EXECUTIVE SUMMARY

According to Albert Einstein “Everything should be as simpler as possible but not the simplest”. The Citifinancial functions with this precisely maxim. Citifinancial is already has the broadest distribution in India, their main aim is to become the largest NBFC in the world.

Citifinancial consumer finance India Ltd is one of the few surviving private financial institutions since 1912, have the existence in more than 100 countries with 300000 employees worldwide. It offers various types of loans to the customers namely, personal loans, vehicle loans, Consumer durable loans and home loans etc. Most global presence, best brand, superior products and broadest distribution etc are the competitive advantages of Citifinancial. Citifinancial working with the vision of providing excellent customer service, superior products, the right technology, support the community and integrity. Citifinancial come a long way from small NBFC to a major National finance company.

Title of the project: The title of the project is “Advances Process Management” at Citifinancial, Belgaum.

Need for the study:

- To learn about the various procedures/processes of sanctioning loans.
- To determine the time required for each process.
- If there is any deviation in the process, then finding out the reasons for the deviation?
- To determine the ways to improve TAT (Turn Around Time)

Objectives of the study: Each research has an objective which is the end result to be achieved. The objectives show the direction in which research should be conducted and fixes the limit of the study. In the same way the objective of this study is to:

  - To study the organization structure.
  - To learn about the existing process of sanctioning loans.
  - To formulate strategies to minimize the time.
To study the time required for the process of sanctioning loans.
To evaluate the process. If there is any deviation in the process, then finding out the reasons.

Statistical Analysis: The research involves statistical analysis, some of analysis and computations under the study are:

- Chi-square test
- Factor Analysis
- Frequencies
- Standard Deviation & mean

Findings: Based on research objective cited above, and after analyzing data relating to funds, following are the main findings in the project:

- As per the survey it has been found that the deviation in the process due to Internal & External reasons.
- It is seen that the executives have to bring one login per day. If there are more than one login on a particular day, then the second login is being produced on the next day. This results in a delay in the process of sanctioning loan for the second login.
- Interest rates and Processing charges are quite high comparing to other companies. Customers need low and competitive interest rates, Proper customer care, Better/Quick service facility form Citifinancial.
- Executives are lacking in giving detail, transparent and detail information to the customers in the beginning.
- Transparency about EMI, Interest amount and the balance to be paid by the customers is lacking while updating customers. About their account.
- Citifinancial is not issuing the letter of clearance immediately on the payment of last EMI.
Suggestions & Recommendations: Some important recommendations based on study are:

- With respect to the loans to be sanctioned by the executive, the problem can be solved by keeping only the minimum login per day (i.e., one login per day) and no limit should be there for the maximum. The person who gets more logins per day should be given incentives or other benefits. This will result in no delay and more number of logins.
- If the amount of loan is more than Rs.150000 then the loan application goes to Bangalore office for the further verification, this has to be told to customer.
- If in case there is a technology break-down the Citifinancial should arrange some alternatives for it, so it helps to sanction the loan within the time promised by the Citifinancial.
- Documentation has to be made easier, it can be a major factor to attract customers. Tele caller should tell the customers which all documents are kept to be ready & should call regularly in order to remind the customers about the requirements.
- Citifinancial must issue the letter of clearance immediately on the payment of last EMI, as this helps to gain customer satisfaction.
- Areas of improvement for the organization according to customers are,
  - Clear and transparent information about the loan,
  - Informing the customers before presenting Cheques for clearance.
  - Training has to be given to the Executives.
- Customers need
  - Low and competitive interest rates,
  - Proper customer care,
  - Better/quick service facility,
  - Low Cheque bounce charges.
Conclusion: After the completion of the study I would like to conclude the following points, which were revealed through findings of the study:

- Processing time, Sanctioning procedure and service are the key factors which are influencing customers to prefer Citifinancial.
- Executives are the frontline employees of the organization so they have to be trained & they should be able to provide every information to the customers.
- Most of the customers are getting loan in time (i.e. with in the time promised by Citifinancial).
- Coming to customer requirements they are expecting
  - Low and competitive interest rates,
  - Low Cheque bounce charges,
  - Proper customer care,
  - Better/quick service facility,
  - Clear and transparent information about the loan,
  - Information before presenting Cheque for clearance,

Overall customers are satisfied with the processing time of the organization and above improvements are essential to attract more customers and to maintain best banking relations.
PART-I

INDUSTRY PROFILE
A loan is an arrangement between a lender and a borrower. The lender gives money, property, or either asset to the borrower and borrower agrees to repay the money with interest at some future point of time. There is usually a predetermined time for repaying the loan and generally the lender bears the risk that the borrower might not repay the loan. There are many different types and classes of loans each with their own set of rules and terms.

Given the current interest rates and the likelihood that the rate will go up over the next year as the economy starts picking up, it is a good time to go in for a good rate for a loan. The interest rates will go up as the economy improves and one needs to be locked into a long-term low interest rate. If one has a personal debt, like from credit cards or any other place, they should probably consider consolidating the debt. One will definitely get a better rate than a credit card will offer. If one has many loans and debt, putting them together into a larger amount allows one to negotiate a better rate.

A loan is based on a simple idea—someone gives you money and you promise to pay it back, usually with interest. Since one must pay back the lender whether the business is a fabulous success or a miserable failure, the entire risk of the new enterprise is placed squarely on one's shoulders. But if you are confident about the prospects of a business and one has the opportunity borrow money, a loan may be a more attractive source of money than getting it from equity investor who will own a piece of a business and receive a share of the profits. If the business succeeds as one hopes and the person pays back the lender as promised, one will reap all future profits there is no need to share them with investors.
1.2) NBFC’s AT A GLANCE

The financial system comprises financial institutions, financial instruments and financial markets, which provide an effective payment and credit system, thereby facilitate the channelising of funds from the savers to the investors in the economy. The institutional structure of the organized Indian financial system is expanding organizations of various sizes, functions, shapes and structures. They are broadly classified as follows:

- Commercial banks in the public and private sector, including Indian branches of foreign banks.
- The three-tiered structure of co-operative banks catering to the needs of rural credit and agricultural sector.
- Urban co-operative banks functioning in urban/metropolitan areas and providing credit for non-agricultural sectors.
- Regional rural banks sponsored by the commercial banks in public sector in participation with central/state governments for meeting the rural credit need an intensive manner as supplement to credit through co-operative agencies and commercial banks.
- Developmental Financial Institutions (DFIs) providing term lending facilities at all India levels such as: IRBI, IDBI, ICICI, NHB, EXIM Bank, SIDBI, IFCI and NABARD and 18 State Level financial corporations and other specialized corporations set up by various State Governments, for promotion and development of small scale industrial sector.
The commercial banking sector occupies a place of pride in the financial system of the country and it has undergone a sea change in its geographical coverage and nature of activities. At present it comprises the SBI along with its seven subsidiaries, the 20 nationalized banks, 23 private banks besides 24 foreign banks having their head offices abroad. The public sector banks comprising SBI group together with the nationalized banks accounts 90% of the total banking business. The other financial institutions have also made much progress in recent years in extending its geographical spread and functional reach. Many new financial institutions such as merchant banks, leasing companies, mutual funds and venture capital companies have come on the scene: there is a growing institutional continuance- a process which has been aided by commercial banks entering into capital market activity by floating subsidiaries for the purpose.

