



Research Paper

## Perception of borrowers in Chennai towards personal loans in NBFCs

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**ABSTRACT:** Personal loan market in India is growing by leaps and bounds. Undoubtedly the NBFCs continue to grow in the Personal Loan segment in volume terms. The aim of this study was to study the perception of borrowers towards personal loans in NBFCs. The focus of the study was on the expectations and satisfaction level of borrowers in Chennai. The survey was conducted using a structured questionnaire. The population consists of borrowers of personal loans, from Chennai, in NBFCs only. The sample size is 94. The analysis of the collected data was done by help of SPSS and presented using descriptive statistics, frequency tables, percentages, pie charts and bar charts. Although most the borrowers are aware of the policies and procedures of NBFCs, their expectations are only partially satisfied. It was evident that NBFCs satisfy most of the borrowers who are in the lower income category, majorly working in private sectors. Suggestions were made to expand the awareness among people from other working sectors too. The borrowers seemed to be extremely satisfied with the time taken to approve their loans although they found the interest rates to be high.

**KEYWORD:** Personal loans, NBFC, Borrowers, Perception and Chennai

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### I. INTRODUCTION

#### 1.1 INDUSTRY PROFILE

##### 1.1.1 NON BANKING FINANCIAL COMPANIES (NBFCs)

NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy. They help fill the gaps in the availability of financial services that otherwise occur in the unbanked & the underserved areas. NBFCs account for 12.3% assets of the total financial system.

An NBFC is defined in terms of the RBI Act 1934 as a company registered under the Companies Act 1956 engaged in granting loans/advances or in the acquisition of shares/securities, etc. or hire purchase finance or insurance business or chit fund activities or lending in any manner provided the principal business of such a company does not constitute any non-financial activities such as (a) agricultural operations (b) industrial activity (c) trading in goods (other than securities) (d) providing services (e) purchase, construction or sale of immovable property.

The NBFC segment has witnessed considerable growth in the last few years and is now being recognised as complementary to the banking sector due to implementation of innovative marketing strategies, introduction of tailor-made products, customer-oriented services, attractive rates of return on deposits and simplified procedures, etc.

NBFCs have been at the forefront of catering to the financial needs and creating livelihood sources of the some masses in the rural and semi-urban areas. Through strong linkage at the grassroots level, they have created a medium of reach and communication and are very effectively serving this segment. Thus, NBFCs have all the key characteristics to enable the government and regulator to achieve the mission of financial inclusion in the given time.

### 1.1.2 TYPES OF NBFCs

NBFCs have been classified on the basis of the kind of liabilities they access, the type of activities they pursue, and of their perceived systemic importance.

- **Liabilities based classification**

NBFCs are classified on the basis of liabilities into two categories, viz, Category ‘A’ companies, (NBFCs having public deposits or NBFCs-D), and Category ‘B’ companies, (NBFCs not having public deposits or NBFCs-ND).

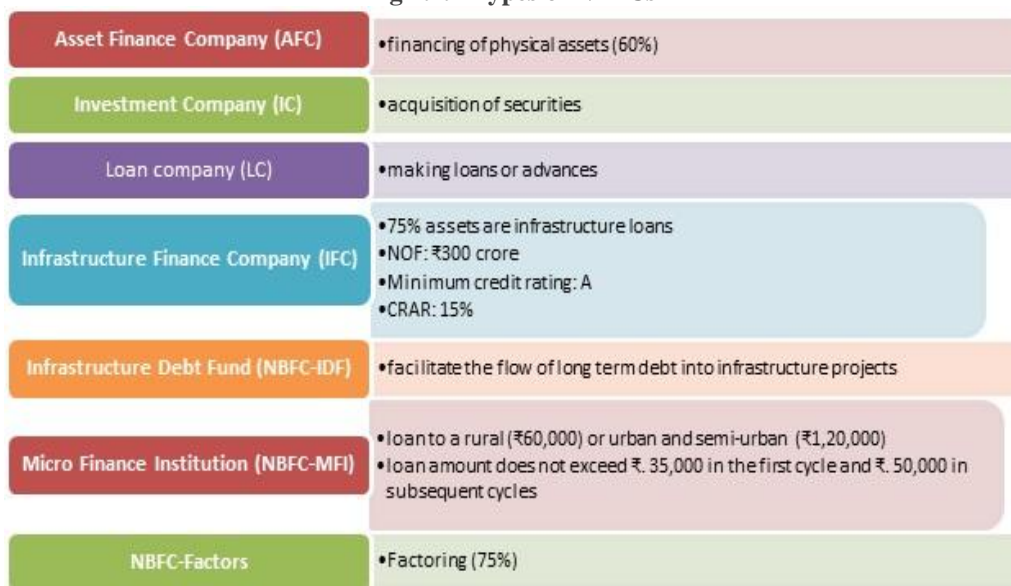
- **Activity Based Classification**

NBFCs are classified in terms of activities into five categories, viz., Loan Companies (LCs), Investment Companies (ICs), Asset Finance Companies (AFCs), Infrastructure Finance Companies (IFCs) and Systemically Important Core Investment Companies (CICs-ND-SI).

- **Size Based Classification**

Non-deposit taking NBFCs with assets of Rs. 100 crore and above were labelled as Systemically Important Non-Deposit taking NBFCs (NBFCs-ND-SI), and prudential regulations such as capital adequacy requirements, exposure norms along with, reporting requirements were made applicable to them.

Fig 1.1.1 Types of NBFCs



Source: enterslice.com

### 1.1.3 MARKET SIZE OF IT INDUSTRY

As per the RBI, 12,159 NBFCs were registered with India as on 31<sup>st</sup> January 2014. Out of these, 244 are registered NBFCs permitted to accept Public Deposits.

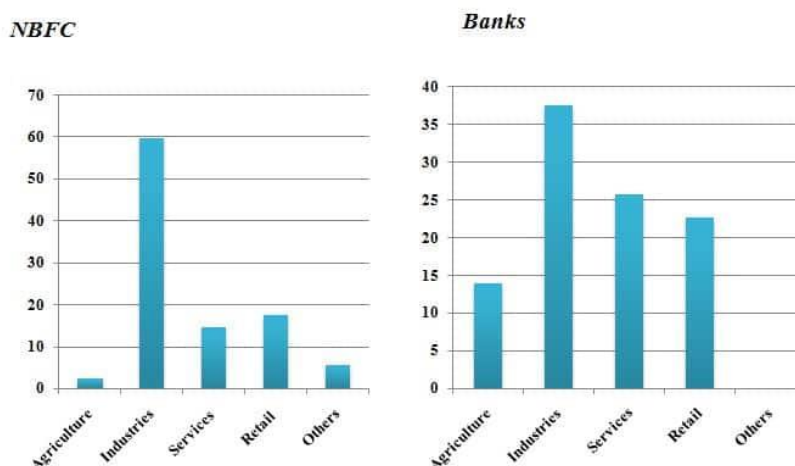
As of April 2013, the NBFCs had an asset base greater than INR 6500 billion. The NBFCs have around 12.3% assets of the total financial system.

Figure 1.1.2 Market Size



Source: enterslice.com

**Fig 1.1.3 Credit distribution-NBFCs vs Banks**



Source: nelito.com

#### 1.1.4 MAJOR PLAYERS OF NBFCs IN INDIA

**Table 1.1.1 Major Players**

| NBFCs List  | “Total Income (Rs mn)” |
|---|------------------------|
| Power Finance Corporation Limited                     | 267377.4               |
| Rural Electrification Corporation Limited             | 224403.1               |
| Bajaj Finance Limited                                 | 133292.2               |
| Shriram Transport Finance Company Limited             | 122768.3               |
| Indian Railway Finance Corporation Limited            | 110202.32              |
| Mahindra & Mahindra Financial Services Limited        | 72061.2                |
| HDB Financial Services Limited                        | 70619.9                |
| Muthoot Finance Limited                               | 62432                  |
| Cholamandalam Investment and Finance Company Limited  | 54257.6                |
| L&T Finance Limited (erstwhile Family Credit Limited) | 52460                  |
| Shriram City Union Finance Limited                    | 51015.7                |
| Tata Capital Financial Services Limited               | 45553.7                |
| Aditya Birla Finance Limited                          | 44800                  |
| India Infrastructure Finance Company Limited          | 38364.4                |
| Capital First Limited                                 | 36282.5                |

