

P-2417



**A STUDY ON THE PERCEPTION LEVEL OF THE CUSTOMERS  
ON FINANCIAL INSTITUTIONS WITH REFERENCE TO  
INFRASTRUCTURE EQUIPMENTS**

**By**

**SINDHU.N**

**Reg No: 71206631053**

**Of**

**Department of Management Studies**

**Kumaraguru College of Technology**

**Coimbatore**

**A PROJECT REPORT**

**Submitted to the**

**FACULTY OF MANAGEMENT STUDIES**

**In the partial fulfillment of the requirements**

**for the award of the degree**

**Of**

**MASTER OF BUSINESS ADMINISTRATION**

**June 2008**

# MASTER OF BUSINESS ADMINISTRATION

June 2008



Department of Management Studies  
Kumaraguru College of Technology  
Coimbatore – 641006

## BONAFIDE CERTIFICATE

This is certified that this project report titled “**A study on the perception level of the customers on financial Institutions with reference to infrastructure equipments**” is the Bonafide work of Miss.SINDHU.N (Reg No. 71206631053) who carried 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.

Prof. N. Lathilingam  
**PROJECT GUIDE**

**DIRECTOR**

Evaluated and Viva Voce conducted on 22/07/2008

**INTERNAL EXAMINER**

**EXTERNAL EXAMINER**

## DECLARATION

I, hereby declare that this project report entitled as “**A study on the perception level of the customers on financial institutions with reference to infrastructure equipments**” has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **Prof. N. Jothilingam** during the academic year 2007 – 2008.

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

Date:

Place: Coimbatore

  
SINDHU.N

## **EXECUTIVE SUMMARY**

The company is a Non-banking Financial Company (NBFC) engaged in providing Finance to commercial vehicles, trucks and equipments. It accepts time deposits/ non cumulative deposits from the public and also avail loans from banks. The money rose from various sources is lent to the customers. This study allows the customers to speak liberally about their understanding and perceptions of Financial Institutions, a clear idea about their view will enable the Financial Institutions to frame suitable strategies. The scope of the study is limited to the customers' perceptions on Financial Institutions. Customers perform specialized activities related to road, earth and construction work. Various factors are evaluated in selecting the Financial Institutions. Customers in general include main contractors, sub- contractors, hirers, and first time users/buyers.

This study helps to identify the factors of services which have resulted in long term customer relationship with financial Institutions, preference by the majority of the customers for the purchase of infrastructure equipments, the criteria's on which the Financial Institutions are selected, the Financial Institutions which is best suited to buy both New and Used Equipment and to identify the mode of Ownership which is more Profitable. Finally it was found that the financial institutions can introduce special schemes, for repeat application for loans, special services and customer free training schemes and can promote Advertisements through media for the awareness of the customers.

## **ACKNOWLEDGEMENT**

I express my sincere gratitude to our beloved Correspondent Prof. Dr. K. Arumugam, the prime guiding spirit of Kumaraguru College of Technology. I extend my heart felt thanks to Principal Dr. Joseph V. Thanikal, Kumaraguru College of Technology, and Coimbatore for providing facilities to do this project. I express my sincere gratitude and thanks to our Director Dr. S.V. Denathan for permitting me to carry out this project. I endeavor my sincere gratitude to Prof. N. Jothilingam my guiding spirit, who has given me all the guidance throughout this project. I extend my sincere thanks and gratitude to Sakthi Finance Limited for permitting me to do the project.

# TABLE OF CONTENTS

<b>CHAPTER NO</b>	<b>TITLE</b>	<b>PAGE NO</b>
	<b>EXECUTIVE SUMMARY</b>	
	<b>LIST OF TABLES</b>	
<b>1</b>	<b>INTRODUCTION</b>	
	1.1 BACKGROUND OF THE STUDY	1
	1.2 REVIEW OF LITERATURE	2
	1.3 OBJECTIVES OF THE STUDY	4
	1.4 STATEMENT OF THE PROBLEM	5
	1.5 SCOPE OF THE STUDY	5
	1.6 RESEARCH METHODOLOGY	5
	1.6.1. TYPE OF STUDY	6
	1.6.2 METHOD OF DATA COLLECTION	6
	1.6.4 TOOLS FOR ANALYSIS	6
	1.7 LIMITATIONS	6
	1.8 CHAPTER SCHEME	7
<b>2</b>	<b>ORGANIZATIONAL PROFILE</b>	
	2.1 HISTORY OF THE ORGANIZATION	8
	2.3 ORGANIZATION STRUCTURE	12
	2.4 PRODUCT PROFILE AND MARKET POTENTIAL	13
	2.6.2 COMPETITIVE STRENGTHS	14
	2.7 DESCRIPTIONS OF VARIOUS FUNCTIONAL AREAS	15
<b>3</b>	<b>MACRO AND MICRO ANALYSIS</b>	17
<b>4</b>	<b>DATA ANALYSIS AND INTERPRETATION</b>	20
<b>5</b>	<b>CONCLUSION</b>	
	5.1 FINDINGS	58
	5.2 RECOMMENDATIONS	59
	ANNEXURE – I	
	BIBLIOGRAPHY	

## **LIST OF TABLES**

<b>TABLE NO</b>	<b>TITLE OF TABLES</b>	<b>PAGE NO</b>
4.1	AGE OF THE CUSTOMERS	20
4.2	NATURE OF THE BUSINESS	20
4.3	VALUE OF THE ASSET	21
4.4	LOAN AVAILED	22
4.5	NAME OF THE FINANCIAL INSTUITION	23
4.6	EXPERIENCE IN MONTHS	24
4.7	SOURCE OF KNOWLEDGE	25
4.8	LOAN IN %	25
4.9	OWN FUND IN %	26
4.10	EMI	26
4.11	CUSTOMER SERVICE	27
4.12	INTREST RATE	27
4.13	SECURITY	28
4.14	REPAYMENT TIME	28
4.15	SANCTION TIME	29
4.16	PROCEDURE	29
4.17	UPDATING CUSTOMERS	30
4.18	DISCOUNT SCHEMES	30
4.19	OTHER FORMALITIES	31
4.20	ABILITY	31

4.21	RENT	32
4.22	MANAGERIAL ABILITY	32
4.23	PERFORMANCE	33
4.24	LESS MAINTAINANCE COST	33
4.25	LESS OPERATING COST	34
4.26	ECONOMIC CONDITION	34
4.27	NETWORK	35
4.28	FINANCIAL STABILITY	35
4.29	WORK LOAD	36
4.30	RECOMMENDATION	36
4.31	NEW EQUIPMENT	37
4.32	USED EQUIPMENT	38
4.33	INTREST RATE	39
4.34	COLLETRAL SECURITY	40
4.35	CREDIT LIMIT	41
4.36	FASTER DISBURSMENT	42
4.37	REPAYMENT TIME	43
4.38	CUSTOMER SERVICE	44
4.39	EMI PREFERENCE	45
4.40	FLEXIBILITY IN REPAYMENT	46

4.41	EASY APPROACH	47
4.42	LESS PROCEDURE	48
4.43	% OF LOAN	49
4.44	RELAXATION REGARDING MODELS	50
4.45	MODE OF OWNERSHIP	51
4.46	T&D FINANCED BY	51
4.47	EXCAVATORS FINANCED BY	51
4.48	CRANES FINANCED BY	52
	CONSTRUCTION EQUIPMENT FINANCED	
4.49	BY	52
4.50	OTHERS FINANCED BY	52
4.51	LOAN AVAILED T&D	53
4.52	LOAN AVAILED EXCAVATORS	53
4.53	LOAN AVAILED CRANES	53
4.54	LOAN AVAILED CONSTRUCTION EQUIP	54
4.55	LOAN AVAILED OTHERS	54
4.56	LOAN PAID T&D	55
4.57	LOAN PAID EXCAVATORS	55
4.58	LOAN PAID CRANES	56
4.59	LOAN PAID CONSTRUCTION EQUIP	56
4.60	LOAN PAID OTHERS	56

## **CHAPTER-1**

### **INTRODUCTION**

# CHAPTER-1

## INTRODUCTION

### 1.1 BACKGROUND

Reflecting the imperative of the evolution of a vibrant, competitive and articulate financial system, the non-banking financial sector in India has recorded marked growth in the recent years, in terms of the number of Non-Banking Financial Companies (NBFCs), their deposits and so on. Keeping in the view the growing importance of the NBFCs the banking laws Act, 1963 was introduced to regulate them.

