

A Study on Different Loan Provided By SBT and Federal Bank At Adimaly Area

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Banking companies in India are governed by the Banking Regulations Act, 1949. Section (b) of this Act defines banking as “accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise”.

A company which is engaged in manufacturing and trading activities but accepts deposits of money from the public for financing its own schemes will not be treated as a banking company. Now a banking company can use as part of its name any of the words- bank, banker or banking in India unless and until it uses at least one.

OBJECTIVES OF THE STUDY

1. To know the various types of loans available to customers.
2. To know the major customer segment who want different loans.
3. To know the customer satisfaction level about the loan service.
4. To check whether the people depend more in public or private sector bank

PRIMARY DATA

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

SECONDARY DATA

Data which originally collected but rather obtained from published or unpublished source are known as secondary data

LIMITATIONS OF THE STUDY

- 1 Inadequacy of time is the major limitation of the study. So an in depth study could not be made.
- 2 Number of respondents selected is only 25. So more accurate information is not available.
- 3 Lack of co-operation from the part of respondents
- 4 Internal affairs of the banks are not easily available.

LOANS

The term loan is popularly used to denote the granting of an advance in lump sum, generally on the basis of securities acceptable to the banker. The distinguishing feature of a loan is that interest on it is payable on the entire amount, whether it is fully utilized or not. It is granted for a definite period and the borrower is given the facility to repay it in one lump sum or in installments.

As far a banker is concerned, the operating cost of a loan is lower as compared to a cash credit or an overdraft. This method of granting an advance has the advantage of strengthening the financial discipline in the use of bank credit. Follow up, supervision and control of end use of bank credit could be made more effective in the case of loans as compared to cash credits and overdrafts.

A personal loan refers to a short term loan that is given to an individual as a mode of financial assistance. Personal loans have become quite common now a days, and those needing cash can easily get their requirements met. One may take a personal loan for personal, family or household use. A personal loan is neither a business loan, nor a long term mortgage loan.

An unsecured loan is one where the lender has to depend upon the borrowers promise to pay the cash back. Since the risk involved is quit a lot, the interest paid is also much higher. Usually in this type of loan, the borrower has to pay the loan balance in installments. In case the borrower is able to pay the whole loan early, penalties may be assessed. Unsecured loans often come dear and lack flexibility, but these loans are suitable if lender wants a short term loan.

The most common forms of personal loans include mortgage loans, car loans, home equity lines of credit, credit cards, installment loans and payday loans. The credit score of the borrower is a major component in the underwriting and interest rates (APR) of these loans. The monthly payments of personal loans can be decreased by selecting longer payment terms, but overall interest paid increases as well.

FEDERAL BANK LOANS

Federal Bank offers various products and services that are customer friendly and modern technology assisted. Some of the Federal Bank Loans, which are offered to the customers, are the following:

- Housing Loans
- Personal Car Loan
- Personal Loan
- Agri mobile Loan
- Kissan Credit cards
- Demat Loan
- Federal Vidya Loan
- Loan against Rent receivable
- Instant Relief Loan
- Mortgage Loans
- Consumer Loan
- Federal Bonvoyage Loan
- Home Overdraft Scheme
- Vanijya Loan
- Gold Loans
- Warehouse Loan
- Equity Subscription or IPO Finance
- JeevanSuraksha Loan for Medical Practitioners
- SubhaYatra Loan Fair Practices Code
- Federal Easy Cash
- Federal Special Vidya Loan
- House Plot Purchase

Federal Bank Personal Car Loans

The car loans by the Federal Bank are given for the purchase of both new and used vehicles for personal use. The loans are offered to individuals, educational institutions, trusts and others. Financial assistance accounting for around 90% of the vehicle's price is given as the loan amount. The upper loan ceiling is ` 50 lacs for the individual borrowers.

Federal Bank Home Loans

The Federal Bank Loans for homes are offered to the customers for the purchase or construction of houses or flats. The loan is also provided for the purchase of land with the house on it. Residents of India, who are below 55 years of age, can apply for the housing loans from this bank. Proof of income needs to be provided to the bank. A maximum of ` 3 crores is given as financial assistance for home loans.