Source: eletsonline.com

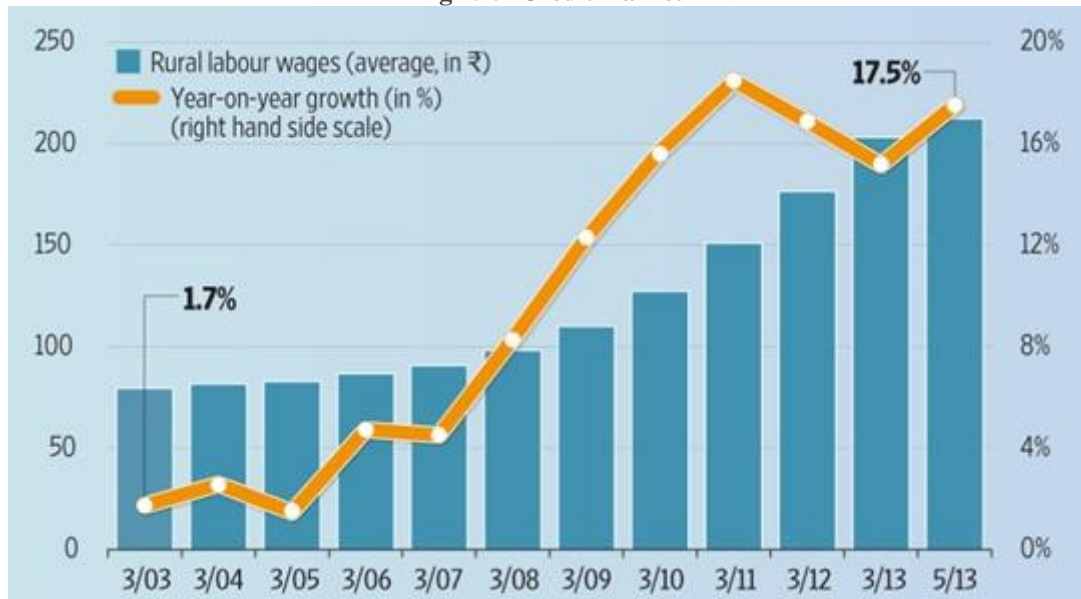
#### 1.1.5 KEY GROWTH DRIVERS

Rural wage growth is increasing, which will rural growth. Also, good monsoons last years and the current general elections will increase spending in rural areas. This in turn may lead to growth in vehicle and gold loans from NBFCs.

Growing consumer credit market

Consumer credit market is promoted to increase by 67% from 2013 to 2020

Fig 1.1.4 Credit market



Source:reviewsexp.com

**Product innovation:** NBFCs are building organised pre-owned CV (commercial vehicle) segment, which is largely untouched by banks. NBFCs also finance more than 80 % of equipment leasing and hire purchase activities in India. They currently have 70% market share in CV finance.

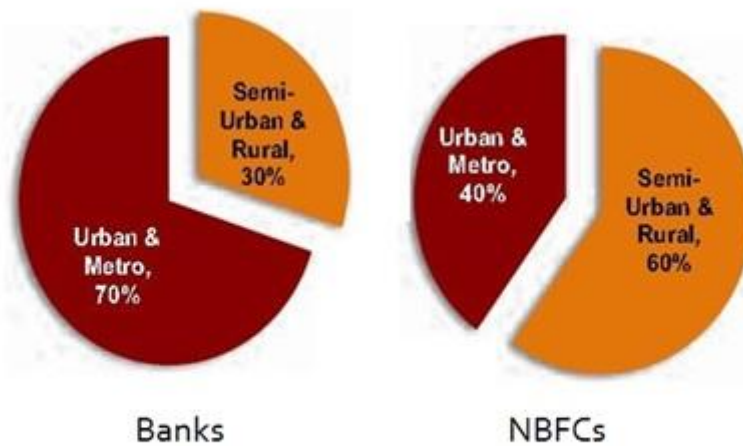
Another example of product innovation was creation of an Islamic banking NBFC firm in Kerala last August.

**Product customization:** NBFCs structure monthly instalments while accounting for the seasonality of cash flows in construction equipment loans.

Use for fostering financial inclusion:

Focus of NBFCs is on rural segment, Small and middle enterprises (SMEs) and Microfinance NBFCs constitute almost 76% of the Rs. 120 billion microfinance industry in India. NBFCs have a large rural network. The sector has been recognised as complementary of banking system by introducing diversification in the financial sector, simplified sanction procedures, flexibility and timeliness in meeting the credit needs.

Fig 1.1.5 Segment share of NBFCs and banks in retail finance



Segment share of NBFCs and banks in retail finance

Source: pwc.in/assets

### 1.1.6 CONCLUSION

NBFCs have emerged as an integral part of the Indian financial system by catering to the credit needs in under-served areas and unbanked customers. NBFCs will play a crucial role in the growth of the Indian

economy. They already form the financial back bone of Small & Medium Enterprises, and as rural consumption is set to scale up, NBFCs can fully capitalize on the opportunities. Though NBFCs have the rural network of branches and established rural customer base, their raison d'être may be threatened by new banks entering the rural areas.

#### **1.1.7 ADVANTAGES**

- Can provide loans and credit facilities
- Can trade in money market instruments
- Can do wealth management such as managing portfolios of stocks and shares
- Can underwrite stock and shares and other obligations
- NBFCs are the last resorts of borrowing; NBFCs are there where banks are not there
- NBFCs are the largest propellants of ushering finance into the country
- Agility is very important for NBFCs as it sets the banks apart. Banks function slower as compared to the NBFCs
- The use of modern methods by NBFCs has overcome key challenges that had overwhelmed conventional lending. NBFCs have made great use of technological advancements like the use of mobile phones and the internet which has helped in making information easily accessible anytime anywhere. It has reduced the demand and reliance on bank branches
- Technology is not only at the head of banking and financial services, but also an increasingly digitized India has underpinned the rise of NBFCs. Digitalization has given NBFCs the ability to present multiple choices and reach the larger audience at quicker pace. This indirectly gives rise to larger NBFCs
- Combination of partnership and database helps in increasing penetration of financial inclusion. To reach large numbers of customers successfully, and minimize risks, NBFCs have forged partnerships including the government to use their database and identify customer worthiness. Thus lending has been productive
- Another major advantage of NBFCs is the ground level understanding of their customers profile and the need for their credit, which gives them an edge, as their ability to customize their products according to client needs

#### **1.1.8 LIMITATIONS**

- NBFCs cannot accept demand deposits as it falls within the realm of activity of commercial banks
- An NBFC is not a part of the payment and settlement system and as such an NBFC cannot issue cheques drawn on itself
- Deposit insurance facility is not available for NBFC depositors unlike in case of banks
- All NBFCs cannot accept deposits; only some can. Only those NBFCs holding a valid Certificate of Registration with authorization to accept Public Deposits can accept/hold public deposits
- The regulatory mechanism for NBFCs is stringent

### **1.2 COMPANY PROFILE**

Aditya Birla Capital Limited (ABCL) is a part of the Aditya Birla Group, is an Indian multinational conglomerate, headquartered in Worli, Mumbai, India, an US\$ 44.3 billion Indian multinational, in the league of Fortune 500.

Anchored by an extraordinary force of over 120,000 employees, belonging to 42 nationalities, the Aditya Birla Group operates in 35 countries across the globe.

Aditya Birla Finance Limited (ABFL) is among the leading well-diversified financial services company in India offering end-to-end lending, financing and wealth management solutions to a diversified range of customers across the country. ABFL is registered with RBI as a systemically important non-deposit accepting non-banking financial company (NBFC)

For the Quarter ended couple of years back, ABFL's loan book has reached Rs. 493 billion. Along with its growth, ABFL has maintained healthy asset quality with GNPA (Gross NPA) at 1.17 percent. This is reflected in its long-term credit rating of AAA (Stable) by ICRA and AAA (Stable) by India Ratings, Perpetual debt credit rating of AA+ (Stable) by ICRA and AA+ (Stable) by India Ratings (Stable) and short-term credit rating of A1+ by ICRA & India Ratings.

ABFL caters to the varied needs of diverse set of customers ranging across retail, HNI, ultra HNI, micro enterprises, SME, mid and large corporates. ABFL offers customized solutions in areas of personal and business loans, corporate finance, mortgages, capital market-based lending, project loans, structured finance, wealth management and digital lending, debt capital markets and syndication.