Definition of Non-Banking Financial Company:

Prior to enactment of Reserve Bank of India (Amendment) Act, 1997 w.e.f. 9-1-1997 the Reserve Bank of India Act, 1934 did not contain a definition for Non Banking Financial Company. Clause (f) of section 45-I inserted by RBI (Amendment) Act, 1997, provided the definition of non-banking finance company. According to this clause: “Non- Banking Financial Company” means-

- A financial institution, which is a company.
- A Non-banking institution is a company that has its principal business is in lending money for specific purpose.
- Such other non-banking institution or classes of such institutions, as the bank may, with the previous approval of the central government and by notification in the official gazette, specify.
Categories of NBFC’s in India:

- Equipment Leasing Company
- Hire-Purchase Finance Company
- Housing Finance Company
- Investment Company
- Loan Company
- Mutual Benefit Financial Company

Times to come:

The coming time would be quite testing for NBFC’s. Imposition of Mat will see a reduction on the profits. Consolidation is on the cards. It will be normal to see big houses in the financial sector having different sectors having different segments in the customers. From being a small business unit in a major industrial group, the financial services industry will see itself as a major business with each of its segment being a separate industry in itself. In fact, this trend has already started with many NBFC’s floating separate companies or entering into joint ventures in each of their business segments. For instance, Kotak Mahindra has hived off its investment banking business to a joint venture with Goldman Sachs and car finance business to another joint venture with Ford Credit.
Another area that would affect the NBFC’s in increasing consciousness about the quality of lending by the banks. With their profitability under strict scrutiny the banks have become very careful about their lending’s. Risky borrowers will not be funded by the banks. It is for these borrowers, who may not be serviced by the banks that would be the clients of the NBFC’s this will increase the risk profile of the NBFC’s and might lead to the demise of many players. Risk evaluation skills will be at a premium.

Reduction in the number of players may not be only due to losses and increased competition. To survive, there would be lots of mergers and acquisitions within industry. This is inevitable because in the future, size would be one of the most critical factors for NBFC’s. This is one account of two reasons to get access to funds at a cheaper rate and make profits by volumes, as spreads would get narrowed further. With no sizeable scope for beating the market in spreads, cost cutting is largely accepted as the moving force behind the profits.

Thus, one thing is clear- a shakeout is looming large on the horizon. This leads to all the important question as well as to who will survive the coming times. It is expected that only the top will be able to withstand the rest of times. The survivors of in the NBFC game would be those who will have sizeable resources with a distinct focus in every business segment. Those NBFC’s backed by the group with manufacturing credentials will be at a big advantage.

If the parent company is in a capital-intensive business, so much the better. Size will be of critical importance and will lead to a lot of mergers and acquisitions with local as well as international players.

**Scenario of NBFC:**

Non-banking finance companies (NBFCs) have played an important role in the Indian financial system. Traditionally they have been the vehicle for financing individuals and corporates who had some difficulty in obtaining bank funding. Earlier, commercial banks tended to stay away from retail and small-to-medium sized corporates and the NBFCs saw opportunity in this void and built dominant positions in automobile
financing, commercial vehicle financing, IPO funding and corporate leasing. Consequently, many NBFCs set up large countrywide distribution networks - often as large as those of consumer companies.

**The deposit-base of NBFCs grew rapidly in the early-mid nineties…**

The industry has gone through substantial upheaval in the last decade. Easy access of funds from (i) capital market IPOs and (ii) deposits from the public resulted in the mushrooming of many NBFCs in the late eighties, early-to-mid nineties. In 1981, there were 7,063 NBFCs. This number shot up to 24,009 in 1990 and by 1995, there were as many as 55,995 such companies.

Investors were often attracted by the high deposit rates offered by NBFCs who deployed these funds for corporate lending, consumer lending and capital market. Simplified sanction procedures, orientation towards customers, flexibility timeliness in meeting the credit needs of specified sectors (like equipment and hire purchase) were some of the factors enhancing the attractiveness sector. From Apr-1991 to Mar-1997, the deposit base of the NBFCs average rate of 88.57% p.a. Prominent NBFCs at that time included Tata Sundaram Finance, Ashok Leyland Finance, Gujarat Lease Finance etc.

Once the boom during the heydays of liberalisation tapered off in the mid-nineties, several loans granted by the NBFCs turned sticky. A few very large NBFCs defaulted in repayments to their depositors and this led the regulator viz. Reserve Bank of India (RBI) to frame stringent guidelines in 1997-98; these literally choked the lifeline of most NBFCs i.e. their ability to raise deposits. Banks also became wary of lending to

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these companies. Accordingly. Many NBFCs including several leading companies with asset bases in excess of Rs. 1 billion were forced to exit the business. NBFCs that were affected included the GRB group, ITC Classic Finance, Anagram Finance, Mafatlal Finance, Apple Finance, Apple Credit, Gujarat Lease Finance and Lloyds Finance.

The last few years have seen a consolidation trend marked by company acquisitions, portfolio buyouts and the entry of foreign players into the sector. GE Capital entered the business in 1993 and took-over SRF Finance. ICICI took-over ITC Classic Finance and Anagram Finance. Several NBFCs also bought-out portfolios from other NBFCs. Citibank also set-up a subsidiary NBFC – Citicorp Finance in 1997.