Finance is regarded as the life blood of the business enterprise. This is because in the modern money oriented economy, finance is one of the basic foundations of any kind of economic activity. It is the master key, which provides access to all sources for being employed in manufacturing and merchandising activities. It has been rightly said that business needs money to make more money. Hence, efficient management of every business enterprise is closely linked with efficient management of its finance.

In the present scenario, the Non-Banking Finance Companies (NBFCs) have a quite significant role to play. RBI has already placed substantial importance to further development of the NBFC sector along with the prudent lines.

An Non-Banking Finance Company (NBFC) is a company under the Companies Act, 1956 and is engaged in the business of loans and advances, acquisition of shares / stock / debentures / securities issued by Government or local authority or other securities of like marketable nature, leasing, hire – purchase, insurance business, and chit business.

But it does not include any instruction whose principal business is that of agriculture activity, sale / purchase / construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non – banking financial company (Residuary non – banking company).

## 1.2 REVIEW OF LITERATURE

A credit transaction is a contract between two parties: the borrower and the lender subject to a mutual agreement on the terms of credit. The terms of credit is defined based on five critical financial parameters: amount of credit, interest rate, maturity of loans, frequency of loan servicing and collateral. Optimizing decision pertaining to the terms of credit could differ from the borrower to that of lender. As such, the mutual agreement between the borrower and the lender may not necessarily imply an optimal configuration for both. At this juncture a distinction between a defaulter and a non-performing loan account is in order. A default entails violation of the loan contract or the agreed terms of the contract, while non-performing loan entails that the borrower does not renege from the loan contract but fails to comply the repayment schedule due to evolving unfavorable conditions. However, from the perspective of corporate finance, a common perspective is that both the cases of 'defaulter' and 'non-performer' imply similar financial implications, i.e., financial loss to institutions. Moreover, in the Indian context, regulatory and supervisory process does not focus on such a distinction between default and non-performer as far as prudential norms are concerned. The NPL is defined as past due concept, taking into account either non-payment of interest of principal or both. For simplicity, this common perspective prevails in the rest of the theoretical analysis. The most important reason for default could be mismatch between borrower's terms of credit and creditor's terms of credit.

*Ashok M. Katariya, Chairman, M/s. Ashoka Buildcon Limited* observed that lending rates of have not come down as much as deposit rates and interest rates on Government bonds. While some institutions have reduced their prime lending rates (PLRs) to some extent and are also extending sub PLR loans, effective lending rates continue to remain high. This development has adverse systemic implications especially in a country like India where interest cost as a proportion of sales or corporate is much higher as compared to many emerging economics.

*Pravinchandra C. Shah, M/s. Relcon Infraprojects Pvt. Ltd* in an empirical study provided an evidence of significant bivariate relationship between an operating inefficiency indicator and the problem loans of financial institutions. In a similar manner largely from lenders perspective, Das and Ghosh (2003) empirically examined non performing loans of in terms of various indicators such as asset size, credit growth and macroeconomic condition and operating efficiency indicators such as asset size, credit growth and macroeconomic condition and operating efficiency indicators.

*Kshitiz Bhasker, Head, Business Development, Gammon Infrastructure Project Ltd.*, in a study of non performing loans in Italy found evidence that an increase in the risk ness of loan assets is rooted in a lending policy adducing to relatively unselective and inadequate assessment of sectoral prospects. Interestingly this study refuted that business cycle could be a primary reason for NPLs. The study emphasized that increase in bad debts as a consequence of recession alone is not empirically demonstrated. It was viewed that the lending firm customer relationship will thus prove effective not so much because it overcomes informational asymmetry but because it recoups certain canons of appraisal.

*P.R. Mundle, President, BAI* suggested that a more or less predictable level of non performing loans, though it may vary slightly from year to year is caused by an inevitable number of wrong economic decisions by individuals and plain bad luck (inclement weather, unexpected price changes for certain products, etc., Under such circumstances, the holders of loans can make an allowance for a normal share of non-performance. Enterprises may well be able to pass a large portion of these cists to customers in the form of higher prices. For instance, the interest margin applied by financial institutions will include a premium for the risk of non performance on granted loans.

*Arun Sahai, Deputy Chairperson, Planning Commission* says using accelerated failure time (AFT) model in their study of Argentina's banking sectors weakness measured by the ratio of non performing loans to total loans found that specific indicators such as asset growth, the ratio of net worth to net assets, the ratio of

operating cost to assets exposure to peso loans, and institutional characteristics relating to private bank and foreign bank and macroeconomic variables including credit growth, foreign interest rate, reserve adequacy (imports / reserves) and monetary expansion (M2/ reserves) besides the tequila effect were reasons behind the banking fragility. Their empirical results suggested that the institution's size measured by log of assets had a positive effect but asset growth had a negative effect on NPLs. The variables such as operating cost, exposure to peso loans, credit growth and foreign interest rate had negative effect on NPLs. The macroeconomic variables such as money multiplier and reserve adequacy, institutional characteristics and tequila effect had positive influence on NPLs.

### **1.3. OBJECTIVES OF THE STUDY**

#### **1.3.1 Primary Objective**

The primary objective of the study is to identify the Earth Moving Equipment customers' indulgent on Financial Institution.

#### **1.3.2 Secondary Objective**

- To identify the number of years, customers are associated with the Financial Institution.
- To identify which Financial Institution is frequently recommended by the customers for the purchase of Earth Moving Equipments
- To determine the criteria's on which the Financial Institutions are selected
- To identify the Financial Institution which is best suited to buy both New Equipment and Used Equipment
- To identify the mode of Ownership which is more Profitable

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

As this study allows the customers to speak liberal about their understanding with Financial Institution, a clear idea about their view will enable the Financial Institutions to frame suitable strategies.

And hence this is identified as the problem for the study.

## **1.5 SCOPE OF THE STUDY**

The scope of the study is limited to the customers' indulgent on Financial Institutions. Customers perform specialized activities related to road, earth and construction work. Various factors are been determined in selecting the Financial Institution. Customers in general include main contractors, sub-contractors, hirers, and first time users/buyers.

## **1.6 RESEARCH METHODOLOGY**

Research is common parlance refers to a search for knowledge. One can also define research as scientific and systematic search for patent information on a specific topic. In fact research is an art of science investigation.

The advanced Learner's Dictionary of current English lays down the meaning of research as "A careful investigation or enquiry specifically through search for new facts in any branch of knowledge"

Red man and money define research as a "Systematized effort to gain new knowledge".

A research cannot be conducted abrupt. Researcher has to proceed systematically in an already planned direction with the help of a number of steps in sequences. To make the research systemized the researcher hast to adopt certain methods. The method adopted by researcher for completing the project is called Research Methodology.

In other word, Research Methodology is simply the plan of action for a research which explains in detail how data is to be collected, analyzed and interpreted. Data become information only when a proper methodology is adopted. Thus we can say

Methodology is a tool which processes the data to reliable information. This chapter attempt to highlight the research methodology adopted in this project.

### **1.6.1 TYPE OF STUDY**

The study is based on study explorative analysis of data furnished in the questionnaires. Exploratory study is a study which is done for the first time by the process of collecting information to formulate, research and to investigate studies, which discovers future research tasks including the developing concepts, where the researcher expands the understanding of management dilemma

### **1.6.2 SAMPLING DESIGN**

Based on the convenience, the sample size is limited to 72. And hence Convenient Sampling is best suited.

**Convenient Sampling** is a non-probability sampling where the sample selection is based on he ease of accessibility i.e., readily available individuals as participants.

### **1.6.3 METHOD OF DATA COLLECTION**

#### **➤ Primary Data**

Primary data are that which are collected afresh and for the first time and thus happens to be original in character. They are collected for the first time for analyzing the study. In this study the primary data were collected through “Questionnaire” method.

### **1.6.4 TOOLS FOR ANALYSIS:**

The tool used for analysis is Percentage analysis

## **1.7. LIMITATIONS**

- This study is limited for a period of 3 months, and hence it is applicable only for this duration.
- The sample size is limited to 72 and hence the area of the study is also limited.