It is a Non-govt company, incorporated on 28 Aug, 1991. It's a public unlisted company and is classified as 'company limited by shares'.

Aditya Birla Finance Limited is majorly in Finance business from last 30 years and currently, company operations are active.

ABFL offers the following solutions:

#### **Aditya Birla Personal Loan**

ABFL offers personal loans to cover a personal financial emergency. It is a type of unsecured loan offered to salaried individuals with good credit scores at a fixed rate of interest. Applicants can also apply jointly with a co-borrower in order to improve the chances of approval. Flexible loan tenure and multiple repayment options make ABFL personal loan a great option to cover immediate financial requirement. Maximum personal loan of ₹ 50 Lakh can be availed from Aditya Birla Finance Limited.

ABFL has divided its personal loan offerings into two parts- below 5 Lakh and above 5 Lakh. If you wish to take a personal loan below 5 Lakh, you can go to the instant personal loan segment. This is a completely paperless procedure and does not require any documentation for sanction; complete application process can be carried out online. Tenure can range from 12 months to 36 months. ABFL provides online approval on loans less than ₹ 5 Lakh in just 30 minutes.

#### **Aditya Birla Housing Finance**

Aditya Birla Housing Finance Limited is, in fact, a separate company under ABCL that caters to the housing finance needs of retail customers. The types of loans offered by ABHF include home purchase loan, home extension loan, home improvement loan, home construction loan, plot purchase loan, etc. Apart from these, ABHF also offers balance transfer facility to the customers under which they can transfer other bank's home loan into Aditya Birla Home Loan.

#### **Aditya Birla SME Finance**

Aditya Birla Finance Limited also offers loans to Small and Medium Enterprises (SME) to meet their working capital needs or to fund any expansion of the business. Financial solutions are offered in the form of unsecured business loan, line of credit, working capital demand loan, secured business loan and supply chain financing. Business loans are offered to SMEs on floating rates of interest. For loans of tenure longer than 12 months, Long Term Reference Rate (LTRR) is taken as a benchmark and for loans up to 12 months tenure, Short Term Reference Rate (STRR) is the benchmark. SME loans aim at providing the financial elasticity to small and medium scale organizations so that they can grow without any hassle.

#### **Aditya Birla Finance- Loan against Securities**

This is another financial solution extended by Aditya Birla Finance to small and large businesses. These organizations need fund inflow to meet an emergency or to extend the horizons of its business. As the name suggests, Loan against Securities would require assets to be pledged as collateral security. ABFL offers loan against shares, mutual funds and life insurance policy. Apart from this, it also ventures into ESOP Financing, IPO Financing, Margin Trade Funding and Promoter Funding. The rates of interest on these loans are decided on the basis of Short Term Reference Rate (STRR) or Long Term Reference Rate (LTRR), based on the loan type and tenure.

#### **Aditya Birla Real Estate Finance**

Under this segment, Aditya Birla Finance offers property related financial help to retail customers as well as to the businesses. Loan against property is one such offering which helps the borrowers meet sudden financial needs by putting their property as collateral. By taking this loan you can get the much needed funds without having to sell your property. Residential, commercial and industrial properties can be pledged as collateral and the loan proceeds can be used for personal as well as business needs.

Other types of real estate financial solutions by ABFL include Construction Finance, Lease Rental Discounting and Loan for Purchase of Commercial Property. The three of these can be taken to meet the long-term as well as short-term needs of a retail borrower or a business. ABFL also offers loans to construction companies/real estate developers to overcome a financial hurdle and complete their real estate project.

#### **Aditya Birla Corporate Finance**

ABFL also offers financial solutions to large-scale corporates to help them scale up their operations to improve functionality and profitability. This may be provided to the corporates in the form of term loans, working capital loans, project finance or structured finance.

- Term Loans can be taken for short-term or long-term and are usually secured in nature.
- Project Finance usually concerns the infrastructure development sector to help them cover the costs of a mid-sized project.
- Structured Finance is a customized financial solution for long-term working capital needs. Cash Flow Backed Loans, Bridge Loans, PE Exit Solution and Acquisition Funding are a few types of Structured Finance by ABFL.

Long-term and Short-Term Reference Rates will be taken as the benchmark at the time of deciding the interest rates on any of these loans.

### **1.3 PERSONAL LOANS**

An increasing number of consumers are now taking personal loans for their purchases, especially the big-ticket ones. They are also converting their purchases into equated monthly installments (EMIs).

Personal loans help the households meet any shortfall they experience in buying a house or a car, in children's higher education, or even in cases of medical contingencies, among other things.

Simply put, it is an unsecured loan taken by individuals from a bank or a non-banking financial company (NBFC) to meet their personal needs. It is provided on the basis of key criteria such as income level, credit and employment history, repayment capacity, etc.

Unlike a home or a car loan, a personal loan is not secured against any asset. As it is unsecured and the borrower does not put up collateral like gold or property to avail it, the lender, in case of a default, cannot auction anything you own. The interest rates on personal loans are higher than those on home, car or gold loans because of the greater perceived risk when sanctioning them.

Personal loans are also useful when it comes to investing in business, fixing your car, down payment of new house.

Purpose can be used for any personal financial need and the bank will not monitor its use. It can be utilized for renovating your home, marriage-related expenses, a family vacation, your child's education, purchasing latest electronic gadgets or home appliances, meeting unexpected medical expenses or any other emergencies.

Eligibility: Although it varies from NBFC to NBFC, the general criteria include your age, occupation, income, capacity to repay the loan and place of residence.

To avail of a personal loan, you must have a regular income source, whether you are a salaried individual, self-employed business person or a professional. An individual's eligibility is also affected by the company he is employed with, his credit history, etc.

**Maximum loan duration**

It can be 1 to 5 years or 12 to 60 months. Shorter or longer tenures may be allowed on a case by case basis, but it is rare.

**Disbursal of loan amount**

Typically, it gets disbursed within 7 working days of the loan application to the lender. Once approved, you may either receive an account payee cheque/draft equal to the loan amount or get the money deposited automatically into your savings account electronically.

**How much can one borrow?**

It usually depends on your income and varies based on whether you are salaried or self-employed. Usually, the NBFCs restrict the loan amount such that your EMI isn't more than 40-50% of your monthly income.

Any existing loans that are being serviced by the applicant are also considered when calculating the personal loan amount.

Low EMI offers can typically result from a long repayment term, a low interest rate, or a combination of the two factors. Thus, sometimes, you may end up paying more interest to your lender if you choose low EMIs. So use online tools like the personal loan EMI calculator to find out your interest payout over the loan tenure and your repayment capacity before taking a call.

#### **Rates**

Being unsecured loans, personal loans have a higher interest rate than those on secured 'home and car' loans. At present, many leading banks and NBFCs offer such loans at interest rates of as low as 11.49%. However, the rate applicable to a borrower is contingent on key factors, including credit score, income level, loan amount and tenure, previous relationship (savings account, loans or credit cards) with the lender, etc.

#### **Extra charge payable**

Yes. In addition to the interest payable on the principal amount, there is a non-refundable charge on applying for a personal loan. The lender charges processing fees, usually 1-2% of the loan principal, to take care of any paperwork that needs to be processed as part of the application process. The lender may waive this charge if you have a long-term association with him.

#### **Fixed or floating interest rates**

For a fixed rate personal loan, the EMIs remain fixed. Floating rate means the EMIs keep decreasing as it follows the reducing balance method of calculating interest payout on a personal loan. As per the new Marginal Cost of Funds based Lending Rate (MCLR) rules, floating rates may be changed either on a half-yearly or annually.

#### **1.4 NEED FOR THE STUDY**

- Financial sector in India is expanding many folds and thus the need for the study arose with the entry of new companies coming up with new services every other day in the personal loan products too.
- People require immediate cash for various reasons. Increase in the avenues of spending has triggered off a good market for personal loans.
- Thus this study is initiated to study the personal loan market, increase the lending of loans, and understand the expectations of borrowers.

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

- The study is focused on nearly 100 borrowers from Chennai who show interest on availing personal loans.
- Also the location of the borrowers is from the metro city, where personal loan market is at hype, it does not cover upcountry locations.
- The study covers credit policy and perception study but excludes any financial data. It focuses more on the borrower's perception with respect to the overall service provided by NBFCs with personal loan products.

#### **1.6 OBJECTIVES OF THE STUDY**

##### **1.6.1 PRIMARY OBJECTIVE**

- To study the personal loan market in the country in NBFCs
- To study the perception of borrowers towards personal loans.