**NBFCs vis-à-vis Banks**

The rapid growth of NBFCs has led to a gradual blurring of dividing lines between banks and NBFCs, often they compete for the same asset base; however major differences do remain:

- **NBFCs do not have access to low-cost current and savings deposits.** They cannot provide checking accounts to their customers. The cost of funds of NBFCs is at least 200-400 bps higher than that of banks.
- **NBFCs are free to set-up and shut-down branches.** RBI approval is required for setting-up and shutting down branches of banks.
- **Unlike banks, priority sector lending norms are not applicable to NBFCs.**
- **Prudential norms governing NBFCs’ capital adequacy and asset concentration are more stringent than those pertaining to banks.** The minimum capital adequacy ratio for NBFCs is 12% while it is 10% for banks.
- **NBFCs generally cannot accept deposits unless they have a minimum credit rating which is not mandatory in respect of banks.**
- **Statutory Liquidity Ratio (SLR) for NBFCs is 12.5% compared to the 25% applicable to banks.**
Interest on bank deposits up to a certain limit is exempt from individual income tax. No such benefit is allowed for NBFC deposits.

Only banks and financial institutions have access to Debt Recovery Tribunals (DRTs) which have been constituted under a separate law to expedite settlement of delinquent loans of banks and financial institutions.

An insurance cover that aids depositors recover deposits when a bank goes bankrupt is unavailable to investors in NBFCs.

**Regulatory Framework**

The Banking Laws (Miscellaneous Provisions) Act, 1963 was the first formal statute enacted to regulate NBFCs. This was followed by several Committees which looked into the functioning of NBFCs and made recommendations for fostering healthy growth with a regulatory framework. The RBI (Act) was amended in 1997 to provide for a comprehensive regulatory framework for NBFCs. The new regulations (as amended till date) provide:

- Compulsory registration for NBFCs;
- Minimum entry point net-worth of Rs. 2.5 million which was subsequently revised upwards to Rs. 20 million;
- Deposit mobilization linked to net-worth, business activities and credit rating;
- Maintenance of 12.5% of their deposits in liquid assets;
- Creation of a Reserve Fund and transfer of 20% of profits to the Fund;
- Ceiling on the maximum rate of interest that NBFCs can pay on their public deposits (in line with the reduction in interest-rates over the last few years, this has been progressively reduced to the current 12.5%);
NBFCs with an asset size of at least Rs. 1 billion or a deposit base of at least Rs. 200 million are required to have Asset-Liability Management systems and constitute an Asset-Liability Management Committee (ALCO);

The RBI follows a four-pronged supervisory strategy for regulating NBFCs comprising:
- On-site inspection based on CAMELS (capital, assets, management, earnings, liquidity, systems and procedures) methodology;
- Computerized off-site surveillance through periodic control returns;
- Market intelligence network;
- System of submission of exception reports by auditors of NBFCs.

1.3) CONSUMER FINANCE INDUSTRY: Trends & Outlooks

The basic underpinning of consumer financing is that the consumers’ present spending habits tend to be geared to expectations of future income. The Indian consumer finance market remains largely untapped. In India, the ration of consumer financing to GDP is just 2.6%, reflecting the spending habits of its people and their inclination to save. In
contrast, the ratio is 40% to 60% for developed countries. Until recently, India had no consumer finance market because of the following reasons:

- Consumers used black money to buy durables, to avoid records of purchase.
- Interest rates on consumer loans were ranging between 9% to 42%

Now, many factors of these have ceased to exist. As a result, India’s consumer finance industry is now in boom. While six years ago, only 40% of consumer durables sales were financed, the figure now has raise to more than 70%. Consumer finance and durable sector has grown tremendously fuelling each other. In the past 3 years, alone consumer goods sales have expanded between 5 to 12%. In the automotive sector i.e. auto financing has significantly boosted sales of two-wheelers and cars.

On the demand side, reducing interest rates has compelled customers further to cast away their apprehension about taking loans. As such in retail finance there exists a dynamic market for consumer finance products.

However, the increase competition has resulted in an increasing amount of funds entering into this industry ensuring plenty of liquidity and this has prevented the benefit of higher demand to translate into easy profit.

The real interest rate in India continuous to remain high compare to other developed countries. This coupled with better export performance and possibility of was in mid-east as resulted in consistent inflows from overseas.

Meanwhile the consumer finance market is expected to grow by 25% in the next few years and share of finance consumer goods sales is likely to rise from 70% to 90%. A
drastic fall in loan rates is likely since banks also have to take into account the default and acquisition cost of the customers.

**Financial Sector**

The financial sector is in a process of rapid transformation. Reforms are continuing as part of the overall structural reforms aimed at improving the productivity and efficiency of the economy. The role of an integrated financial infrastructure is to stimulate and sustain economic growth.

The US $28 billion Indian financial sector has grown at around 15% and has displayed stability for the last several years, even when other markets in the Asian region were facing crisis. This stability was ensured through the resilience that has been built into the system over time. The financial sector has kept pace with the growing needs of corporate and other borrowers. Banks, capital market participants and insurers have developed a wide range of products and services to suit varied customer requirements. The Reserve Bank of India (RBI) has successfully introduced a regime where interest rates are more in line with market forces.

Financial institutions have combated the reduction in interest rates and pressure on their margins by constantly innovating and targeting attractive consumer segments. Banks and trade financier have also played an important role in promoting foreign trade of the country.

**Banks**

The Indian banking system has a large geographic and functional coverage. Presently the total asset size of the Indian banking sector is US $270 billion while the total deposits amount to US $220 billion with a branch network exceeding 66,000 branches across the country. Revenues of the banking sector have grown at 6% CAGR over the past few years to reach a size of US $15 billion. While commercial banks cater to short and medium term financing requirements. This distinction is getting blurred with commercial banks extending project finance. The total disbursements of the financial institutions in 2001 were US $14 billion.
Banking today has transformed into a technology intensive and customer friendly model with a focus on convenience. The sector is set to witness the emergence of financial supermarkets in the form of universal banks providing a suite of services from retail to corporate banking and industrial lending to investment banking. While corporate banking is clearly the largest segment, personal financial services is the highest growth segment.

The recent favourable government policies for enhancing limits of foreign investments to 49% among other key initiatives have encouraged such activity. Larger banks will be able to mobilise sufficient capital to finance asset expansion and fund investments in technology.