- .The reliability and accuracy of calculation depends on the accuracy of information found in the questionnaires.

## **1.8 CHAPTER SCHEME**

This project study is arranged in the following five chapters:

**Chapter –I : Introduction and design of the study**

This chapter present in brief introduction to the study, statement of the problem, objective of the study, scope of the study, limitation of the study and methodology and tools used.

**Chapter – II : Organization Profile**

This chapter presents brief history, management, organization structure, product profile, market potential, competitive strength, future plans and description of various functional areas of the organization.

**Chapter – III : Macro and Micro analysis**

The prevailing scenario with respect to the industry and the company selected for the study to be briefly discussed

**Chapter – IV : Data Analysis and Interpretation**

This chapter presents the analysis and the interpretation relating to the data collected from the Sakthi Finance Limited.

**Chapter – V : Summary, Findings and Suggestions**

This chapter presents the summary of findings and suggestion made on the basis of results of the study.

## **CHAPTER – 2**

# **ORGANIZATION PROFILE**

## CHAPTER – 2

### ORGANIZATION PROFILE

#### 2.1 HISTORY OF THE ORGANIZATION

Sakthi Finance Limited was incorporated on 30th March 1955 under the Company's Act in the name of "Pollachi Credit Society" as Private limited company for in-house financing arm for TELCO dealership. The company made its first public issue in 1984. With successive rights issue on premium the company paid up the capital raised from Rs.25 lakhs to 17.5 crores as on 31st March 2002.

The company's authorized capital comprises 4,00,000 equity shares of Rs.10 each and 5,00,000 redeemable cumulative preference share of Rs.100 each. The issued subscribed and paid up capital are 2,00,71,321 equity shares of Rs.10 each fully paid up.

Presently the company operates through a network of 21 branches located in Tamilnadu, Kerala, Andrapradhesh and Maharashtra, with specific focus on Tamilnadu and Kerala.

The company has trained and experienced manpower at all branches. In addition 12 savings centers have been established at various deposit potential areas at taluks of different districts in Tamilnadu and Kerala for mobilizing public deposits. The Deposits of the company was Rs.8320.54 lakhs in 1990, increased to Rs.115.38 crores in 31/03/2001. The company is also having safety locker facility to the deposit holders.

The company made its first maiden public issue of share in 1984 and mobilized Rs.75 lakhs. The availability of large resources has been responsible for the growth in stock – on – hire to Rs.154.91 crores in 2005. During the period from 1990 to 1993, the company had stable volume of business at an average disbursement of Rs.37 crores per year from 1994; further thrust was given to commercial vehicle finance segment. The booming economy is lead to increase volumes in Hire Purchase business. The average

disbursals per year worked out to Rs.107 crores per year during 1994-96. To facilitate further growth, equity has enhanced in 1995.

By the end of 1996-97, the company initiated a thought process towards change management, M/s KPMG Peat Mar wick (India) Ltd., was identified as the agency for guiding the company in Business Process Reengineering Exercise. Simultaneously Process Orientation Exercise was also undertaken.

In 1997-98, the growth rate started declining in all industries. The road transport industry has the one that was worst affected. Coupled with this, RBI also introduced regulations to limit the deposit level to 4 times of Net Owned Fund. Sakthi Finance Limited had a deposit base of Rs.220 crores in January 1988 had to reduce the base to Rs.137 crores in 3 years time. As the result of BPR exercise was ready, the company could immediately adopt a change strategy to fit into the new regulation era. Therefore, plans were drawn and implemented to reduce the deposit base within 18 months by closing down low volume branches, at the same time retaining the base in other centers.

In this process, the company had to reduce the deployment. The deployment in 1998-99 reduced to around Rs.43 crores. The level of public deposits however has been brought down to Rs.110 crores as at 31-3-2000.

With the grips of recession slowly getting released, Sakthi Finance Limited has drawn up plans to step up the development in hire purchase business. As planned, the company was able to transact hire purchase business of Rs.55.62 crores in 2001-02, which is at present Rs.154.91 crores in 2005. The company has planed for the growth rate of 30% to 35% in the years to come. The company is working towards stable volumes in future.

To better utilize the dealership strengths and to retain a specific segment of customers, Sakthi Finance Limited proposes to channel's funds from others also through securitization route.

## **SAKTHI GROUP**

1. Automobile & Transport (ABT).
2. Sakthi Sugars.
3. Sakthi Auto Components Ltd.
4. Sakthi Finance Ltd.
5. Sakthi textiles.
6. Sakthi Associations.
7. Educational Institutions.

### **Sakthi Finance Limited is**

- 1) One of India's oldest NBFCs, Founded in the year 1965.
- 2) Part of the Rs 1200 crore Sakthi Conglomerate which was founded in the year 1935.
- 3) The Sakthi Group has a leading presence in Finance Agro foods, Dairy, and Transport.
- 4) A deep understanding of the transport industry has made Sakthi one of the most trusted names in financing for commercial vehicles.
- 5) A wide variety of loans for cars, commercial vehicles, plant machinery and equipment are available.
- 6) One of the first companies to introduce used vehicle financing.
- 7) Sakthi Finance Ltd., has 20 branches spread all over India.
- 8) Over 1,00,000 happy customers and still growing.

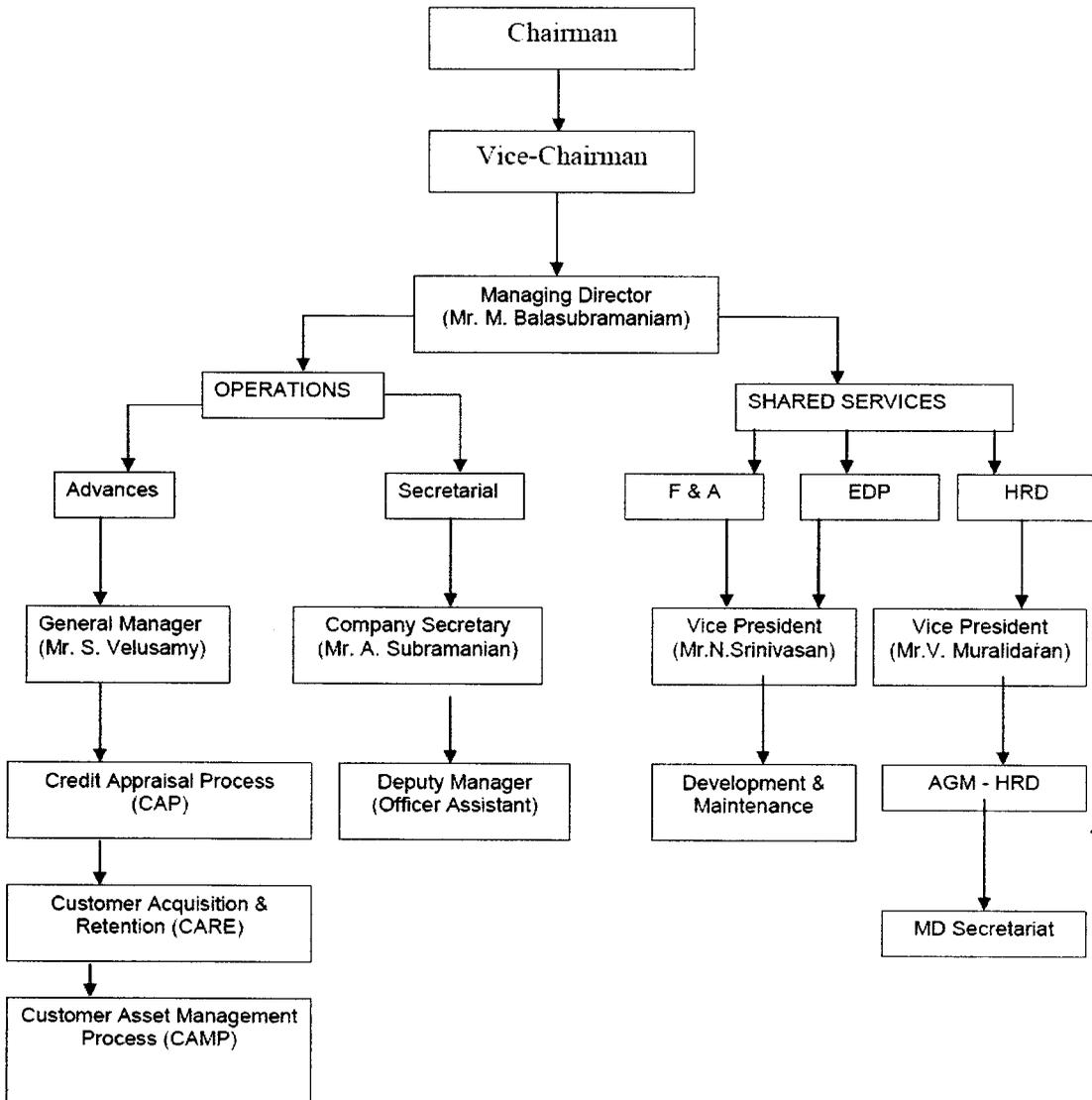
## **2.2 THE MANAGEMENT**

The group is governed by chairman supported by a vice chairman and managing directors in the top level of the management .In this management team there exist five board of directors who take care of operations in advances and secretarial department, advances and over the shared services like finance and accounts, electronic data processing and human resources department.