Federal Bank Education Loans

The educational loan scheme by the Federal Bank is also known by the name of Federal Vidya Loan. It is offered to the students who want to pursue higher studies in India or abroad. Students of Indian nationality, both residents and non-residents are only eligible for getting this loan. Financial assistance, up to a maximum of ` 25 lacs is offered to the loan seekers, under this scheme.

Federal Bank Personal Loans

Federal Bank offers personal loans for all personal purposes. Individual residents and non residents are eligible for getting this financial assistance. A maximum of ` 2 lacs is offered to the customers as loan amount, under this scheme. It is given for a period of up to 60 months

SBT LOANS

State Bank of Travancore (SBT) was incorporated in 1945 as Travancore Bank sponsored by the erstwhile princely state of Travancore.

Later the bank was made an associate of State Bank of India, which is the largest banking group in India. Currently the bank has network of 712 branches and 389 ATMs spread across in 16 states in India.

State Bank of Travancore operates 580 branches in Kerala itself. Headquartered in Kerala, the bank has largest number of ATMs in the home state.

The bank also operates 8 AM to 8 PM working branches in specific areas like Kesavadasapuram PSB (Trivandrum), Thrissur PSB, Kaloor (Ernakulam) and Alwarpet (Chennai).

BUSINESS

Personal Banking

Under this it offers a wide range of personal banking products and services such as deposits, loans, savings, internet banking, demat services, mobile banking, etc. It also provides facilities like online bill payment and booking of railway tickets.

NRI banking

SBT also offers banking products and services to NRI customers such as deposits, car loans, remittances, investment schemes, etc.

Corporate banking

It provides a wide range of products and services to corporate. SBT offers working capital finance, project finance, structured finance, equipment leasing, dealer financing, etc.

SME

SBT also offers products and services to SME sector.

Outlook

The bank has launched special loans for micro, small and medium enterprises (MSMEs) at an interest rate of 8% per annum. This sector – specific loan is provided to enterprises that are affected by current slowdown in economy.

State Bank of Travancore offers various products and services that are customer friendly and modern technology assisted. Some of the SBT Loans, which are offered to the customers, are the following

Against Deposits

- Cash Key Facility

Against Scripts

- Mitra Varsha
- NSC Loan

Personal Loans

- SBT Saral Gold Loan
- Housing Loan
- SBT Home Cash
- SBT Max Gain
- SBT Home Decor Loan
- SBT House Site Purchase Scheme
- Education Loan
- Career Loan
- Suvidha Loan
- Car Loan
- Two Wheeler Loan

- Prasanthi Loan
- Prasanthi Elite
- Jai Jawan Pension Loan
- SBT Personal Loan

For Senior Citizens

- Reverse Mortgage Loan

1. Against Deposits**Cash Key facility**

: Loans are granted against bank deposits. Up to 90% of the deposit amount can be given as loan. Cheque book facility is available. - See more at:

2. Against Scrips**Mitrawarsha loan against Shares & Securities**

Its main purpose is to meet the consumer needs. All individuals who known to the bank and possessing securities in the name can be eligible for these loan. Loan amount by pledge of LIC/SBI life policies are 95% of surrender value ie max 20 lacs. In case of govt. of Kerala Treasury FD/post office FD the amount is 70% of deposit accrued interest ie max 20 lacs and in the case of Indira vikas Petra the amount is 75% of purchase value ie max 5 lacs.

For availing this loan the consumers can submit the following papers.

- ❖ Original of the securities daily assigned to the bank
- ❖ Letter noting lien on POFD from PO & Treasury FD from Treasury
- ❖ Certified from PO for having issued IVPS.

NSC LOAN

The main purpose of this loan is to avail advance against National Savings Certificate/ Kissan Vikaspathra. Individuals having IVSC/ KVP in their name in joint names are eligible for this loan. In this case the maximum loan amount is 5 lacs for availing this loan the consumes can submit the NSE/KVP certificate with item noted in favour of the bank can be submit.