**Personal Loans Origination**

Disbursals in 2004 were higher by 91% at Rs 243 crore, compared to Rs 127 crore in the year 2001. 84,986 units were financed in 2002, as compared to 38,069 units in the previous year, an increase of 127%. The average ticket size of loans fell from Rs 33.4 K to Rs 28.6 K. Nineteen new personal loan branches were opened this year, and they accounted for 25% of the total originations in the year 2002. New customers increased their share in originations to 38% in 2004 (2001-24%), with account financed more than three times that of 2003 at Rs 93 crore. The Auto, Two wheeler and Consumer durable products serve as feeder products for new personal loans.

Existing customers accounted for 62% of the total amount financed this year, while their share in 2001 disbursals was 76%. Conversions from existing loans increased by 66% in terms of units, and 50% in terms of amount financed, as against the previous year. Conversions from personal loans as a feeder product this year increased by almost four times the amount in the year 2003, and this increase came from all locations. Constitution of conversions by previous product in 2002 and 2003 is given below. The live till date conversion ratio to eligible base for Auto, Two wheeler and Consumer durables combined is 18%. The conversion rate for Two wheeler is highest at 12% while
that of consumer durables is 19%. The live till date conversion rate for Personal loan is 12%.

1.4) BANKING OVERVIEW:
Banking dates back to 1786, the first bank established in India, then the nationalization of banks in 1969 and recently the liberalization of the same since 1991. Without a sound and effective banking system in India, it cannot have a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors.

The major participants of the Indian financial system are the commercial banks, the financial institutions (FIs), encompassing term-lending institutions, investment institutions, specialized financial institutions and the state-level development banks, Non-Bank Financial Companies (NBFCs) and other market intermediaries such as the stockbrokers and moneylenders.

Banking Segment in India functions under the umbrella of Reserve Bank of India - the regulatory, central bank. In India the banking sector is segregated as public or private sector banks, cooperative banks and regional rural banks. Bouquet of services is at customers demand in today’s banking system. Different types of accounts and loans, facilitating with plastic money and money transfer across the globe. The last decade experienced a complete reform in the financial and banking sector. The capital and financial market, banking & non-banking organization and financial instruments was redressed towards development.

The Indian banking has come from a long way from being a sleepy business institution to a highly proactive and dynamic entity. This transformation has been largely
brought about by the large dose of liberalization and economic reforms that allowed banks to explore new business opportunities rather than generating revenues from conventional streams (i.e. borrowing and lending). The banking in India is highly fragmented with 30 banking units contributing to almost 50% of deposits and 60% of advances. Indian nationalized banks (banks owned by the government) continue to be the major lenders in the economy due to their sheer size and penetrative networks which assures them high deposit mobilization. The Indian banking can be broadly categorized into nationalized, private banks and specialized banking institutions.

The Reserve Bank of India acts as a centralized body monitoring any discrepancies and shortcoming in the system. It is the foremost monitoring body in the Indian financial sector. The nationalized banks (i.e. government-owned banks) continue to dominate the Indian banking arena. Industry estimates indicate that out of 274 commercial banks operating in India, 223 banks are in the public sector and 51 are in the private sector. The private sector bank grid also includes 24 foreign banks that have started their operations here.

**Types of Banks**

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<tr>
<td>Nationalized Banks</td>
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<td>Domestic Private Sector Banks</td>
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<td>New Domestic Private Sector Banks</td>
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<td>Foreign Banks</td>
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Complementing the roles of the nationalized and private banks are the specialized financial institutions or Non Banking Financial Institutions (NBFCs). With
their focused portfolio of products and services, these Non Banking Financial Institutions act as an important catalyst in contributing to the overall growth of the financial services sector. NBFCs offer loans for working capital requirements; facilitate mergers and acquisitions, IPO finance, etc. apart from financial consultancy services. Trends are now changing as banks (both public and private) has now started focusing on NBFC domains like long and medium-term finance, working cap requirements. IPO financing etc. to meet the multifarious needs of the business community.

**Banking products**

Banks in India have traditionally offered mass banking products. Most of the common deposit products being Savings Bank, Current Account, Term deposit Account and lending products being Cash Credit and Term Loans. Due to Reserve Bank of India guidelines, Banks have had little to do besides accepting deposits at rates fixed by Reserve Bank of India and lend amount arrived by the formula stipulated by Reserve Bank of India at rates prescribed by the latter. PLR (Prime lending rate) was the benchmark for interest on the lending products. However, RBI more often than not, dictated PLR itself. Further, remittance products were limited to issuance of Drafts, Telegraphic Transfers, Bankers Cheque and Internal Transfer of funds.

In view of several developments in the 1990s, the entire banking products structure has undergone a major change. As part of the economic reforms, banking industry has been deregulated and made competitive. New players have added to the competition. IT revolution has made it possible to provide ease and flexibility in operations to customers. Rapid strides in information technology have, in fact, redefined the role and structure of banking in India. Further, due to exposure to global trends after Information explosion led by Internet, customers - both Individuals and Corporates - are now demanding better services with more products from their banks. Financial market has turned into a buyer's market. Banks are also changing with time and are trying to become one-stop financial supermarkets. Market focus is shifting from mass banking products to class banking with introduction value added and customized products.
Eventually, the Banks plan to market bonds and debentures, when allowed. Insurance peddling by Banks will be a reality soon. The recent Credit Policy of RBI announced on 27.4.2000 has further facilitated the entry of banks in this sector. Banks also offer advisory services termed as 'private banking' - to "high relationship - value" clients.

The bank of the future has to be essentially a marketing organization that also sells banking products. New distribution channels are being used; more & more banks are outsourcing services like disbursement and servicing of consumer loans. Credit card business. Direct Selling Agents (DSAs) of various Banks go out and sell their products. They make house calls to get the application form filled in properly and take your passport-sized photo. Home banking has already become common, where you can order a draft or cash over phone/internet and have it delivered home. ICICI bank was the first among the new private banks to launch its net banking service, called Infinity. It allows the user to access account information over a secure line, request Chequebooks and stop payment, and even transfer funds between ICICI Bank accounts. Citibank has been offering net banking to its Suvidha program to customers. Products like debit cards, flexi deposits, ATM cards, personal loans including consumer loans, housing loans and vehicle loans have been introduced by a number of banks.

Corporates are also deriving benefit from the increased variety of products and competition among the banks. Certificates of deposit, Commercial papers, Non-convertible Debentures (NCDs) that can be traded in the secondary market are gaining popularity. Recently, market has also seen major developments in treasury advisory services. With the introduction of Rupee floating rates for deposits as well as advances, products like interest rate swaps and forward rate agreements for foreign exchange, risk management products like forward contract, option contract, and currency swap are offered by almost every authorized dealer bank in the market.