## **BRANCH OFFICES**

- 1) Tamilnadu** : Chennai, Coimbatore, Mylapore, Madurai, Pollachi, Trichy, Salem, Erode, Namakkal and Tirunelveli.
- 2) Kerala** : Calicut, Eranakulam, Kottayam and Kannur.
- 3) Karnataka** : Bangalore.
- 4) Andhra Pradesh** : Vishakapatnam, Vijayawada.
- 5) New Delhi.**

## 2.3 ORGANIZATIONAL STRUCTURE OF SAKTHI FINANCE LIMITED



## **2.4 PRODUCT PROFILE AND MARKET POTENTIAL**

Types of Services Rendered By Sakthi Finance Limited

### **2.4.1 INVESTMENT PRODUCTS**

1. Fixed Deposits
2. Cumulative Deposit
3. Non Convertible Debentures

### **2.4.2 CREDIT PRODUCTS**

Finance for purchase of new and used commercial vehicles, infrastructure machineries, consumer durable items and for two wheelers.

### **2.4.3 LOCKERS**

Safety lockers, which meet safety and security standards in a special designed and constructed building with appropriate environment and are available at various locations.

The services offered by the company are depicted and the services include safety vaults, loan for two wheelers, loan for four wheelers, deposit schemes and loan for customer durables.

## **2.5 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.

## **2.6 MISSION OF SAKTHI FINANCE LIMITED**

- 1) To partner the progress of "the small and medium transport operators" (SRTO & MRTO).
- 2) To provide "End to End Service" leading to "Total Customer Solution" with Speed, Flexibility and Integrity.

## **2.6.1 TRAINING AND PROBATION**

- 1) Every employee who joins the company shall be on probation.
- 2) Probation is a period of one year.
- 3) In case, induction of trainee level, the training period shall be one – year probation commences on completion of training in success case.

## **2.6.2 COMPETITIVE STRENGTH OF THE SAKTHI FINANCE LIMITED**

- 1) First in the industry to issue post dated interest warrants in advance every year.
- 2) First in the industry to allow encashment of interest warrants at par in the branches of the canara bank and also in the branches and head office of the company.
- 3) Fastest service in processing the application for deposits, loan and refunds and branches and head office. The company services both on advances and deposits are marked by high order of courtesy. Efficiency and promptness is notable at all levels of its operation.

## **2.6.3 DISTINCTIVE FEATURES OF ADVANCE PORTFOLIO**

- 1) Effective appraisal system and fast disbursement of advances within the shortest period.
- 2) Captive hire purchase business through dealership outlets for commercial vehicles held by group of companies/firms.
- 3) Specialized service in commercial vehicles advance.

Sakthi Finance Limited is a part of Sakthi group, which has interested in diverse fields such as Finance, Sugar, Foundry, Dairying, Textiles, Automobile dealerships, Synthetic germs etc., and is among fastest growing industrial groups in the south. Sakthi Group has set up many education and charitable institutions, hospitals and religious centers.

## **2.6.4 THE STRENGTHS OF SAKTHI FINANCE**

- 1) Part of the Sakthi Group – one of the reputed groups of Southern India headed by Dr.N.Mahalingam.
- 2) Customer base of more than 5 million.
- 3) Experience in Hire Purchase Financing of more than 45 years.
- 4) Business focused executives at all levels.
- 5) Availability of Infrastructure to place funds through its wide network of branches.
- 6) Valuable dealership network for Maruthi, TELCO, and Bajaj vehicles.

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

### **2.7.1 ADVANCE DEPARTMENT**

- 1) Credit appraisal process
- 2) Customer acquisition and retention
- 3) Customer asset management process

### **2.7.2 SECRETORIAL DEPARTMENT**

- 1) Coordinating the share transactions in the public company with rules and regulations (code of conduct) of the public limited company
- 2) To maintain the rules and regulations of RBI and SEBI.
- 3) As it is RBI registered company, comply with THE COMPANIES ACT 1956 for the NBFCs – listed company, conducting the meeting of Board of Directors, Annual general meeting and committee meeting with in prescribed time.
- 4) Coordinating with share transfer, registrars (SKDC CONSULTANTS LTD) Coimbatore.

### **2.7.3 FINANCE AND ACCOUNTS DEPARTMENT**

Entire accounting process of the company is carried out by the F&A department as per the accounting standard prevailing

- 1) Transactions of the public deposits and advances
- 2) To account administrative expenses and staff overhead.
- 3) IT work, sales tax work, service tax work

## **2.7.4 EDP DEPARTMENT**

- 1) Take care of the dematerialization of the records
- 2) To organize the confidential electronic data of the company with high security
- 3) To arrange for access of electronic data by every department as per their requirements

## **2.7.5 HUMAN RESOURCE MANAGEMENT**

To maintain the personnel relationship

- 1) To recruit new candidates on demand
- 2) To coordinate relationship between various department

## **CHAPTER – 3**

### **MACRO AND MICRO ANALYSIS**

## CHAPTER – 3

### MACRO AND MICRO ANALYSIS

#### 3.1 MACRO ANALYSIS

The institute of hire purchase organization involved installment credit is quite well organized in countries like U.K. and U.S. In India, hire purchase credit first made its appearance after World War I.

The NBFC system grew steadily in thirties and forties. It was only after Second World War the growth picked up the momentum. Hire purchase credit in India is given by commercial banks, hire purchase finance companies and state finance corporations as well as by large number of firms and individuals.

NPA is the most important factor which indicates the performance of the NBFCs in different angle. If the company has lesser value of NPA, it indicate the company maintains good position in business other wise is in sick position. NPA is one of the most important factors for credit appraisal process.

In globally the level of non performing loans US \$1.3 trillion during 2003, of which the Asian region accounts for about US \$1 trillion or about 77 percent of global NPLs. Within Asia, Japan and China have NPs at about US\$ 330 billion and US \$ 307 billion thus together accounting for 49 percent of global NPLs. Other hot spots of NPLs in the Asian region are Taiwan (US \$ 19 billion), Thailand (US\$ 18.8 billion), Indonesia (US \$ 16.9billion) Philippines (US\$ 9 billion). India's NPLs of the financial sector as a whole is reported at about US\$ 30 billion which works out to a little over 2 percent of global NPLs. On the basis of information provided in the Report on trend and Progress of banking in India, 2002-03 the level of gross NAPs of public sector is estimated at Rs.68,714 crores which is equivalent to about US \$15 billion i.e. about 1 percent of global NPAs.

In terms of the ratio of NPLs to total assets of banking sector, there is evidence that the performance of the Asian region is far lower than Europe and US. The trend in the NP:

ratios of select countries, particularly the emerging countries of East Asia, during the last five-six years provides an interesting insight about the impact of structural reform on the accumulations of non-performing loans by banks. In emerging countries impact of removing the accumulated reform after the Asian crisis had an immediate impact of removing the accumulated excesses from the financial sector and consequently induced a sharp reduction in NPAs ratio.

In Thailand, the NPLs ratio declined by about 25 percentage points from about 43 per cent in 1998 to about 18 per cent in 2003. in a similar manner, the NPAs ratio in Indonesia declined by about 30 percentage points from about 49 per cent in 1998 to 19 per cent in 2003.