##### **1.6.2 SECONDARY OBJECTIVES**

- To understand the working of the product in NBFCs
- To study the borrower profile of personal loans, their expectations, satisfaction level in the NBFC sector
- To provide suggestions to increase the lending rate in personal loan section.

## **II. LITERATURE REVIEW**

### **1)Adhikari, Anand (2016)- Waiting for a crisis, p14-15. 2p**

The article focuses on the growth of unsecured credit in India by 20% in 2015 as reported by the Reserve Bank of India (RBI). Topics include how this is driven by loans for consumer durables and personal loans, why non-banking finance companies (NBFCs) are tapping the potential in these unsecured loans as their consumer credit shrunk since year 2000, and how lenders are coming up with new ways of ensuring fewer defaults. It also notes the rise in retail lending in the e-commerce space.

### **2)Dezsó, Linda(2012)- Lenders' blind trust and borrowers' blind spots: A descriptive investigation of personal loans, *EquityBites (M2)***

271 individuals were surveyed about their experiences with personal loans. Beyond the objective characteristics of the loans (e.g., whether interest was charged), and the purpose of the loan, we tested – and found support for – two main predictions: (1) at recall and evaluation of loans would be subject to a self-serving bias such that borrowers would, for example, recall having paid back a larger proportion of the loan, and (2) that loans, and particularly those not paid off by the agreed upon date, would have pernicious effects on the personal relationship between lender and borrower. Furthermore, we found that borrowers have a blind spot when it comes to recognizing the negative feelings and perceptions evoked in lenders by delinquent loan repayment.

### **3) PR Newswire(2013)-Survey shows many borrowers use personal loans responsibly, Vol. 17 Issue 18, p134-137**

The survey published this month by the Community Financial Services Association of America (CFSA) showed that ninety-five percent of borrowers see payday loans as a safety net in times of financial emergencies. The survey was conducted over the phone targeting customers of store-front loan companies. The survey contradicts the general negative media perception of the industry, with some states even calling for a total nationwide ban on payday loans. But the survey conducted by CFSA, a non-profit organization of legitimate lenders that advocate for better lending practices in the country, shows the positive side of the coin and, more interestingly, by people who are directly impacted by these loans: the borrowers, especially those with poor credit. The website theplatform. This indicates how payday loans can help these people repair their credit, granted they use the loan responsibly. Still, the issue remains that the loan business is replete with questionable lenders, if not outright scammers, as well as legitimate lending agencies.



**4) Benston, George J(1977)- The impact of maturity regulation on high interest rate lenders and borrowers, *FRPT- M&A Snapshot*. 7/19/1977, p16-16**

The study shows that the State of Maine recently imposed an additional regulation on the maturity of small loans offered by finance companies, presumably to protect the consumer. They effectively restricted the maturity of these high interest rate loans to 36 months. Within five years, the number of licensees (finance company offices) declined from 116 to 24. Within another five years, all of these lenders had completely ceased operations. Hypotheses on the effect and value to consumers of the regulation are stated operationally and tested empirically. This study includes estimation of the loan companies' cost function, (accounting) profit rates and output and a survey of the individuals directly affected by the demise of the companies. The analysis indicates (1) that the maturity restriction made ordinary operations unprofitable, (2) why this occurred, and (3) that half of the consumers did not obtain funds elsewhere.

**5) Macheel, Tanaya(2015)- Smaller Loans Cost Borrowers More, Zillow Finds, *Library Journal*. 8/1/1984, Vol. 109 Issue 13, p1387. 1/5p**

Small loan amounts are offered at more expensive rates than those of higher amounts, according to an analysis of loan requests and quotes on Zillow Mortgages. This study threw lights on the focus to be given by lenders towards low loan amount borrowers as they are the most needy ones.

**6) Acharya, Viral V(2013)- The growth of a shadow banking system in emerging markets, *Journal of Library*, Vol. 3 Issue 3/4, p182-191. 10p**

The study focuses on the determinants of the growth of those non-deposit taking non-bank financial corporations (NBFCs) which are regarded by the Reserve Bank of India as being systemically important and have grown substantially in India over the past decade are studied. We document that bank lending to NBFCs (i) forms a significant proportion of the NBFC liabilities; (ii) fluctuates in line with bank allocation to priority lending sectors; (iii) decreases as the banks expand in the rural areas relative to urban areas; but, (iv) is virtually non-existent for the largest state-owned bank, namely State Bank of India (SBI) and its affiliates which have significant rural branch network. Starting with the financial crisis of Fall 2008, bank lending to NBFCs experienced a permanent contraction shock related to the shift of term deposits toward SBI away from other banks. These bank-NBFC linkages are present primarily for, and affect the credit growth of, those NBFCs that do loans or asset financing but not the investment companies. Overall, the findings suggest that in contrast to the prevailing views of shadow banking in the Western economies, lending to NBFCs in India is viewed by banks as a substitute for direct lending in the non-urban areas of the Indian economy, but this substitution is constrained by distortions in bank deposit flows due to the perceived differential government support of different banking groups

**7) Saurabh Jhalaria(2017)- Non-bank finance firms cash in on Indian lenders' bad loan pain, *Wall Street Journal (Online)*. 7/1/2017, p1. 1p**

The article reports on opportunity to ramp up lending for non-banking financial companies (NBFCs) with the struggle of Indian banks with bad loans, increase in interest of investors in NBFCs and views of Saurabh Jhalaria of Incred on plans to disburse credit. Areas of improvement were evident and better insights were obtained.

**8) A.G.Hareesh kumar, Thomas paul(2016)-Maturity transformation practices by NBFCs in India, *Wall Street Journal (Online)*. 7/1/2016, p1. 1p**

This study shows that maturity transformation is a vital element in a strong financial system. Traditionally, it was the prime responsibility of commercial banks to engage in the process of maturity transformation. However, the global financial crisis and its consequences led to an increase in the number of non-banking financial companies (NBFCs). India also experienced the variant styles of maturity transformation by NBFCs. Here, recent practices of NBFCs are analysed with the data of two major NBFCs in Kerala. Under the loosened regulations, NBFCs tend to shorten the maturity.

**9) Long, Dallas(2009)-Designing a delivery service for remote borrowers, *Wall Street Journal (Online)*. 7/1/2009, p1. 1p**

This article documents the development of delivery services of library materials to remote borrowers at Milner Library, Illinois State University. Responding to a university mandate and guidelines for distance learning authored by the Association of College and Research Libraries, the Access Services librarians at Milner Library investigated the various types of borrowers at Illinois State University who require borrowing locally held materials for delivery to addresses geographically distant from the campus. The Access Services librarians subsequently developed policies and workflow for identifying requests from remote borrowers and supplying their needs for library materials.

**10)Trak.in. (2014)- Late Payment of Phone Bills Can Prove Very Costly As CIBIL Expanding Profiling Base, *Finance Snapshot*. 5/23/2014, p33-34. 2p**

The article presents information on the expansion of the profiling database of borrowers by the Credit Information Bureau (India) Limited (CIBIL). Topics include the impact of a person's late payments of utility bills on his credit history, the development of vertical procedures for Micro Finance Institutions, and non-banking finance companies (NBFCs). It also mentions the increasing number of young professionals who are availing of loans and credit.

**11)Adhikari, Anand(2008)-Sitting on a time bomb, *Journal of Information Technology*, Jun2008, Vol. 32 Issue 2, p127-146. 20p**

The article discusses the problems faced by various financial institutions in India. It cites on several leading non-banking finance companies (NBFCs) which had arbitrarily extended unsecured loans to high-risk, non-salaried borrowers who are facing massive delinquencies. According to the article, the country's banking sector escaped unhurt mainly because of its diversified portfolio of corporate, small and medium enterprises and retail assets.

### **III. RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

Research design is the plan, structure and strategy of investigation, conceived for as to obtain the answers to the research questions and to control the variance. A research design will typically include how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing the data collected.

##### **3.1.1 Descriptive Research**

The Research Design used in this project is Descriptive Research. A descriptive study is the one in which the information is collected without changing the environment. Sometimes these are referred to as "Correlation" or "Observational" studies. The Office of Human Research Protections (OHRP) defines a descriptive study as "Any study that is truly not experimental."

Descriptive Research is used to describe characteristics of a population or phenomenon being studied. It does not answer the questions about how/when/why the characteristic used to describe the situation or populations are usually some kind of categorical scheme also known as descriptive categories.