1.5) PERSONAL LOANS IN INDIA
In recent times, personal loans market in India is witnessing a rapid growth. Over the year 2006-07 personal loans disbursement has grown by 41%. Consumer credit in India is currently growing at around 45-50% annually, and considering that the Indian economy is expected to grow at around 8.8% in 2008-09, demand for consumer loans including personal loans is expected to remain strong. The growth is high in unsecured personal loans as compared to secured personal loans.

The boom in retail financing over the last few years — largely a result of consumer credit remaining an under-served area — has fuelled the rapid growth of financial services companies. While banks are the biggest beneficiaries, non-banking finance companies (NBFCs) and housing finance companies have also benefited greatly. In particular, NBFCs, which compete closely with banks, have withstood competitive pressure from banks in their chosen niche areas, despite operating on a higher cost structure.

Growth drivers:
Retail finance, which has seen a significant spurt over the last three-four years, is expected to grow, albeit at a moderate pace. While cyclical factors may play out, the structural drivers of the retail boom are expected to remain intact, lending a favourable outlook to the mortgage market.

High-yielding segments such as consumer durables, two-wheelers and pre-owned CVs, where NBFCs have registered strong growth, still offer potential to grow. Rural and semi-urban areas, which are largely under-banked, also offer substantial scope for NBFCs to improve their business volumes. Overall, higher disbursements may make up for the decline in spreads.

The RBI's recent decision to allow NBFCs to distribute mutual funds and issue co-branded credit cards presents them with a growth opportunity. With forays into insurance and other financial services, these sectors are poised for more action. Companies such as Reliance Capital, with a strong distribution network and investment management skills, are expected to gain from this.

With financial services becoming increasingly commoditised, the cost of distribution will be the key metric to service the customer effectively. NBFCs, with a wider reach in locations where banks with a more 'heavy cost' structure have left a gap, are well placed to service this largely under-penetrated market. Their operating costs (barring funding costs) and staff costs are more competitive than other organised intermediaries.

Disbursements are expected to grow at a CAGR of 18-20 per cent over the next three years or so. For NBFCs, areas such as personal loans and credit cards hold a lot of promise owing to their limited exposure so far. With the consumption story fast gathering pace, volumes in these sectors can only be expected to rise.
Following are some of the important factors responsible for growth in personal loans market in India:

Change in consumer behavior: Once customer hesitated to take loans from banks but now they are looking at it from a positive angle.

Shift in focus of banks from corporate lending towards retail lending: Banks are now concentrating more on retail loans including personal loans, home loans & auto loans due to the growth in retail loans.

Positive demographics: There is rapid growth in urban population, who are most likely to take retail loans. Apart from this middle class segment is growing, which account for about 70-80% of the total loan seekers.

Major Players:
At present ICICI is the market leader having more than 30% market share in personal loans market, followed by HDFC. Apart from this there are several other banks including Government banks, Private banks & MNC banks who are in lead. In case of MNC banks, Citifinancial is at the top of the list with respect to total loan disbursements & in terms of market share. It is followed by HSBC, Standard Chartered Bank, ABN Amro & others.
PART II
ORGANISATION PROFILE
2.1) INTRODUCTION OF THE ORGANIZATION

ABOUT CITIGROUP

Citigroup Inc. is today’s pre-eminent financial services company, with more than some 200 million-customer accounts in more than 100 countries, the history dates back to 1812 and the lineage continues as below till today.

- Started as City Bank in the year of 1812 in New York, US.
- City bank of New York became the largest bank in the US in the year of 1894.
- In 1914 City Bank became a first open an overseas branch.
- Became the first US Bank with $ 1 billion in assets in 1919
- In the year of 1945-45 over 1800 city bank men and women served in Second World War, 55 lost their lives.
- City Bank changed its name as Citibank in the year of 1976.
- In 1998, all Citicorp and travelers divisions merge to Citigroup.
- In the year of 1999 Citigroup launched CitiDirect Online Banking, the first multi-product, multi Internet banking system. Commercial Credit re-named as Citifinancial.
- Associates of North American consumer financial corporations incorporated into Citifinancial and Citigroup earned $ 13 billion, became one of the most profitable companies in the globe in 2000.
- In 2002, Citibank celebrated its centenary anniversary in India, Europe and other Asian countries.

Major brand names under Citigroup’s trademark red umbrella include CitiCards, Citifinancial, CitiMortgage, CitiInsurance, Promerica, DinersClub and CitiCapital.
CITI-FINANCIAL: LINEAGE

“From a small NBFC to a major National Finance Company”

- Founded in 1912, by Alexander Duncan as Commercial credit.
- In 1916, Commercial credit became the first financial company to offer installment purchase plans Automobile, a new invention.
- Developed installment loans for funding purchase of Consumer Durables in 1940s.
- In 1968, Commercial credit became a subsidiary of Control Data Corporation.
- Sandy Weill took over the control of Commercial credit in 1986.
- In 1992, company became a part of Travelers Group.
- Company became part of Citigroup in 1998.
- Commercial Credit rebranded as Citifinancial in the year of 1999.
- In 2000 Citifinancial became the first associated capital corporation, the largest publicly traded finance company in the US acquired by Citigroup.
HISTORY OF CITIFINANCIAL

Citifinancial Consumer Finance India Limited (Citifinancial) AAA and P1+ ratings continue to be driven by the company’s ultimate owner, the world’s leading financial services conglomerate Citigroup Inc (rated ‘AA-/Stable/A1+’ by standard and Poor’s). They also reflect the steady improvement in Citifinancial profitability, which is driven by its increasing exposure to high-margin product lines such as personal loans and home equity.

The company’s comfortable resource profile, improving market position in the personal loan and home equity segments, consistently good asset quality and adequate capital adequacy (12.3% as at March 31, 2004) are also key rating drivers. CRISIL’s assessment of the company’s standalone credit profile reflects its business philosophy of financing customers from the middle-class and those who would otherwise find it difficult to access organized credit.

Citifinancial began its Indian operations in October 1997 and is engaged in retail financing. As at March 31, 2004, its loan portfolio comprised cars (32% of portfolio), Consumer durables and two-wheeler (together 11%), Personal loans (25%), Home equity and loans against Personal of property (31%).