## **3.2 MICRO ANALYSIS**

### **GROWTH FACTORS**

Several factors have contributed to the rapid growth of NBFCs in India. Comprehensive regulation of the banking system and the absence or relatively lower degree of regulation of NBFCs on the other hand has a significant contribution to this development.

Recognizing the importance of the NBFCs sector and the need to integrate it with the main stream financial system, the RBI has taken steps from time to time for the regulation of NBFCs. Experience over the last three decades has shown that earlier regulations covered only the deposit taking activities of NBFCs without adequately covering aspects of functional diversity of these companies and expanding intermediation by them. Various committees which went in to these aspects, strongly recommended that there should be an appropriate regulatory frame work for NBFCs and that more powers should be vested with RBI to regulate them in an effective manner.

Further a high level of customer orientation, fewer pre-sanction and post-sanction requirements, faster sanctions and simple and speedy tailor made services assures them a loyal clientele not withstanding higher costs. Besides the higher returns

offered by NBFCs drew a large number of small depositors to them. They work like quasi banks and provide funds to sectors where a credit gap exists. NBFCs have become an accepted and integral part of the Indian financial system which did experiment with direct finance to the transport to this sector, withdrew and settled for indirect finance to this sector through NBFCs which had a better recovery machinery or experience.

Finance companies offer a broad range of services to meet the needs of corporate and individuals. Some of them have, through subsidiaries, taken up stock broking and mutual fund business. The government has permitted external commercial borrowing and foreign investments in activities of NBFCs not only to explore opportunities but even to survive. While bank credit to NBFCs has been rising, the pace of increase in the banks total exposure to this sector has been slow as compared to credit expansion to other sectors of economy. This can be attributed to certain adverse developments in the industry in the recent past. This can be attributed to certain adverse developments in the industry in the recent past. This has also had effect of increasing the share of unsecured deposits in the portfolio of NBFCs.

## **CHAPTER-4**

# **DATA ANALYSIS AND INTERPRETATION**

## CHAPTER-4

### DATA ANALYSIS AND INTERPRETATION

**TABLE 4.1**

<b>AGE</b>	<b>Frequency</b>	<b>Percent</b>
20-30	9	12.5
31-40	25	34.7
41-50	24	33.3
51 and above	14	19.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

#### **INTERPRETATION:**

From the above table it can be observed that 34.7 % of the customers are belong to the age group 31-40, 33.4 % of customers belong to 41-50, 19.4 % of the customers belong to 51 & above and 12.5 % of them belong to the group 20-30.

**TABLE 4.2**

<b>NATURE</b>	<b>Frequency</b>	<b>Percent</b>
Sole proprietor	56	77.8
Partnership	16	22.2
<b>Total</b>	<b>72</b>	<b>100.0</b>

## INTERPRETATION:

From the above table it can be observed that 77.8% of the customers are belong to the nature sole proprietor and 22.2 % of customers belong to the nature partnership business

**TABLE 4.3**

ASSET VALUE	Frequency	Percent
20 cr	4	5.6
10 cr	13	18.1
12 cr	2	2.8
15 cr	7	9.7
18 cr	1	1.4
2 cr	3	4.2
20 cr	4	5.6
20 L	1	1.4
25 cr	1	1.4
3 cr	4	5.6
30 L	1	1.4
35 L	1	1.4
4 cr	3	4.2
40 L	1	1.4
5 cr	18	25.0
50 L	2	2.8
6 cr	2	2.8
60 L	1	1.4
7 cr	1	1.4
70 L	1	1.4
75 L	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

### **INTERPRETATION:**

From the above table it can be observed that 25 % (majority) of the customers possess the asset value 5 cr and 1.4 % of customers possess the asset value 75 L

**TABLE 4.4**

<b>LOAN AVAILED</b>	<b>Frequency</b>	<b>Percent</b>
no	27	37.5
yes	45	62.5
<b>Total</b>	<b>72</b>	<b>100.0</b>

### **INTERPRETATION:**

From the above table it can be observed that 62.5 % of the customers are availing loan for the first time, 37.5% of the customers are already associated with financial institution.

**TABLE 4.5**

<b>FI NAME</b>	<b>Frequency</b>	<b>Percent</b>
Corp Bank	4	5.6
Corp Bank, ICICI	1	1.4
HDFC	7	9.7
HDFC, INDUS	1	1.4
ICICI	14	19.4
ICICI, ASK LEY	3	4.2
ICICI, CB	3	4.2
ICICI, HDFC	1	1.4
ICICI, INDUS	1	1.4
ICICI, KOTAK	5	6.9
Indian Bank	1	1.4
Indian Bank, ICICI	4	5.6
INDUS	14	19.4
INDUS, ICICI	5	6.9
KOTAK	1	1.4
KOTAK, ICICI	2	2.8
SUN	3	4.2
SUN, CB	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 19.4% (majority) of the customers are associated with Indusind bank, 1.4 % of the customers are associated with Kotak Mahindra.

**TABLE 4.6**

<b>EXPERIENCE IN MONTHS</b>	<b>Frequency</b>	<b>Percent</b>
8	2	2.8
9	1	1.4
12	17	23.6
15	1	1.4
18	1	1.4
24	11	15.3
30	1	1.4
36	19	26.4
48	7	9.7
60	9	12.5
70	1	1.4
85	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 26.4% (majority) of the customers has an experience of 36 months and 1.4% (minority) of the customers has an experience of 9 months.

**TABLE 4.7**

<b>KNOWLEDGE</b>	<b>Frequency</b>	<b>Percent</b>
family	17	23.6
Agents	15	20.8
Friends	35	48.6
Media	3	4.2
Hoardings	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 48.6% of the customers gained the knowledge about financial instuition through Friends, 23.6% are through Family, 20.8 % are through Agents, 4.2 % are through Media and 2.8% are through Hordings.

**TABLE 4.8**

<b>LOAN IN %</b>	<b>Frequency</b>	<b>Percent</b>
50.0%	4	5.6
60.0%	16	22.2
65.0%	2	2.8
70.0%	13	18.1
75.0%	10	13.9
80.0%	25	34.7
85.0%	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

## **INTERPRETATION:**

From the above table it can be observed that 34.7% (majority) of the customers got 80% of their loan in Financial Intuitions and 2.8%(minority) of the customers got 85% of their loan in Financial Intuitions

**TABLE 4.9**

<b>LOAN IN %</b>	<b>Frequency</b>	<b>Percent</b>
15.0%	2	2.8
20.0%	25	34.7
25.0%	10	13.9
30.0%	14	19.4
35.0%	2	2.8
40.0%	16	22.2
50.0%	3	4.2
<b>Total</b>	<b>72</b>	<b>100.0</b>

## **INTERPRETATION:**

From the above table it can be observed that 34.7% (majority) of the customers used 20% of their of their own fund and 2.8% (minority) of the customers used 15% of their of their own fund.

**TABLE 4.10**

<b>EMI</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	21	29.2
Satisfied	30	41.7
Neutral	20	27.8
Dissatisfied	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 42.7 % of the customers are satisfied with EMI, 29.2 % are very much satisfied, 27.8 % are neutral and 1.4 % are dissatisfied.

**TABLE 4.11**

<b>CUSTOMER SERICE</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	8	11.1
Satisfied	43	59.7
Neural	17	23.6
Dissatisfied	4	5.6
<b>Total</b>	<b>72</b>	<b>100.0</b>

## **INTERPRETATION:**

From the above table it can be observed that 59.7% of the customers are satisfied with EMI, 11.1% are very much satisfied, 23.6% are neutral and 5.6% are dissatisfied.

**TABLE 4.12**

<b>INTREST RATE</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	12	16.7
Satisfied	30	41.7
Neutral	30	41.7
<b>Total</b>	<b>72</b>	<b>100.0</b>

## **INTERPRETATION:**

From the above table it can be observed that 41.7% of the customers are satisfied with EMI, 16.7% are very much satisfied, 41.7% are neutral

**TABLE 4.13**

<b>SECURITY</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	13	18.1
Satisfied	41	56.9
Neutral	13	18.1
Dissatisfied	5	6.9
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 56.9% of the customers are satisfied with EMI, 18.1% are very much satisfied, 18.1% are neutral and 6.9% are dissatisfied.