1. SBT Home cash loan

The main purpose of this loan is to satisfied the general purpose such as purchase of car/consumers durables, education/ medical expenses of family members, personal expenses etc.

All home loan customers with a satisfactory repayment record of at least one years are eligible for this loan. The loan amount is the present or original value of the house property, whichever is less. Repayment may be made at equated monthly installments within a maximum period of 120 months.

2. SBT max crain loan

The main purpose of this loan is the construction/ purchase/ repairs/ renovation/ alteration/ of a house with/ without bank finance. Residents or NRI having regulas income and 3 years experience and loan to be closed before the borrowes attains the age of 70's are eligible for this loan. The loan amount is minimum 5 lacs and the maximum is 50 lacs.

3. Education loans:

State Bank of Travancore education loans are given to students desirous for continuing studies in India and abroad. Professional courses, Graduation courses, and Post Graduation courses are allowed. Maximum loan amount for studying in India is ` 10 lakhs. Maximum loan amount for studying abroad is ` 20lakhs.

4. Housing Loans:

State Bank of Travancore housing loans are given for purchase, renovation, construction and repair of house or flat. Maximum loan amount is ` 300 lakhs. Margin money of 20% is taken from the borrower.

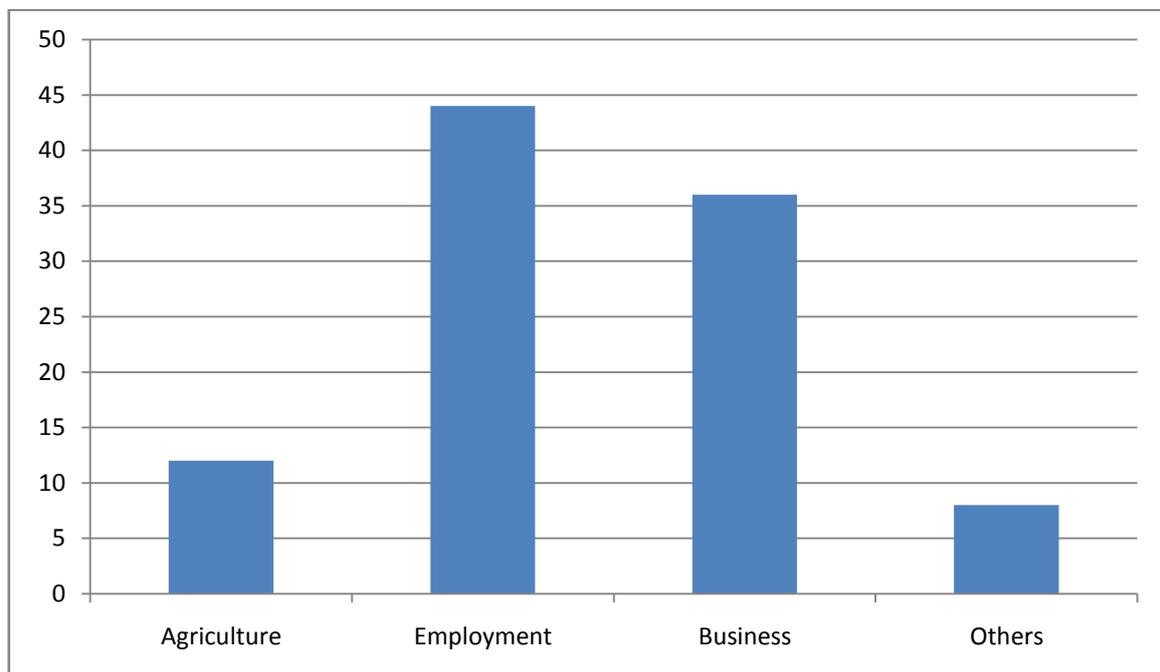
5. Trade Loans

State Bank of Travancore also finances trade and commercial activities. State Bank of Travancore business loans are granted for both Capital Investment and Working Capital purpose. Minimum margin money is 25% of the total loan amount