#### **3.2 SAMPLING DESIGN**

##### **3.2.1 Sampling Method**

The sampling method used in this study is NON-PROBABILITY SAMPLING.

##### **3.2.2 Non-Probability Sampling**

It does not rely on randomization. This technique is more reliant on the researcher's ability to select elements for a sample. Outcome of sampling might be biased and makes difficult for all the elements of population to be part of the sample equally. This type of sampling is also known as non-random sampling.

##### **3.2.3 Convenience Sampling**

Convenience sampling is a non-probability sampling technique where samples are selected from the population only because they are conveniently available to researcher. These samples are selected only because they are easy to recruit and researcher did not consider selecting sample that represents the entire population.

##### **3.2.4 Sample Size**

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. The sample size for the study is 94 which is finalized through a pilot study.

##### **3.2.5 Pilot Study**

A pilot study is a research project that is conducted on a limited scale that allows researchers to get a clearer idea of what they want to know and how they can best find it out without the expense and effort of a full-fledged study. They are used commonly to try out survey questions and to refine research hypotheses.

#### **3.3 DATA COLLECTION**

Data collection is a systematic approach to gathering information from a variety of sources to get a complete and accurate picture of an area of interest. In general, responses are collected through two different sources. The sources of data collection are;

- Primary data collection
- Secondary data collection

### **3.3.1 Primary Data Collection**

Primary data is a type of information that is obtained directly from first-hand sources by means of surveys, observation or experimentation. It is data that has not been previously published and is derived from a new or original research study and collected at the source such as in mark.

Primary data collection tool used in this study is Questionnaire. In this study various questionnaire techniques are used and they are

- Close Ended Questions
- Open Ended Questions

#### **Close Ended Questions**

Close ended questions are just that direct questions that ask for specific pieces of information from a respondent. Close questions have their greatest value when we need to obtain facts and specific pieces of information. By their nature they limit the respondent field of choice and length of response. A closed-ended question is a question format that limits respondents with a list of answer choices from which they must choose to answer the question. Different types of closed ended questions used are,

- **Dichotomous type:** When a question has two possible responses, we consider it as DICHOTOMOUS TYPE. Surveys often use dichotomous questions that ask for Yes/No, True/False, Agree/Disagree.
- **Multiple Choice Questions:** Multiple choice questions are a type which has list of answer choices from which they must choose to answer the question.
- **Rating Questions:** A rating question asks survey respondents to compare different items using a common scale a question that asks the participant to position each property or object on a verbal, numeric, or graphic continuum. A rating scale is a set of categories designed to elicit information about a quantitative or a qualitative attribute.
- **Ranking Questions:** A measurement question that asks the participant to compare and order two or more objects or properties using a numeric scale. A ranking question asks survey respondents to compare a list of different objects to one another.

#### **Open Ended Questions:**

Open-ended questions are those questions that will solicit additional information from the inquirer, also called infinite response or unsaturated type questions. By definition, they are broad and require more than one or two word responses. An open ended question is a question that cannot be answered with a simple yes or no, or with only one or two words, where the person answering the question has to answer it in his, or her own words.

### **3.3.2 Secondary Data Collection**

Secondary data are those data that are gathered from existing company records such as policies, procedures, rules and other data Common sources of secondary data for social science include censuses, organizational records and data that is already available. For this study the data is collected through company profiles, websites, exit forms and company database.

## **3.4 DATA ANALYSIS TOOLS**

### **3.4.1. Descriptive Statistics**

Descriptive Statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with the simple graphics analysis, they form the basis of virtually every quantitative analysis of the data. Various techniques that are commonly used are classified as:

1. Graphical descriptions in which we use the Graphs to summarize the data
2. Tabular descriptions in which we use tables to summarize the data
3. Summary statistics in which we calculate certain values to summarize the data.

### **3.4.2 Percentage Analysis**

In this project percentage method test was used. The percentage method is to know the accurate percentage of the data we took, it is easy to graph out through the percentages. The following are the formula

$$\text{Percentage of Respondent} = \frac{\text{No of Respondent}}{\text{Total number of respondents}} \times 100 \quad (3.1)$$

From the above formula, we can get percentage of the data given by the respondents.

### **3.4.3. Chi- Square Test**

Chi-square is a parametric test. The chi-square is the application of testing the significance difference between observed and expected values. Test of goodness of fit are used when we want to determine whether an actual simple distribution matches a known theoretical distribution.

$$\chi^2 = \sum_{i=1}^y \sum_{j=1}^l \frac{(O_{i,j} - E_{i,j})^2}{E_{i,j}} \quad (3.2)$$

$\chi^2$  = Chi-Square test of Independence.

$O_{i,j}$  = Observed value of two nominal variables for the Chi-Square test of Independence.

E<sub>i,j</sub>= Expected value of two nominal variables for the Chi-Square test of Independence.

**3.4.4 Kruskal Wallis H Test:**

A non- parametric method for one way analysis of variance used to determine if three or more samples originate from the same distribution. The Kruskal Wallis test essentially a standard one way analysis of variance, with ranks assigned to the data points replacing the data points themselves, and is applicable to more than sample groups.

The formula for Kruskal Wallis H test is,

$$H_{\chi}^2 = \frac{12}{n(n+1)} [R_1^2/n_1 + R_2^2/n_2 + R_3^2/n_3] - 3(n+1) \quad (3.3)$$

Where

- R<sub>1</sub> = R<sub>2</sub> = R<sub>3</sub> = Ranks assigned to the variables
- n<sub>1</sub> = n<sub>2</sub> = n<sub>3</sub> = No of respondents in each variables
- n = Total No of respondents

**3.4.5 Mann-Whitney U Test**

Mann-Whitney U test is the non-parametric alternative test to the independent sample t-test. It is a non-parametric test that is used to compare two sample means that come from the same population, and used to test whether two sample means are equal or not. Usually, the Mann-Whitney U test is used when the data is ordinal or when the assumptions of the t-test are not met.

The formula for Mann-Whitney U test is;

$$U = n_1 * n_2 + n_1(n_2 + 1) / 2 - \sum R_i \quad (3.4)$$

**3.4.6 Correlation Test**

Correlation is a statistical technique that can show whether and how strongly pairs of variables are related. Correlation is used to test relationships between quantitative variables or categorical variables. The main result of a correlation is called the correlation coefficient (or "r"). It ranges from -1.0 to +1.0. The closer r is to +1 or -1, the more closely the two variables are related.

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}} \quad (3.4)$$

Where n= sample size and x & y = are the individual sample points.

**IV. DATA ANALYSIS AND INTERPRETATIONS**

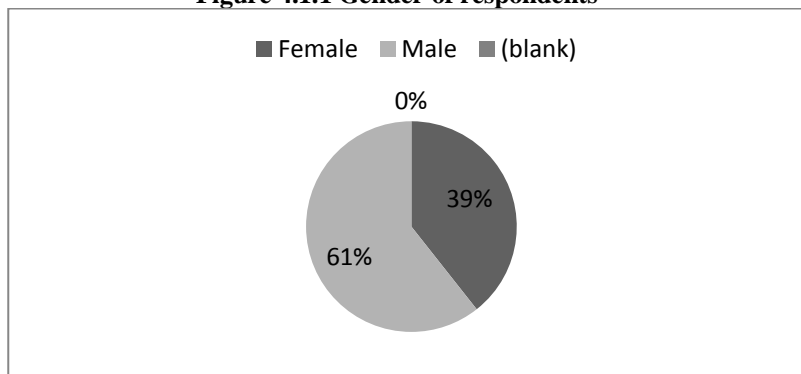
**4.1 PERCENTAGE ANALYSIS**

**4.1.1 GENDER OF RESPONDENTS**

**Table 4.1.1 Gender of respondents**

| S.No | Gender       | Count     | Percentage |
|------|--------------|-----------|------------|
| 1    | Female       | 37        | 39         |
| 2    | Male         | 57        | 61         |
|      | <b>Total</b> | <b>94</b> | <b>100</b> |

**Figure 4.1.1 Gender of respondents**



Source: questionnaire response

**INFERENCE**

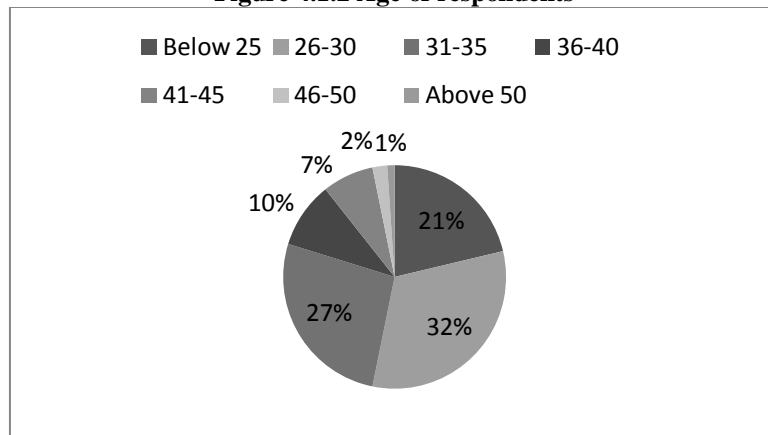
From the table 4.1.1, it is evident that 61% of the employees are male and 39% of the employees are female.