**TABLE 4.14**

<b>REPAYMENT TIME</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	18	25.0
Satisfied	35	48.6
Neutral	15	20.8
Dissatisfied	4	5.6
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 48.6% of the customers are satisfied with EMI, 25.0% are very much satisfied, 20.8% are neutral and 5.6% are dissatisfied.

**TABLE 4.15**

<b>SANCTION TIME</b>	<b>Frequency</b>	<b>Percent</b>
V.M.Satisfied	22	30.6
Satisfied	34	47.2
Neutral	15	20.8
Dissatisfied	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 47.2% of the customers are satisfied with EMI, 30.6% are very much satisfied, 30.6% are neutral and 1.4% are dissatisfied.

**TABLE 4.16**

<b>PROCEDURE</b>	<b>Frequency</b>	<b>Percent</b>
Satisfied	46	63.9
Neutral	12	16.7
Dissatisfied	14	19.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 63.9% of the customers are satisfied with EMI, 16.7% are neutral and 19.4% are dissatisfied.

**TABLE 4.17**

<b>UPDATING CUCTOMER</b>	<b>Frequency</b>	<b>Percent</b>
Satisfied	41	56.9
Neutral	27	37.5
Dissatisfied	4	5.6
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 56.9% of the customers are satisfied with EMI, 37.5% are neutral and 5.6% are dissatisfied.

**TABLE 4.18**

<b>DISSCOUNT SCHEMES</b>	<b>Frequency</b>	<b>Percent</b>
Satisfied	19	26.4
Neutral	37	51.4
Dissatisfied	16	22.2
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 26.4% of the customers are satisfied with EMI, 51.4 % are neutral and 22.2 % are dissatisfied.

**TABLE 4.19**

<b>OTHER FORMALITIE</b>	<b>Frequency</b>	<b>Percent</b>
Satisfied	27	37.5
Neutral	44	61.1
Dissatisfied	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 37.5 % of the customers are satisfied with EMI, 61.1 % are neutral and 1.4 % are dissatisfied.

**TABLE 4.20**

<b>ABILITY ( Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	30	47.6
2	14	22.2
3	5	7.9
4	12	19
5	2	3.1
<b>Total</b>	<b>63</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 47.6 % of the customers rank 1, 22.2% of them rank 2, 7.9% of them rank 3, 1.9% of them rank 4, 3.1 of them rank 5

**TABLE 4.21**

<b>RENT (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
<b>1</b>	16	57.1
<b>2</b>	4	14.2
<b>3</b>	3	10.7
<b>5</b>	5	17.8
<b>Total</b>	<b>28</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 57.1 % of the customers rank 1, 14.2% of them rank 2, 10.7% of them rank 3, 17.8 of them rank 5

**TABLE 4.22**

<b>MANAGERIAL ABILITY (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
<b>1</b>	4	10.2
<b>2</b>	13	33.3
<b>3</b>	9	23
<b>4</b>	5	12.8
<b>5</b>	8	20.5
<b>Total</b>	<b>39</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 10.2% of the customer's rank 1, 33.3% of them ranks 2, 23% of them ranks 3, 12.8% of them rank 4, 20.5% of them rank 5

**TABLE 4.23**

<b>PERFORMANCE (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	10	16.1
2	12	19.3
3	20	32.2
4	16	25.8
5	4	8
<b>Total</b>	<b>62</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 16.1% of the customers rank 1, 19.3% of them rank 2, 32.2% of them rank 3, 25.8% of them rank 4, 8% of them rank 5

**TABLE 4.24**

<b>LESS MAIN.COST (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
2	8	17.7
3	10	22.2
4	16	35.5
5	11	24.4
<b>Total</b>	<b>45</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 17.7% of them rank 2, 22.2% of them rank 3, 35.5% of them rank 4, 24.4% of them rank 5

**TABLE 4.25**

<b>LESS OPER.COST (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	2	6.25
3	7	21.8
4	7	21.8
5	16	50
<b>Total</b>	<b>32</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 6.25% of the customers rank 1, 21.8% of them rank 3, 21.8% of them rank 4, 50% of them rank 5

**TABLE 4.26**

<b>ECONOMIC CONDITION (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	2	13.3
2	1	6.6
3	2	13.3
5	10	66.6
<b>Total</b>	<b>15</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 13.3 % of the customers rank 1, 6.6% of them rank 2, 13.3% of them rank 3, 66.6% of them rank 5

**TABLE 4.27**

<b>NETWORK (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	5	26.3
3	4	21
4	7	36.8
5	3	15.7
<b>Total</b>	<b>19</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 26.3 % of the customers rank 1, 21% of them rank 3, 36.8% of them rank 4, 15.7% of them rank 5

**TABLE 4.28**

<b>FIN. STABILITY (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
1	4	14.8
2	14	51.8
3	8	29.6
5	1	3.7
<b>Total</b>	<b>27</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 14.8% of the customers rank 1, 51.8% of them rank 2, 29.6% of them rank 3, 3.7% of them rank 5

**TABLE 4.29**

<b>WORK LOAD (Rank)</b>	<b>Frequency</b>	<b>Percent</b>
2	9	36
3	4	16
4	4	16
5	8	32
<b>Total</b>	<b>25</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 36% of them rank 2, 16% of them rank 3, 16% of them rank 4, 32% of them rank 5

**TABLE 4.30**

<b>RECOMMENDATION</b>	<b>Frequency</b>	<b>Percent</b>
ICICI	15	20.8
INDUSIND	24	33.3
HDFC	19	26.4
TATA	9	12.5
SUNDARAM	5	6.9
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed that 33.3% of the customers recommend IndusInd.

**TABLE 4.31**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>New Equip 1</b>	31	58.4	14	51.8	11	28	9	47.3	6	16.6
<b>2</b>	17	32	4	14.8	15	20	6	31.5	25	69.4
<b>3</b>	5	9.4	9	33.3	11	51	4	21	5	13.8
<b>Total</b>	<b>53</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>19</b>	<b>100</b>		<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 58.4 % of the customer prefer ICICI, 51.8% prefer HDFC, 28% prefer Kotak and 16.6% prefer IndusInd.

**TABLE 4.32**

<b>Factors</b>	<b>ICICI</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>		<b>Sakthi finance ltd.,</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Used Equip 1</b>	17	56.6	5	19.2	7	38.8	11	32.3	3	18.7
<b>2</b>	5	16.6	3	11.5	4	22.2	20	58.8	3	18.7
<b>3</b>	8	26.6	18	69.2	7	38.8	3	8.8	10	62.6
<b>Total</b>	<b>30</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>16</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 56.6 % of the customer prefer ICICI, 19.2% prefer Kotak , 38.8% prefer Cent.Bank,32.3 % prefer IndusInd and 18.7% prefer SFL

**TABLE 4.33**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Cent Bank</b>		<b>Indus</b>		<b>Others (please specify)</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Interest rates 1</b>	22	57.8	7	29.1	6	40	30	81	6	66.6
<b>2</b>	16	42.1	17	70.8	9	60	7	18.9	3	33.3
<b>Total</b>	<b>38</b>	<b>100</b>	<b>24</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 57.8 % of the customer prefer ICICI, 29.1% prefer HDFC, 40% prefer Cent.Bank 16.6% prefer IndusInd and 66.6% prefer others

**TABLE 4.34**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Col Security 1</b>	17	48.5	3	20	10	40	9	75	26	78.7
<b>2</b>	18	51.4	12	80	15	60	3	25	7	21.2
<b>Total</b>	<b>35</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>33</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 48.5 % of the customer prefer ICICI, 20% prefer HDFC, 40% prefer Kotak, 75% prefer Cent.Bank and 78.7% prefer IndusInd.

**TABLE 4.35**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Indus</b>		<b>Others (please specify)</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Credit limit 1</b>	32	91.4	11	73.3	19	57.5	3	33.3
<b>2</b>	3	8.5	4	26.6	14	42.4	6	66.6
<b>Total</b>	<b>35</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>33</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 91.4 % of the customer prefer ICICI, 73.3% prefer HDFC, 57.5% prefer IndusInd and 33.3 prefer others.