ANALYSIS AND INTERPRETATION

TABLE 1
OCCUPATION OF THE RESPONDENT

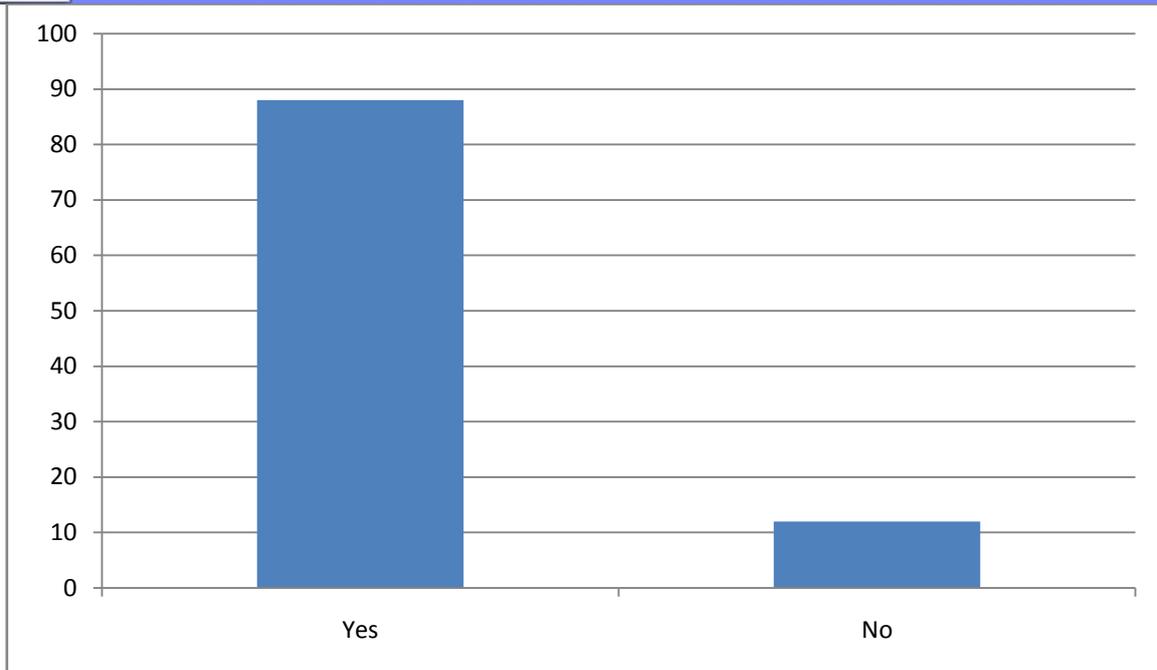
Occupation	No.of Respondents	Percentage
Agriculture	3	12
Employment	11	44
Business	9	36
Others	2	8
Total	25	100



It shows that occupation of 25 respondents, there are 11 respondents are employees, 9 respondents are businessmen, 3 respondents are agriculture and others are 2.