**4.1.2 AGE OF RESPONDENTS**

**Table 4.1.2 Age of respondents**

| S.No | Age Group    | Count     | Percentage |
|------|--------------|-----------|------------|
| 1    | Below 25     | 20        | 21         |
| 2    | 26-30        | 30        | 32         |
| 3    | 31-35        | 25        | 27         |
| 4    | 36-40        | 9         | 10         |
| 5    | 41-45        | 7         | 7          |
| 6    | 46-50        | 2         | 2          |
| 7    | Above 50     | 1         | 1          |
|      | <b>Total</b> | <b>94</b> | <b>100</b> |

**Figure 4.1.2 Age of respondents**



Source: questionnaire response

**INFERENCE**

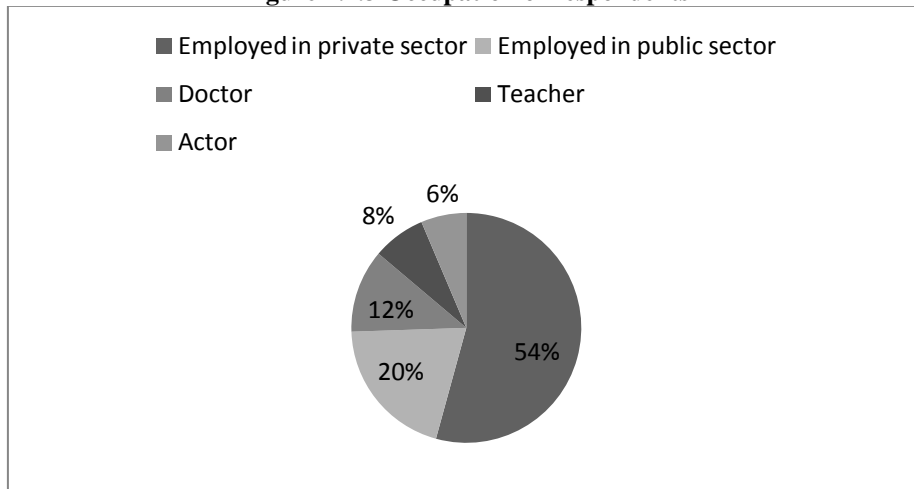
From the table 4.1.2, it is known that majority of borrowers belong to the age groups of (25-30yrs)-32%, (30-35yrs)-27% and (below 25yrs)-21%. It shows the demand among mid-generation people.

**4.1.3 OCCUPATION OF RESPONDENTS**

**Table 4.1.3 Occupation of respondents**

| S.No | Occupation                 | Count     | Percentage |
|------|----------------------------|-----------|------------|
| 1    | Employed in private sector | 51        | 54         |
| 2    | Employed in public sector  | 19        | 20         |
| 3    | Doctor                     | 11        | 12         |
| 4    | Teacher                    | 7         | 8          |
| 5    | Actor                      | 6         | 6          |
|      | <b>Total</b>               | <b>94</b> | <b>100</b> |

Figure 4.1.3 Occupation of respondents



Source: questionnaire response

**INFERENCE**

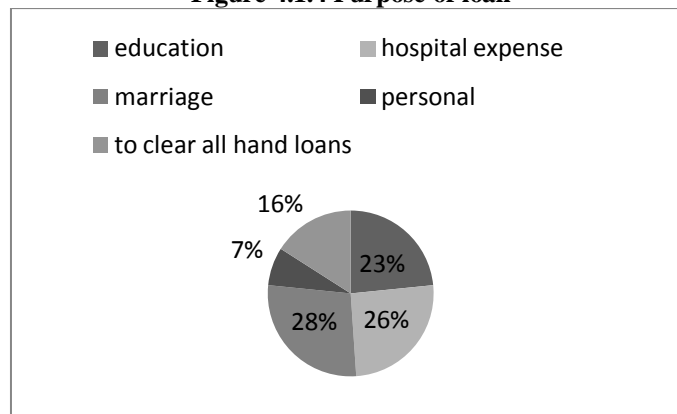
From the table 4.1.3, it is inferred that a majority (54%) of borrowers are employed in the private sector, 20% are employed in public sectors, 12% are doctors with their own hospitals, 8% are working as teachers and the remaining 6% are actors.

**4.1.4 PURPOSE OF APPLYING FOR LOAN**

Table 4.1.4 Purpose of loan

| S.No | Purpose             | Count     | Percentage |
|------|---------------------|-----------|------------|
| 1    | Marriage            | 26        | 28         |
| 2    | Education           | 22        | 23         |
| 3    | Hospital expenses   | 24        | 26         |
| 4    | To clear hand loans | 15        | 16         |
| 5    | Personal            | 7         | 7          |
|      | <b>Total</b>        | <b>94</b> | <b>100</b> |

Figure 4.1.4 Purpose of loan



Source: questionnaire response

**INFERENCE**

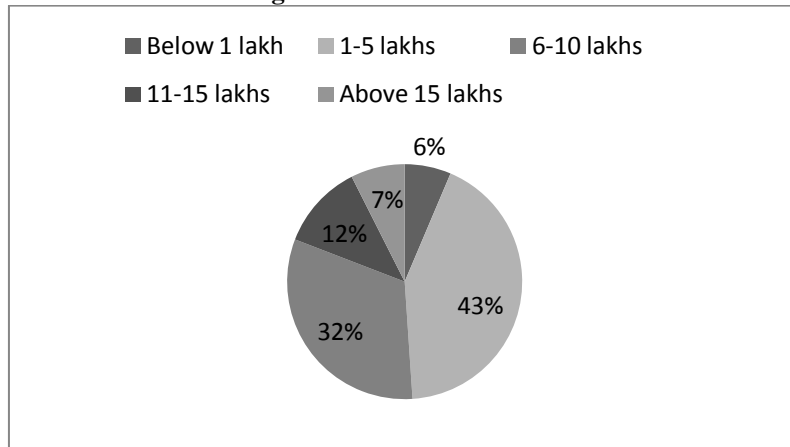
From the table 4.1.4, it is known that most of the borrowers apply loan for marriage expenses (28%), hospital expenses (26%) and educational expenses (23%). We can notice a significant percent of borrowers, take loans to clear their hand loans (15%).

1.1.5 ANNUAL INCOME

Table 4.1.5 Annual income

| S.No | Amount in lakhs | Count     | Percentage |
|------|-----------------|-----------|------------|
| 1    | Below 1         | 6         | 6          |
| 2    | 1-5             | 40        | 43         |
| 3    | 6-10            | 30        | 32         |
| 4    | 11-15           | 11        | 12         |
| 5    | Above 15        | 7         | 7          |
|      | <b>Total</b>    | <b>94</b> | <b>100</b> |

Figure 4.1.5 Annual income



Source: questionnaire response

INFERENCE

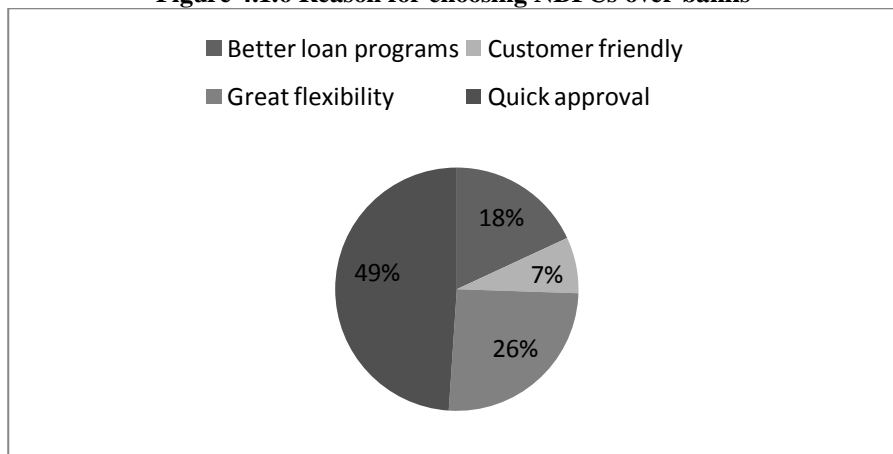
From the table 4.1.5, it is found that borrowers who would belong to the income group of 1-5 lakhs are the majority (43%), followed by 6-10 lakhs group with 32%, 12% from the 11-15 lakhs group of borrowers, 7% above 15 lakhs category and the least would be from the below 1 lakh category making 6% of the total borrowers.