The remaining 1% was loans for commercial equipment, a segment in which Citifinancial will not be writing any fresh business. For the year ended March 31, 2004, Citifinancial reported a net profit (PAT) of Rs.573.8 million (Rs 220.9 million) on a total income of Rs 4.2 billion (Rs 3 billion). The company has reported an unaudited PAT of Rs 342.7 million (Rs 161.9 million) for the quarter ended June 30,2004.

Outlook: CRISIL believes that Citifinancial will maintain its capitalization levels in the near to medium term. Although the company’s gross spreads are expected to improve with a shift in its asset mix towards higher yielding products, its ability to control its expenses and write-offs will have a crucial bearing in translating the higher spreads into profitability gains.
COMPANY PROFILE

Name: Citifinancial Consumer Finance India Limited.

Address: CCB, 110/C, Ishan Opus, Congress Road, Tilakwadi, Belgaum-590006

Constitution: Public Ltd.

Registered office: 3, LSC Pushp Vihar New Delhi-110062

Regional Head office: No 117, Radhakrishnan Salai Mylapore Chennai-600004

Phone numbers: 91-080-22124810/12/14/16 Extn 105

Fax: 91-080-22240427

2.2) SWOT ANALYSIS: Citifinancial Personal Loan Program

At present, Citifinancial personal loan product mix comprises 50% of existing borrowers and 50% of new borrowers. And as the existing borrower’s performance has already been tested and based on which the Personal loan is given, the risk factor is observed to be marginal. Also, this product is considered to be highest yielding product.

Strengths:
- Unique segmentation,
- Risk spread over small loans,
- Focus on existing customer program,
- Easy documentation and Quick turnarounds,
- Customer service with a personal touch,
- Flexibility- Unique options to specific customer segments offering risk adjusted pricing.
- Loan credit shield option.
- Team spirit and enthusiasm in the self contained PL teams.

Weakness:
- High interest rates and consequently higher risk customer profile,
- Low-ticket size,
- Low visibility of brand.
Opportunities:

- Expected growth of the middle class market,
- Geographical expansion by opening Personal loan branches,
- Regular growth in the ATP database continuing to offer cross sell opportunities,
- The company now being a part of the Citigroup, which should contribute to better brand visibility in the coming days.

Threats:

- Possibility of competition in the present target segment of Citifinancial,
- Possibility of poor quality cases coming into the system directly or indirectly through freelancers/agents referring Citifinancial to such customers without our knowledge.
2.3) DEPARTMENTAL STUDY:

1. CREDIT AND RISK DEPARTMENT

This department includes two types of job profiles namely Credit and Collections. The department is liable to for end-to-end credit and collection functions.

**Credit Underwriting:**

This department is responsible for check the creditability of the customer and to decide about approval or rejection of the loan application; the department vets the applications forwarded by the sales departments and does the same.

**Functions:**
- To verify the repayment capacity of the customer.
- To approve the right kinds customer loan applications.
- Inter departmental interaction especially with the sales and collections departments.

**Collections:**

This department is responsible to recollect the unpaid money from the customers through collection agencies. The employees in this department will be on field to perform their task.

**Functions:**
- System based collections and generating reports.
- Relationship Management with collection agencies and customer.
- Managing performance of the collection agencies.
2. **PERSONAL LOANS DEPARTMENT**

This department is the backbone of the organization, which is concerned with sales of the products of Citifinancial i.e., Loans and Advances. The department is concerned with approaching and convincing the customers so that they can come to Citifinancial. Department is also concerned with getting the applications filled with all the necessary document and forward it to Credit and Risk department for final approval.

**Functions:**

- Disbursing loan amounting to through direct and indirect channels.
- Approaching and convincing the customers.
- Getting applications filled with all the necessary documents and forwarding to Credit & Risk for approval.
3. SUPPORTING DEPARTMENTS

I. HUMAN RESOURCES DEPARTMENT

This department is responsible for end-to-end activities of related to human resources management.

Functions:
- Human Resource planning.
- Recruitment and Selection
- Training and development.
- Payment of salary and incentives
- Performance appraisal etc.

II. ADMINISTRATION

This department is responsible for administration and to provide all necessary support in the office.

Functions:
- Maintaining cleanliness.
- Providing all the official requirements.
- House keeping.

III. PROCESSING

This department is responsible for smooth running of all the operations of the organization. The operations include receiving the debt and releasing the debt etc.

Functions:
- Releasing loan amount.
- Collecting the cash from the customers as well as collection agencies
- Recording all the documents of loans and keeping the concerned department informed.
- Supporting other departments for smooth running of business.
IV. MARKETING

This department is concerned with marketing all the products of the company, also responsible for innovation of new products and services, and to develop marketing strategies for the same.

Functions:
- Advertising of the Citi products.
- Marketing of the products and services.
- Developing innovative products and developing the tools to market them.
- Supporting the sales team in order to achieve the targets.

V. CUSTOMER SERVICE

This department is responsible to attend the customers who are visiting the branch, concerned with giving the necessary information to the customers according to their needs.

Functions:
- Meeting customers and providing the necessary information.
- Maintaining good customer relations.
- Attending to calls of the customers.

VI. INFORMATION TECHNOLOGY

This department is concerned with all the technical related aspects of the company, responsible to help all the departments to work on their computers and other technical tools without any disturbance.

Functions:
- Keeping all the technology in working conditions.
- Arranging for the required technology at the time of video conferencing etc.
- Helping all the departments with the technical aspects as and when required.
2.4) ORGANISTION STRUCTURE

Organisational structure for all the departments in Citifinancial is the same.

Vice President

Assistant Vice President

District Manager

Branch Manager

Assistant Manager

Officer

OFF Roles

Strategic Business unit
2.5) VISION, STRENGTHS & COMPETITIVE ADVANTAGES

VISION
- Excellent customer service
- Superior products
- The Right technology
- Supporting the community
- Integrity

STRENGTHS
- People
- Distribution
- Innovative products
- Technology
- Service standards

COMPETITIVE ADVANTAGES
- Most global presence
- Broadest distribution
- Best Brand
- Unmatched scale and efficiency
- Superior products
- Expanding distribution
- Transferring expertise
- Investing in people and technology
- Allocating capital to highest growth opportunities
Competitors:
Citifinancial competitors are primarily in the Lending industry. Citifinancial competitors include:
- Bank of America.
- GE Money.
- HSBC Finance.
- SBI has recently entered.

The Market share:
- HDFC Personal loan 24%.
- ICICI Personal loan 30%.
- GE money 5%.