TABLE 2
INCOME STATUS WILL AFFECT LOAN ACQUISITION

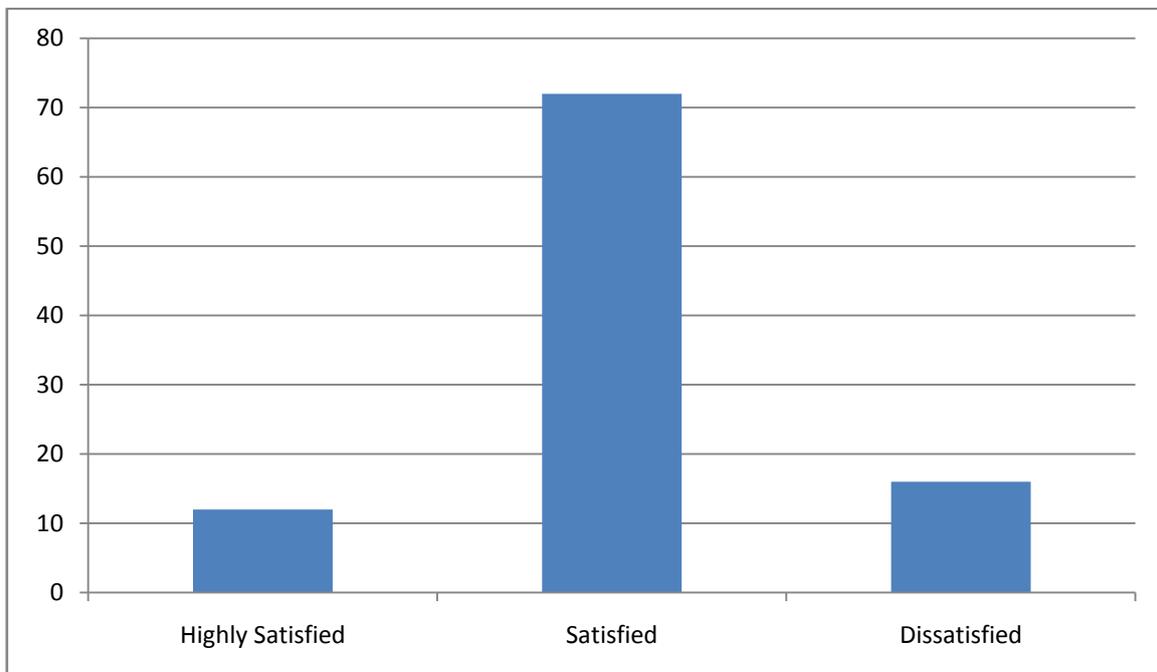
OPINION	NO.OF RESPONDENTS	PERCENTAGE
Yes	22	88
No	3	12
Total	25	100



In this table we can find that majority of employees, i.e, 88% has the opinion that income status affect loan acquisition, only 12% disagree.

TABLE 3
SATISFACTION OF LOAN AMOUNT

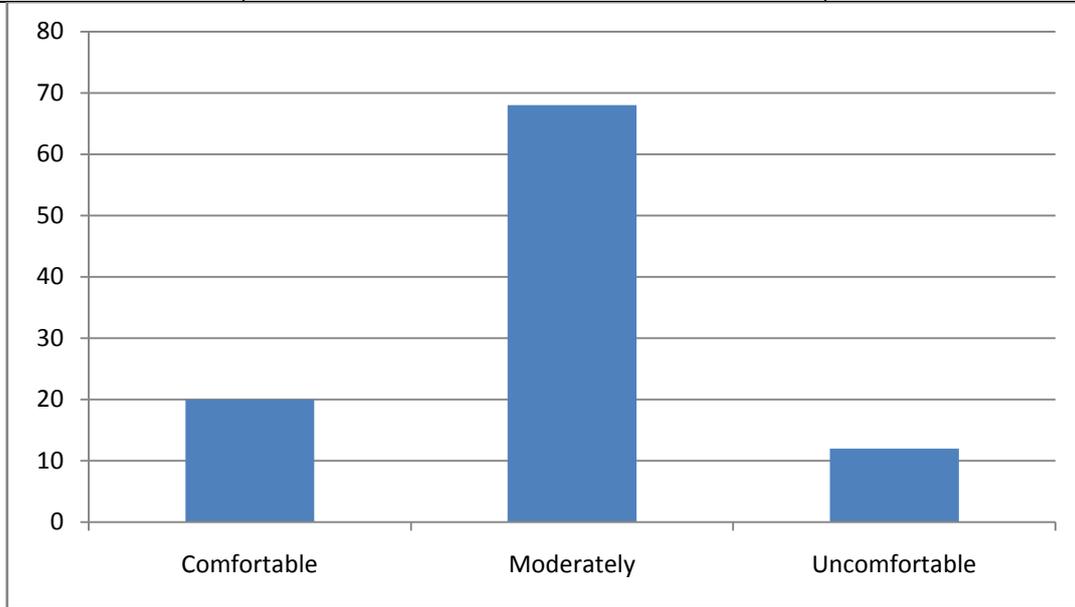
Level Of Satisfaction	No. Of Respondents	Percentage
Highly Satisfied	3	12
Satisfied	18	72
Dissatisfied	4	16
Total	25	100



The above table shows that majority of respondents are satisfied with the loan amount , dissatisfied in 4 respondents and 3 respondents are highly satisfied.

