equipment funding to adopt the strategies used by other players so as match the challenges in the market and enhance their market share.

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APPENDIX

## INTERVIEW SCHEDULE

1. Name of the organization :
  
2. No. of years of existence  
in construction equipment :
  
3. What do you think your market share is?  
New Equipment –  
Used Equipment –
  
4. Rank your preference for various assets for which you are providing loans?

Equipment	Rank
Tippers, Dumpers	
Backhoe Loaders	
Excavators	
Cranes	
Road Laying Equipments	
Construction Machinery (Crushers, Compressors)	
Others (if any)	

5. What are the various financing schemes administered by you?

**(a). New Assets**

Equipment	% of loan amount	Tenure	Interest Rate
Tippers, Dumpers			
Backhoe Loaders			
Excavators			
Cranes			
Road Laying Equipments			
Construction Machinery (Crushers, Compressors)			
Others (if any)			

**(b). Used Asset**

Equipment	% of loan amount	Tenure	Interest Rate
Tippers, Dumpers			
Backhoe Loaders			
Excavators			
Cranes			
Road Laying Equipments			
Construction Machinery (Crushers, Compressors)			
Others (if any)			

6. (a). Do you fund for imported equipment?

Yes       No

(b). If 'Yes', mention the details.

Equipment	% of loan amt	Tenure	Interest
Tippers, Dumpers			
Backhoe Loaders			
Excavators			
Cranes			
Road Laying Equipments			
Construction Machinery (Crushers, Compressors)			
Others (if any)			

7. (a). Do you fund for imported equipment?

Yes       No

8. Up to what extent do you provide loan for the following?

Equipment	New Customers	Existing Customers	FTU's	FTB's
Tippers, Dumpers				
Backhoe Loaders				
Excavators				
Cranes				
Road Laying Equipments				
Construction Machinery				
Others (if any)				

9. What will be the collateral security for the following exposure limit?

Loan amount	%	Loan amount	%
< 50 Lacs		50 Lacs – 1 Crore	
1.1 – 2 Crores		2.1 – 3 Crores	
3.1 – 4 Crores		4.1 – 5 Crores	
> 5 Crores			

10. Rank the criteria for determining the amount of loan dispersed.

Criteria	Rank	Criteria	Rank
Customer Profile		Standard Assets	
Track Record		Past Performance	
Volume of Business		General Economic Conditions	

11. (a). Do you impose any additional charges for delayed payments of installments?

Yes       No

(b). If 'Yes', what percent? .....

12. (a). Do you enforce any external agencies for the recovery of dues?

Yes       No

(b). If Yes, Name of the agency .....

13. (a). Is there any change in the proportion for funding in Construction Equipments for the past 5 years?

Yes       No

(b). If 'Yes', what is the increased %?

Below 20       20 – 40       41 – 60  
 61 – 80       81 – 100

14. What are the steps/procedures involved in recovery of loan?

Days	< 90	91 – 180	181 – 365	> 365
Steps				

15. What is the % of risk you are willing to undertake?

- < 0.5%   
  0.5 – 1%   
  1 - 1.5 %   
  1.5 – 2 %  
 2 – 2.5 %   
  2.5 – 3 %   
  > 3 %

16. How much amount you are going to deploy in Construction Equipment financing for the next five years?

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