Citifinancial is holding more than 40% of this market because it is specifically providing Personal loans.
2.6) PRODUCTS OF CITIFINANCIAL

1. Personal Loans : Loan for all types of consumer needs.

2. Housing Loans : Loan to procure a dream house.

3. Two Wheeler Loans : Loan to buy two wheelers.

4. Consumer Durable Loans: Loan to purchase all types consumer durables.
1. Personal Loans:

There are times when you need money to meet your financial requirements. At such times, think of Citi-Financial.

Citi-Financial: Personal Loans can help make a difference in life. No matter what the financial need—unexpected expenses, Medical emergencies, Travel requirements, School fees, Wedding in the family, consolidating your bills & other loans, home improvement or the long awaited vacation.

Citi-Financial has the unique ability to fulfill your cash requirements in the shortest possible time. We provide disbursals in minimum time and with minimum documentation.

Features

- *No Security*: Get a personal loan without any collateral. Citi-Financial offers you the best choice when it comes to getting a hassle-free personal loan.
- *No Guarantor*: Don't waste your time finding a guarantor to get a cash loan. Just apply for a Citi-Financial Personal Loan now.
- *Easy Documentation*
  - Address Proof
  - Income Proof
  - Identity Proof
  - Last six months' bank statements.
Loans for salaried and self-employed individuals: Citi-Financials loans are designed to cater to the unique needs of both salaried and self-employed individuals.

Quick processing: When you have unexpected expenses, you need to meet them quickly. Citi-Financial ensures that your personal loan is processed and delivered to you in just 48 hours.

Cash up to Rs. 1 Lakh: Apply now for a Citi-Financial personal loan and get cash up to Rs. 1 Lakh at your doorstep in just 48 hours.

Easy Monthly Installments: Repay your personal loan in equated monthly installments (EMIs) that are easy and convenient.
2. **Home Loan**

Citi-Financial understands that a home of your own is your dream. When you need a housing loan that comes to you quickly and hassle-free, just call us. Our home loans are customised to your requirements.

A scheme to suit every dream: (Under Home Loans)
- Home Purchase Finance.
- Home Loan Refinance with Top-up.
- Home Improvement Finance.
- Home Extension Finance.

Features:
- Home loans specially designed for self-employed individuals
- Attractive schemes for salaried individuals
- Easy income and property documentation
- Flexible property norms
- Approved plans are not mandatory
- Funding for builder flats
- Hassle-free and fast service
3. Loan against Property

Your home is more than just four walls and a roof that provides shelter for you and your family. It is also a valuable asset that can be put to use, while you occupy it.

Citi-Financial Home Equity loans offer you the opportunity to get a loan against your property for practically any purpose. Our friendly, flexible and fast service offers you the best option to free the wealth locked up in your property.

Features

- **Property loan up to Rs. 2 Crore**: Get loans from Rs. 2 Lakh to Rs. 2 Crore and up to 60% of the market value of your property.
- **Flexible procedures**: Flexible income criteria and loans against rented, vacant and self-occupied residential properties. Loans can also be availed on property belonging to your family members.
- **Easy repayment**: Loan repayment term is available up to a period of 15 years and easy repayment on Equated Monthly Installments (EMIs) basis.
4. **Durables and Two-wheeler Finance:**

If you have a need for a durable, two-wheeler or a personal computer, think of a Citi-Financial Durables and Two-Wheeler loans. We empower you to bring alive your needs with our Loans for:

- **Consumer Durables:** Want to add decor to your home with the latest TV, Microwave or Refrigerator? Buy these consumer durables easily with a Citi-Financial Durables Finance loan. We provide TV Finance, Microwave Finance, AC Finance and other consumer durables at 0%* interest with minimum documentation.

- **Two-wheelers:** Wish to ride into the future on a new bike? Avail convenient and flexible loan options, and get up to 90% finance for motorcycles and scooters.

- **Car Loans:** Citifinancial offer not only for new cars, but also for used cars and even for refinancing a fully paid car. All at attractive interest rates, for finance amounts ranging from Rs.35000. Taking car finance from Citifinancial is quick, simple & hassle free. And in addition to that we offer you a whole bundle of bento Rs.25lakhs in metros & urban areas. You can repay the loan amount in periods ranging from 1 to 7 years.

- **Personal Computers:** Want to present your kids with the window to the World? Come to Citi-Financial for fast and easy finance. We offer convenient finance options for Desktops and Laptops.
Features

- Extensive dealer network
- 0% interest available on appliances
- Schemes available on wide range of brands
- Flexible financing options
- Convenient application and fast approval process
PART-III
INTRODUCTION TO RESEARCH
3.1) TITLE OF THE PROJECT:

“Advances Process Management”

3.2) THEOROTICAL BACKGROUND OF THE STUDY

Process:
All activities starting with the sourcing of the loan application, sales credit, documentation, disbursal, collections and customer service are handled is called a process.

Process Management:
It is the application of knowledge, skills, tools, techniques and systems to define, visualize, measure, control, report and improve processes with the goal to meet customer requirements profitably.
The procedure for receiving the loan from Citifinancial:

- Transaction Process for New Borrowers.
- Transaction Process for Existing Borrowers.
TRANSACTION PROCESS—NEW BORROWER

- **Login**
- **Walk-in**
- **Executives**
- **Telecalling**
- **Reference No**
  - **CPV**
    - -ve: **Reject**
    - +ve: **Accent**
  - **TVR**
    - +ve: **Reject**
    - -ve: **Accent**
- **Officer**
- **CFI**
  - **CR Officer**
  - **Booking**
    - **Cheque is Printed**
    - **Dispatched**
TRANSACTION PROCESS—EXISTING BORROWER

- Database calling
- Lead Generated
- Confirmation of Address and Phone Nos.
- Reference number generation based on updated TVR
- Dedupe
  - +ve
  - -ve
    - Accept
    - Reject

CPV Initiated for cases where:
- Address change
- Previous loan fastrack
- Previous loan closed more than 6 months back

- +ve
  - Accept
- -ve
  - Reject

Cases with Finance Amount < Rs 50000
- Customer informed and Documents/ PDC checked.

Cases with Finance Amount > Rs 50000
- Customer informed and Documents/ PDC checked.
- Debt Burden capped at 70%.
- Latest Income Proof required.