4.1.6 REASON FOR CHOOSING NBFCs OVER BANKS

Table 4.1.6 Reason for choosing NBFCs over banks

| S.No | Reason               | Count     | Percentage |
|------|----------------------|-----------|------------|
| 1    | Better loan programs | 17        | 17         |
| 2    | Customer friendly    | 7         | 7          |
| 3    | Great flexibility    | 24        | 26         |
| 4    | Quick approval       | 46        | 50         |
|      | <b>Total</b>         | <b>94</b> | <b>100</b> |

Figure 4.1.6 Reason for choosing NBFCs over banks



Source: questionnaire response

**INFERENCE**

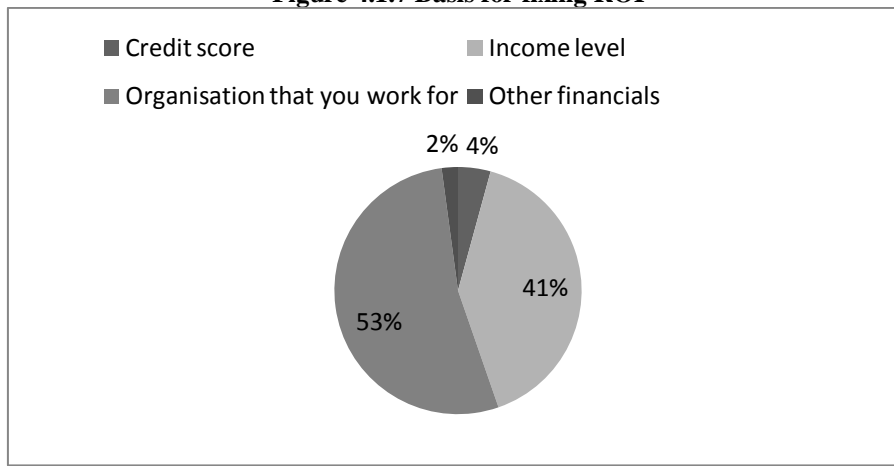
From the table 4.1.6, it is inferred that 50% of the respondents choose NBFCs for quick approval of loan, 26% think NBFCs have greater flexibility, 7% think there are better loan programs and the remaining 7% think it is customer friendly.

**4.1.7 BASIS FOR FIXING ROI**

**Table 4.1.7 Basis for fixing ROI**

| S.No | Factor                    | Count     | Percentage |
|------|---------------------------|-----------|------------|
| 1    | Credit score              | 4         | 4          |
| 2    | Income level              | 38        | 41         |
| 3    | Organisation you work for | 50        | 53         |
| 4    | Other financials          | 2         | 2          |
|      | <b>Total</b>              | <b>94</b> | <b>100</b> |

**Figure 4.1.7 Basis for fixing ROI**



Source: questionnaire response

**INFERENCE**

From the table 4.1.7, it is inferred that 53% of the borrowers know that the rate of interest is fixed based on the organisation that they work for, 41% think it is based on their income levels, 4% think it is based on their credit score and the remaining 2% think its based on other financials.

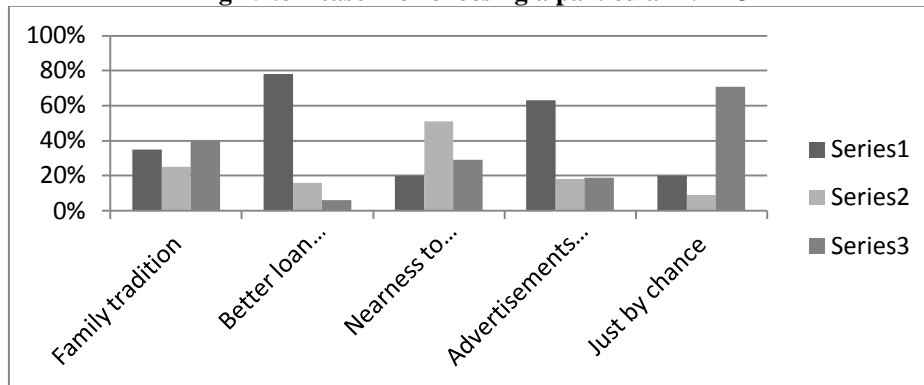
**4.1.8 REASONS FOR CHOOSING A PARTICULAR NBFC**

**Table 4.1.8 reasons for choosing a particular NBFC**

| S.No | Factors                  | Most preferred | Moderate | Least preferred |
|------|--------------------------|----------------|----------|-----------------|
| 1    | Family tradition         | 35             | 25       | 40              |
| 2    | Better loan programs     | 78             | 16       | 6               |
| 3    | Nearness to office/home  | 20             | 51       | 29              |
| 4    | Advertisement/commercial | 63             | 18       | 19              |
| 5    | Just by chance           | 20             | 9        | 71              |



Fig 4.1.8 Reason for choosing a particular NBFC



Source: questionnaire response

**INFERENCE**

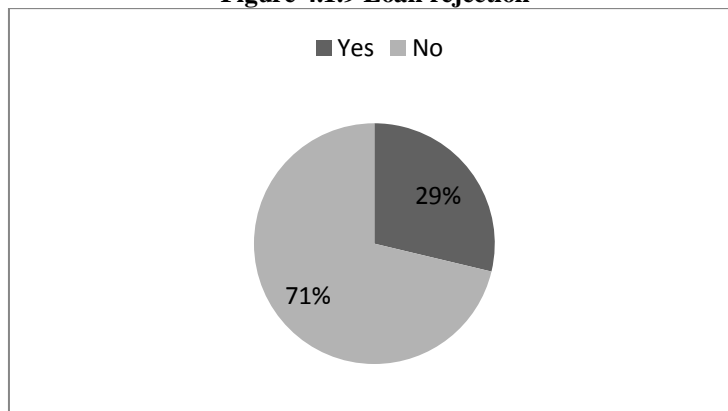
From the table 4.1.8, it is inferred that, Respondents have ranked 5 factors for choosing a particular NBFC of their choice. We can observe that the factor- better loan programs- is ranked the highest.

**4.1.9 LOAN REJECTION**

Table 4.1.9 Loan rejection

| S.No | Rejected     | Count     | Percentage |
|------|--------------|-----------|------------|
| 1    | Yes          | 27        | 28         |
| 2    | No           | 67        | 72         |
|      | <b>Total</b> | <b>94</b> | <b>100</b> |

Figure 4.1.9 Loan rejection



Source: questionnaire response

**INFERENCE**

Figure 4.1.9 depicts that 72% of the loans applied by borrowers are approved, 28% of borrowers face rejection since certain norms are not met by them.

**4.2 CHI SQUARE TESTS**

**4.2.1 ASSOCIATION BETWEEN ROI & BASIS FOR FIXING ROI AND OCCUPATION**

H<sub>0</sub> - There is no association between rate of interest & basis for fixing rate of interest and occupation

H<sub>a</sub> - There is an association between rate of interest & basis for fixing rate of interest and occupation

Table 4.2.1 association between ROI & basis for fixing ROI and occupation

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 58.711 <sup>a</sup> | 16 | .000                  |
| Likelihood Ratio             | 44.258              | 16 | .000                  |
| Linear-by-Linear Association | 12.295              | 1  | .000                  |

**Chi-Square Tests**

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 58.711 <sup>a</sup> | 16 | .000                  |
| Likelihood Ratio             | 44.258              | 16 | .000                  |
| Linear-by-Linear Association | 12.295              | 1  | .000                  |
| N of Valid Cases             | 94                  |    |                       |

**INFERENCE**

From the table 4.2.1, it is inferred that P value (0.000) is less than 0.05, so Alternative Hypothesis is accepted. Therefore, it is inferred that there is an association between rate of interest & basis for fixing rate of interest and the occupation.