TABLE 4
FEEL COMFORTABLE WITH THE LOAN PROVIDED BY BANK

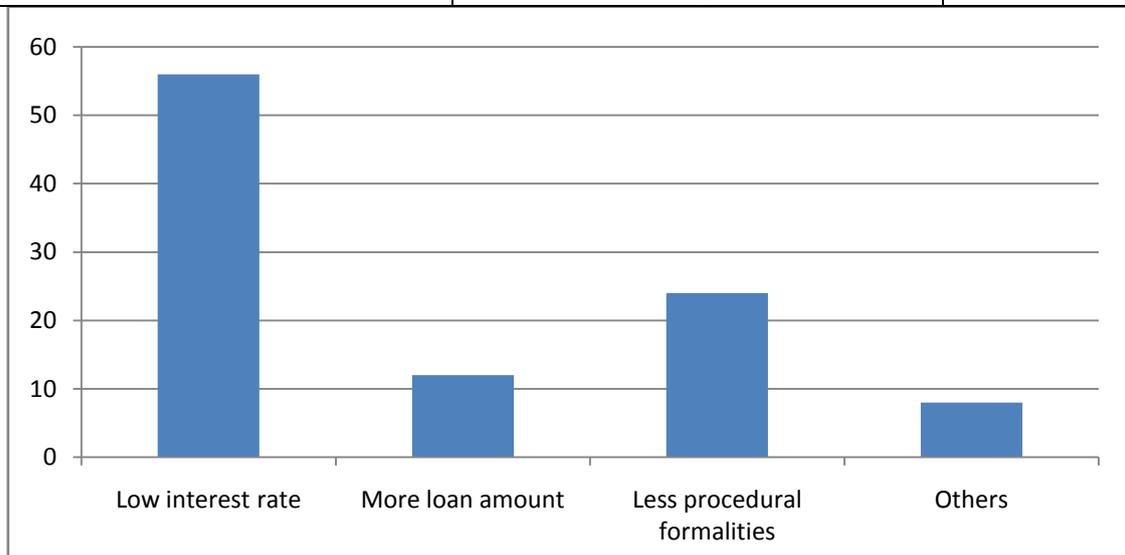
OPINION	No.Of RESPONDENTS	PERCENTAGE
Comfortable	5	20
Moderately	17	68
Uncomfortable	3	12
Total	25	100



It shows that 68% respondents moderately comfortable with the various loan provided by banks.20% of respondents are comfortable and others are uncomfortable.

TABLE 5
REASON FOR CHOOSE LOANS FROM BANKS THAN OTHER SOURCE OF FINANCE

REASON	NO. OF RESPONDENT	PERCENTAGE
Low interest rate	14	56
More loan amount	3	12
Less procedural formalities	6	24
Others	2	8
Total	25	100



The above table shows that reason for choose loan from banks then other source of finance. majority of respondents choose loan from bank because of low rate of interest.

SUGGESTIONS

On the basis of the study conducted, we would like to give the following suggestions.

1. Loan should be given to person in agriculture sector
2. Banks should become provide unsecured loan
3. Bank should provide more than 80% of amount as loan
4. Banks need to reduce procedural delays for providing loans.

CONCLUSION

A study on different loans provided by SBT and Federal bank at Adimali area was done with an objective to know the various types of loans provided to customers and their satisfaction about the loan service.

After the study we could find that, people depend more in public sector banks. Major factors which are affecting customer satisfaction are, low procedural formalities, high amount, efficient loan services etc... Major customer segment who want car loans was business men. Professional students are the major users of Educational loan. Home loans are more preferred by Government officers. Gold loans are more preferred by middle class people and so all.

This study helps us to have a better idea of types of loans provided by SBT and Federal bank at Adimali area and their customer satisfactions. Hope the study will help the banks in managing its customer in better way and capture new heights.

Bibliography

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