**TABLE 4.36**

<b>Factor s</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>		<b>Others (please specify)</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Faster Disb 1</b>	29	76.3	8	73	2	14.2	3	33	19	51	3	33.3
<b>2</b>	9	23.6	4	26	1	85.7	6	66	18	48	6	66.6
<b>Total</b>	<b>38</b>	<b>100</b>	<b>9</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>9</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 76.3 % of the customer prefer ICICI, 73% prefer HDFC, 14.2% prefer Kotak, 51% prefer IndusInd, 33% prefer Cent.Bank and 33.3% prefer others.

**TABLE 4.37**

<b>Factors</b>	<b>ICICI</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Repay time 1</b>	24	68.5	3	14.2	6	50	23	67.6
<b>2</b>	11	31.4	18	85.7	6	50	11	32.3
<b>Total</b>	<b>35</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>34</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 68.5 % of the customer prefer ICICI, 50% prefer Cent.Bank, 14.2% prefer Kotak and 67.6% prefer IndusInd.

**TABLE 4.38**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Sun finance</b>		<b>Indus</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Cust service 1</b>	18	47.3	11	73.3	3	18.1	3	50	27	90
<b>2</b>	20	52.6	4	26.6	13	81.2	3	50	3	10
<b>Total</b>	<b>38</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>30</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 47.3 % of the customer prefer ICICI, 73.3% prefer HDFC, 18.1% prefer Kotak, 50% prefer Sundaram finance and 90% prefer IndusInd.

**TABLE 4.39**

Factors	ICICI		HDFC		Cent Bank		Indus		Others (please specify)	
	F	%	F	%	F	%	F	%	F	%
<b>EMI 1</b>	25	65.7	11	73.3	3	33.3	26	70.2	3	33.3
<b>2</b>	13	34.2	4	26.6	6	66.6	11	29.7	6	66.6
<b>Total</b>	<b>38</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>9</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 65.7 % of the customer prefer ICICI, 73.3% prefer HDFC, 33.3% prefer Cent.Bank and 33.3% prefer IndusInd.

**TABLE 4.40**

<b>Factors</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Flex. In repay 1</b>	19	50	3	20	16	64	6	40	18	60
<b>2</b>	19	50	12	80	9	36	9	60	12	40
<b>Total</b>	<b>38</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>30</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 50 % of the customer prefer ICICI, 20% prefer HDFC, 64% prefer Kotak, 40% prefer Cent.Bank and 60% prefer IndusInd.

**TABLE 4.41**

<b>Factor s</b>	<b>ICICI</b>		<b>HDFC</b>		<b>Kotak</b>		<b>Indus</b>		<b>Others (please specify)</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Easy Appro 1</b>	25	65.7	7	46.6	19	76	14	46.6	3	33.3
<b>2</b>	13	34.2	8	53.3	6	24	16	53.3	6	66.6
<b>Total</b>	<b>38</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 65.7 % of the customer prefer ICICI, 46.6% prefer HDFC, 76% prefer Kotak,46.6% prefer IndusInd, 33.3% prefer others.

**TABLE 4.42**

Factor	ICICI		HDFC		Kotak		Cent Bank		Indus	
	F	%	F	%	F	%	F	%	F	%
<b>Less Proce 1</b>	20	57.1	3	12.5	7	43. 7	6	50	17	56.6
<b>2</b>	15	42.8	21	87.5	9	56. 2	6	50	13	43.3
<b>Total</b>	<b>35</b>	<b>100</b>	<b>24</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>30</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 57.1 % of the customer prefer ICICI, 12.5% prefer HDFC, 43% prefer Kotak, 50% prefer Cent Bank and 56.6% prefer IndusInd.

**TABLE 4.43**

Factor	ICICI		HDFC		Kotak		Cent Bank		Sun finance		Indus	
	F	%	F	%	F	%	F	%	F	%	F	%
<b>% of Loan 1</b>	22	57.8	7	46.	3	18.7	6	50	3	50	21	7
<b>2</b>	16	43.3	8	53.3	13	81.2	6	50	3	50	9	30
<b>Total</b>	38	100	15	100	16	100	12	100	6	100	30	100

**INTERPRETATION:**

From the above table it can be observed that 57.8 % of the customer prefer ICICI, 46% prefer HDFC, 18.7% prefer Kotak, 50 prefer Cent Bank, 50% prefer Sundaram finance and 7% prefer IndusInd.



P-2417

**TABLE 4.44**

<b>Factors</b>	<b>ICICI</b>		<b>Kotak</b>		<b>Cent Bank</b>		<b>Indus</b>		<b>Others (please specify)</b>	
	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>
<b>Relax Models 1</b>	15	53.5	3	25	9	75	10	71.4	3	33.3
<b>2</b>	13	46.4	9	75	3	25	4	28.5	6	66.6
<b>Total</b>	<b>28</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>9</b>	<b>100</b>

**INTERPRETATION:**

From the above table it can be observed that 53.5 % of the customer prefer ICICI, 25% prefer HDFC, 75% prefer Cent Bank, 33.3% prefer Others and 71.4% prefer IndusInd.

**TABLE 4.45**

<b>MODE</b>	<b>Frequency</b>	<b>Percent</b>
<b>Purchasing</b>	30	42.3
<b>Hiring</b>	36	50.7
<b>Both</b>	5	7.0
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION:**

From the above table it can be observed 42.3% of the customers prefer Purchasing, 50.7% prefer Hiring and 7% prefer both.

**TABLE 4.46**

<b>FIN T&amp;D</b>	<b>Frequency</b>	<b>Percent</b>
<b>HDFC</b>	61	85.9
<b>ICICI</b>	10	14.1
<b>Total</b>	<b>71</b>	<b>100</b>

**TABLE 4.47**

<b>FIN EXCAV</b>	<b>Frequency</b>	<b>Percent</b>
<b>HDFC</b>	16	22.5
<b>ICICI</b>	18	25.3
<b>INDUS</b>	19	26.8
<b>KOTAK</b>	16	25.5
<b>SFL</b>	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.48**

<b>FIN CRA</b>	<b>Frequency</b>	<b>Percent</b>
<b>INDUS</b>	62	87.3
<b>ICICI</b>	6	8.5
<b>KOTAK</b>	3	4.2
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.49**

<b>FIN CONST</b>	<b>Frequency</b>	<b>Percent</b>
<b>CB</b>	71	98.6
<b>ICICI</b>	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.50**

<b>FIN OTHERS</b>	<b>Frequency</b>	<b>Percent</b>
<b>INDUS</b>	65	91.5
<b>CB</b>	3	4.2
<b>Corp Bank</b>	3	4.2
<b>Total</b>	<b>72</b>	<b>100.0</b>

## **INTERPRETATION**

From the above table it can be observed 85.9% of the customers prefer HDFC for T&D, 26% of the customers prefer INDUSIND for Excav, 87.3% of the customer prefer INDUSIND for Crane, 98.6% of the customer prefer CB, 91.5% of the customer prefer INDUSIND for others.

**TABLE 4.51**

<b>LOAN AVAILED T&amp;D</b>	<b>Frequency</b>	<b>Percent</b>
<b>10 L</b>	70	98.6
<b>5 L</b>	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.52**

<b>LOAN AVAILED EXCAV</b>	<b>Frequency</b>	<b>Percent</b>
<b>3</b>	13	18.3
<b>10 L</b>	7	9.9
<b>11 L</b>	3	4.2
<b>5 L</b>	16	22.5
<b>4 L</b>	1	1.4
<b>6 L</b>	8	11.3
<b>7 L</b>	9	12.7
<b>8 L</b>	5	7.0
<b>9 L</b>	9	12.7
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.53**

<b>LOAN AVAILED CRA</b>	<b>Frequency</b>	<b>Percent</b>
<b>4 L</b>	64	90.1
<b>5 L</b>	2	2.8
<b>7 L</b>	1	1.4
<b>8 L</b>	3	4.2
<b>9 L</b>	1	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.54**

<b>LOAN AVAILED CONST</b>	<b>Frequency</b>	<b>Percent</b>
<b>8 L</b>	70	98.6
<b>6 L</b>	2	1.4
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.55**

<b>LOAN AVAILED OTHERS</b>	<b>Frequency</b>	<b>Percent</b>
5 L	65	91.5
6 L	2	2.8
7 L	1	1.4
8 L	1	1.4
9 L	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION**

From the above table it can be observed 98.5% of loan is availed for T&D, 22% for excavator, 90.1% for crane, 98.6% for construction equipment, 91.5% for others