**4.2.2 ASSOCIATION BETWEEN OCCUPATION AND LOAN PROCESSING TIME**

H<sub>0</sub> - There is no association between occupation and loan processing time  
 H<sub>a</sub> - There is an association between occupation and loan processing time

**Table 4.2.2 Association between occupation and loan processing time**

**Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 8.893 <sup>a</sup> | 16 | .918                  |
| Likelihood Ratio             | 10.603             | 16 | .833                  |
| Linear-by-Linear Association | 2.482              | 1  | .115                  |
| N of Valid Cases             | 100                |    |                       |

**INFERENCE**

From the table 4.2.2, it is inferred that P value (0.918) is greater than 0.05, so Null Hypothesis is accepted. Therefore, it is inferred that there is no association between occupation and loan processing time.

**4.3 MANN WHITNEY U TEST**

H<sub>0</sub>- There is no significant association between gender and reasons for choosing an NBFC  
 H<sub>a</sub>- There is a significant association between gender and reasons for choosing an NBFC

**Table 4.3.1 Mann Whitney U test for significant association between gender and reasons for choosing an NBFC**

**Test Statistics<sup>a</sup>**

|                        | REASON_FOR_CHOOSING_NBF<br>C |
|------------------------|------------------------------|
| Mann-Whitney U         | 602.000                      |
| Wilcoxon W             | 2432.000                     |
| Z                      | -4.518                       |
| Asymp. Sig. (2-tailed) | .000                         |

a. Grouping Variable: GENDER

**INFERENCE**

From the table 4.3.1, it is inferred that the significance value, p=0.000 is less than 0.05. Hence the alternate hypothesis is accepted.

**4.4 KRUKSAL WALLIS TEST**

H<sub>0</sub>- There is no significant relation among annual income, ROI and loan rejection.  
 H<sub>a</sub>- There is a significant relation among annual income, ROI and loan rejection.

**Table 4.4.1 Kruskal-Wallis test for significant relation among annual income, ROI, loan rejection**

| Test Statistics <sup>a,b</sup> |       |           |
|--------------------------------|-------|-----------|
|                                | ROI   | REJECTION |
| Chi-Square                     | 5.924 | 12.473    |
| df                             | 3     | 3         |
| Asymp. Sig.                    | .115  | .006      |

a. Kruskal Wallis Test

b. Grouping Variable: ANNUAL\_INCOME

**INFERENCE**

From the table 4.4.1, it is inferred that the significance value,  $p=0.006$  is less than 0.05. Hence the null hypothesis is rejected in the case of loan rejection.

The significance value  $p$  is greater than 0.05 in the other factor, ROI. Hence null hypothesis is accepted

**4.5 CORRELATION**

**4.5.1 Association between satisfaction on customer service and processing time**

$H_0$ - There is no significant association between satisfaction on customer service and processing time.

$H_a$ - There is a significant association between satisfaction on customer service and processing time.

**Table 4.4.1 Correlation test for significant association between satisfaction on customer service and processing time**

|  | SATISFACTION_ON_TIME_TAKEN_TO_SANCTION      | SATISFACTION_ON_CUSTOMER SERVICE |
|--|---|----------------------------------|
| SATISFACTION_ON_TIME_TAKEN_TO_SANCTION | Pearson Correlation<br>Sig. (2-tailed)<br>N | 1<br>.379**<br>100               |
| SATISFACTION_ON_CUSTOMER SERVICE       | Pearson Correlation<br>Sig. (2-tailed)<br>N | .379**<br>.000<br>100            |

\*\* . Correlation is significant at the 0.01 level (2 tailed).

**INFERENCE**

From the table 4.4.1, it is inferred that the significance value,  $p=0.000$  is less than 0.05. Hence the null hypothesis is rejected.

The Pearson Correlation Coefficient is 0.379. Hence there is a positive correlation.

**4.5.2 Association between satisfaction on transparency of operation and terms & conditions**

$H_0$ - There is no significant association between satisfaction on transparency and terms & conditions

$H_a$ - There is a significant association between satisfaction on transparency and terms & conditions

**Table 4.5.2 Correlation between satisfaction on transparency and terms & conditions**

|                                  | SATISFACTION_ON_TRANSPARANCY                | SATISFACTION_ON_TERMS_CONDITIONS |
|----------------------------------|---|----------------------------------|
| SATISFACTION_ON_TRANSPARANCY     | Pearson Correlation<br>Sig. (2-tailed)<br>N | 1<br>.579**<br>100               |
| SATISFACTION_ON_TERMS_CONDITIONS | Pearson Correlation<br>Sig. (2-tailed)<br>N | .579**<br>.000<br>100            |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## **INFERENCE**

From the table 4.5.2, it is inferred that the significance value,  $p=0.000$  is less than 0.05. Hence the null hypothesis is rejected.

The Pearson Correlation Coefficient is 0.6. Hence there is a strong positive correlation.

## **V. FINDINGS, SUGGESTIONS AND CONCLUSIONS**

### **5.1 FINDINGS**

#### **5.1.1 PERCENTAGE ANALYSIS**

**F1:** The ratio of male and female borrowers is 60:40. (Table 4.1.1)

**F2:** Majority of borrowers belong to the age groups of (25-30yrs)-32%, (30-35yrs)-27% and (below 25yrs)-21%. It shows the demand among mid-generation people. (Table 4.1.2)

**F3:** More than half of the borrowers are employed in private sectors. (Table 4.1.3)

**F4:** Most of the borrowers apply loan for marriage expenses (28%), hospital expenses (26%) and educational expenses (23%) almost equally. We can notice a significant percent of borrowers, take loans to clear their hand loans (Table 4.1.4)

**F5:** Almost half of the borrowers belong to lower (1-5 lakhs) income group. (Table 4.1.5)

**F6:** 50% of the borrowers prefer NBFCs due to quick approval of their loans. The remaining borrowers prefer NBFCs for their better loan programs and great flexibility equally. (Table 4.1.6)

**F7:** 53% of the borrowers know that the rate of interest is fixed based on the organisation that they work for, while 41% think it is based on their income levels. (Table 4.1.7)

**F8:** Reasons for choosing a particular NBFC are ranked. (Table 4.1.8)

**F9:** Almost 30% of the loans are rejected. (Table 4.1.9)

#### **5.1.2 CHI SQUARE**

**F10:** There is an association between rate of interest & basis for fixing rate of interest and occupation (Table 4.2.1)

**F11:** There is no association between occupation and loan processing time (Table 4.2.2)

#### **5.1.3 MANN WHITNEY TEST**

**F12:** There is an association between gender and reasons for choosing an NBFC (Table 4.3.1)

#### **5.1.4 KRUSKAL WALLIS TEST**

**F13:** There is a significant relation among annual income and loan rejection (Table 4.4.1)

#### **5.1.5 CORRELATION**

**F14:** There is a significant association between satisfaction on customer service and processing time. (Table 4.5.1)

**F15:** There is a significant association between satisfaction on transparency and terms & conditions. (Table 4.5.2)

### **5.2 SUGGESTIONS**

**S1:** Better loan programs can be brought for people of age above 40. (F2)

**S2:** Awareness about the programs can be spread among people of all sectors. (F3)

**S3:** Better modes of promotion can be used. (F7)

**S4:** Most of the rejections were due to days past due in repayment track, lower cibil score etc. This can be avoided by specifying the requirements before hand. (F9)

**S5:** Rate of interest can be minimised. (F10)

**S6:** Processing charges can be made nominal. (F11)

**S7:** Transparency can be enhanced and the terms and conditions can be loosened. (F15)

## **VI. CONCLUSION**

The project was undertaken to study the perception of borrowers towards personal loans in NBFCs. This study aims to identify their satisfaction based on various factors and also to determine the association between the demographic variables and satisfaction. The population for the study comprised of borrowers from Chennai. The sample size was 94, selected through Convenience sampling from a population of 150. The statistical tools used were Percentage analysis, Chi square test, Mann whitney test, Kruskal Wallis test and Correlation analysis. The findings revealed the significant associations, differences and the perception of borrowers. Based on the findings, some suggestions were given to improve the existing systems in NBFCs.

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