**TABLE 4.56**

<b>LOAN PAID EXCAV</b>	<b>Frequency</b>	<b>Percent</b>
90000	13	18.3
1 L	7	9.9
1.5 L	2	2.8
2 L	21	29.6
2.5 L	3	4.2
3 L	17	23.9
4 L	8	11.3
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.57**

<b>LOAN PAID CRA</b>	<b>Frequency</b>	<b>Percent</b>
<b>1 L</b>	64	90.1
<b>2 L</b>	2	2.8
<b>2.5 L</b>	1	1.4
<b>3 L</b>	2	2.8
<b>4 L</b>	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**TABLE 4.58**

<b>LOAN PAID OTHERS</b>	<b>Frequency</b>	<b>Percent</b>
<b>2 L</b>	65	91.5
<b>3 L</b>	4	5.6
<b>4 L</b>	2	2.8
<b>Total</b>	<b>72</b>	<b>100.0</b>

**INTERPRETATION**

From the above table it can be observed 29% of loan is paid for excavator, 90.1% for crane, 91.5% for others

**TABLE 4.59**

<b>EMI EXCAV</b>	<b>Frequency</b>	<b>Percent</b>
<b>10000</b>	4	5.6
<b>20000</b>	10	14.1
<b>25000</b>	11	15.5
<b>30000</b>	27	38.0
<b>35000</b>	10	12.3
<b>45000</b>	10	12.3
<b>Total</b>	<b>72</b>	<b>100</b>

**TABLE 4.60**

<b>EMI CRA</b>	<b>Frequency</b>	<b>Percent</b>
<b>20000</b>	11	21.4
<b>25000</b>	22	30.8
<b>30000</b>	42	52.8
<b>40000</b>	2	2.8
<b>Total</b>	<b>72</b>	<b>100</b>

**TABLE 4.61**

<b>EMI OTHER</b>	<b>Frequency</b>	<b>Percent</b>
<b>20000</b>	<b>1</b>	<b>1.4</b>
<b>30000</b>	<b>21</b>	<b>14.2</b>
<b>40000</b>	<b>50</b>	<b>22.8</b>
<b>Total</b>	<b>72</b>	<b>100</b>

**INTERPRETATION**

From the above table it can be observed 38% of EMI is paid for excavator 52% for crane, 22.8% for others

**CHAPTER-5**

**CONCLUSION**

## CHAPTER-5

### CONCLUSION

### FINDINGS AND SUGGESTIONS

#### 5.1 FINDINGS

- It is found that 34.7% of the customers belong to the age group between 31-40
- It is found that 77.8% of the customers belong to the nature of sole proprietorship
- It is found that 25% of the customers own 5 cr as their asset value
- It is found that 62.5 % of the customers avail loans for the first time
- It is found that 19.4% of the customers are banking with Indusind ( Maximum number of customers)
- It is found that 26.4% of the customers are associated for a period of 36 months
- It is found that 48.6% of the customers became aware of the financial Intuitions through their friends
- It is found that 34.7% of the customers got 80% of their loan from financial intuitions
- It is found that 34.7% of the customers invested 20% of their own fund in purchase of infrastructure equipment
- EMI, Customer service, Interest rates, service, repaying time, sanctioning time, procedures, updating customers, and special schemes are in satisfactory level.
- It is found that 33.3% of the customers are recommending Indusind for the purpose of equipment loan
- ICICI stands first in preference in view of their customer relationship management, interest rate and EMI
- It is found that 50.7% customers recommend Hiring of equipment

## **5.2 SUGGESTIONS**

- Financial institutions can introduce special schemes, for repeat application for loans, special services and customer free training schemes.
- Advertisements through media can be promoted for the awareness of the customers

**ANNEXTURE**

## QUESTIONNAIRE

1. Age:

- 20-30 years   
 31-40 years   
 41-50 years   
 51 and above

2. What is the nature of your business?

- Sole proprietor                     
 Partnership   
 Private Ltd  
 Joint Stock Company               
 Public Ltd

3. Which category of contractors you belong to?

- Category A                     
 Category B   
 Hiring  
 Category C                     
 Captive       
 Others

4. Details of contracts executed 2006-2007.

Nature of Contracts	Name of the Contract	Volume Of Work	Period (months)	Expenses	Income
Road work contracts		(km)			
Earth work contracts		(m3)			
Construction Works		(sq ft)			

5. What is the net profit of the business for past 3 years?

	Road work (Rs)	Earth Work (Rs)	Construction work (Rs)	Others (Rs)	Hirers (Rs)
2006-2007					
2005-2006					
2004-2005					

6. What is the total value of the assets of your business?

-----

7. Do you give sub-contracts?

Yes     No

8. If yes, give the number and percentage of sub-contracts?

Contracts	Number	Percentage
Road work contractors		
Earth work contractors		
Construction		
Hiring		
FTU/ FTB		

9. Rank the reasons for sub-contracting?

Reasons	Rank
Shortage of time	
Shortage of labour	
Shortage of Equipments	
Shortage of capital	
Others	

10. Is this the first time you are availing loan from financial institution?

Yes

No

11. Mention the name of the financial institution and also the number of years you have been associated with the institution?

-----

12. How did you come to know about the financial institution?

Family

Friends

Hoardings

Agents

Media

Others

13. Sources of loan in %

Institution	%
Financial institution	
Own funds	
Others	

14. Mark your satisfaction level regarding your dealings with the financial institution:

Factors	Very much satisfied	Satisfied	Neutral	Dissatisfied	Very much dissatisfied
EMI					
Customer service					
Interest rates					
Securities					
Repayment time					

Sanctioning time					
Procedures					
Updating customers					
Discount schemes					
Other formalities					

15. Rank the key factors behind the survival and profitability of your business? (Top 5)

Factors	Rank	Factors	Rank
Ability to get contracts		General economic conditions	
Rent of the equipment/EMI		Networking	
Managerial ability		Financial stability	
Performance of the equipment		Continuous work load	
Less maintenance cost		Availability of operators	
Less operational cost		Others	
Service Availability			





es										
ation										
ing										
s										
s										

20. Which of the following mode of ownership is more profitable?

Purchasing     Hiring     Both

21. Furnish the required detail

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
Financed by							
<u>Status (in Rs.)/mach</u>							
a) Loan availed							
b) Loan paid							
c) EMI							

22. Rank the application of equipments (top 3).

Purpose	Tippers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
IT parks							
Airports							

Bridges							
Roads							
Dams							
Canals							
Real estates							
Others							

23. Do you have any idea of purchasing new equipments in future?

Equipments	Yes	If yes, Number	No
Tippers & Dumpers			
Backhoe Loaders			
Excavators			
Cranes			
Road Equipments			
Construction machinery			
Others			

24. When it comes to reinvesting which equipment do you prefer? Please rank. (Top 3)

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
Rank							

25. Rank the reasons for re-investing? (Top 3)

Factors	Rank	Factors	Rank
Demand		Availability of finance	
More income		Project requirement	
Expansion		Others	
Low maintenance cost			

26. How many times do you service your equipment per year?

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
Number							
Amount(avg)							

27. Where do you service your equipments / spare parts?

-----  
 ---

28. Equipment you usually look for hiring.

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
Make							
Hiring Charges/ hr							

29. Give the details regarding the equipment replaced.

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
placed							
of years of age							
price agent							
the part of							

30. In case of hiring, what is your income & expenditure for the period hired (per month/mach)?

	Tippers & Dumpers	Backhoe loaders	Excavators	Cranes	Road Equipments	Construction machinery	Others
Income							
Expenditure							

## **BIBLIOGRAPHY**

## **BIBLIOGRAPHY**

### **Books:**

1. Statistics for Management by Richard I. Levin, David S. Rubin
2. Research Methodology by Kothari
3. Research Methodology in Management by P.P. Arya and Yesh Pal
4. Research Methods for Business by Uma Sekaran (2003)
5. An Introduction To Multivariate Statistical Analysis By T.W. Anderson

### **Websites:**

1. [www.wikipedia.com](http://www.wikipedia.com)
2. [www.rbi.in](http://www.rbi.in)
3. [www.sakthifinance.com](http://www.sakthifinance.com)
4. [www.moneycontrol.com](http://www.moneycontrol.com)
5. [www.indiabudget.nia.in](http://www.indiabudget.nia.in)