Prepare Cheque, Sign and Disburse
Explanation:

1. LOGIN:
   - **Walk Ins.**: It is very important that a walk-in customer is made to feel at ease and comfortable when he/she walks in to the branch.
   - **Telephonic enquiries**: A prospective customer calls to know about the products' detail after going through the different modes of advertisements and word of mouth.
   - **Executives**: A distribution network set for personal loan for the convenience of the customers.

2. APPLICATION FORM:
   Here the applicant has to fill out an application form which is given to him. The application form consists of the applicants name, address, phone number, occupation details & date of birth, Bank account details and Reference name & Details. The loan applicant also has to submit the relevant documents like income proof, photographs, address proof & last 6 months bank statement.

3. INITIAL SCREENING:
   Here customers are called & either executives or Officers screen the customers.

4. REFERENCE NUMBER:
   Reference number means it is as good as an account number. It contains the information about customer’s credit worthiness
5. a) Contact Point Verification (CPV):
After the application form is scrutinized a contact point verification report has to be prepared. The CPV work is carried out by an external agency. The main job of the agency is to check the address of the potential applicant (both Office & Residence) & also the standard of living conditions. The CPV report also puts forward its comments about the applicant like whether the source of income is secure or whether the standard of living is fair/poor.

b) Telephone Verification Report (TVR):
The next step is the TVR stage. Here the verification is done over the phone to the applicant’s office & residence phones.
Various questions are asked like types of durables present in the house, number of vehicles owned, family members, dependents, etc, in the residence phone verification.
In the office phone verification questions such as number of workers in the office, type of industry, salary earned, etc, are asked.
Based on the feedback received the TVR can be termed positive (+ve) or negative (-ve).

6. CALL FOR INTERVIEW (CFI):
The next step is the CFI where the applicant has to come to the office for the interview with all his original documents. Here the applicant is asked some relevant questions about the loan amount he/she wants, purpose of the loan & comfortable monthly installment. All this is written on a CFI sheet.
Based on CVP, TVR & CFI a loan scheme is explained to the customer. If the customer is not happy with the scheme, various options are put forward to him.
There are a variety of schemes available to suit the customer.
7. BUDGET ANALYSIS:
A budget analysis is carried out to find out whether the EMI (Equated Monthly Installment) is affordable to the customer. This is done by capping it within his monthly salary, other income, dependents & expenditure.

8. LOAN CHEQUE PRINTING:
The file & documents are now sent for processing & data entry. The loan cheque is finally printed & handed to the customer.
3.3) STATEMENT OF PROBLEM

Citifinancial is known for its convenient application and fast approval process (quick processing time). But in some cases the processing is getting delayed and customers are not happy with this. Citifinancial, Belgaum branch wanted to know what are the reasons for the delay in process of loan sanctioning.

3.4) NEED & OBJECTIVE OF THE STUDY

Need for the Study:
- To learn about the various procedures/processes of giving loans.
- To determine the time required for each process.
- If there is any deviation in the process, then finding out the reasons for the deviation?
- To determine the ways to improve TAT (Turn Around Time)

Objectives:

❖ Primary objectives:
  - To study the organization structure.
  - To learn about the existing process of giving loans.
  - To formulate strategies to minimize the time.

❖ Secondary objectives:
  - To study the time required for the process of giving loans.
  - To evaluate the process. If there is any deviation in the process, then finding out the reasons.
3.5) EXPECTATIONS FROM THE STUDY

➢ To determine the time required for each process of loan sanctioning.
➢ To find out the reasons for the deviations in the process of loan sanctioning.
➢ To formulate the strategies to minimize the time required for each process of loan sanctioning.
➢ To find out the expectations of customers regarding the process of loan sanctioning of Citifinancial.
➢ To create a chart of loan processing to new customers and as well as for existing customers.
PART-IV
RESEARCH
METHODOLOGY
4.1) DATA COLLECTION METHOD

The required data is collected through both the sources.

**Primary Data**
- Questionnaire method
- Personal interview method (Informal discussion with respondents & executives)
- Observation method

**Secondary data**
- Text books
- Magazines
- Broachers
- Website

4.2) SAMPLING

- **Sampling method:**
  - Nonprobability Sampling

- **Sample Size:**
  - 100 through Questionnaire

- **Sampling Plan:**
  - Eliciting information through questionnaire and personal interview.

- **Scope of the study:**
  - Belgaum city
4.3) DATA ANALYSIS

- Tools to be used for analysis:
  - SPSS
  - Graphs & Chart

4.4) LIMITATIONS OF THE STUDY

- The survey is restricted to only Belgaum city.
- Findings are based on assuming that all respondents have truly and honestly answered.
- Most of the customers were busy with their work, so found difficulty in getting questionnaire filled.
- Found difficulty in measuring qualitative factors.
PART V

ANALYSIS & FINDINGS
ANALYSIS:

1. HYPOTHESIS

H₀: Time promised by Citifinancial & Time taken by the Citifinancial to disburse the loan are independent of each other.

H₁: Time promised by Citifinancial & Time taken by the Citifinancial to disburse the loan are dependent of each other.

| Time taken by Citifinancial * Time Promised by Citifinancial Crosstabulation |
|-------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Total                                           | 5               | 1               | 4               | 24              |
| 12-24 hours                                    | 5               | 1               | 4               | 15              |
| 24-36 hours                                    | 1               | 19              | 9               | 39              |
| 36-48 hours                                    | 1               | 4               | 9               | 15              |
| More than 48 hours                             | 1               | 3               | 13              | 39              |
| Total                                           | 8               | 26              | 26              | 40              | 100             |

Chi-Square Tests

<table>
<thead>
<tr>
<th>Pearson Chi-Square</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>129.660a</td>
<td>9</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>101.841</td>
<td>9</td>
<td>.000</td>
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<tr>
<td>Linear-by-Linear Association</td>
<td>60.442</td>
<td>1</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .40.
Interpretation:
Since the Pearson Chi-Square value is 0.000 which is less than 0.05 (level of significance), $H_0$ is rejected and $H_1$ is accepted, i.e., Time promised by Citifinancial & Time taken by the Citifinancial to disburse the loan are dependent of each other.

2. FACTOR ANALYSIS: (at 5% significance level)

KMO and Bartlett’s Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .623 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 205.956 |
| | df | 36 |
| | Sig. | .000 |

As the KMO adequacy is more than 0.05 (i.e. 0.623) and Bartlett’s test sphericity is less than 0.05 (i.e. .000) the factor analysis can be continued.

Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>2</td>
<td>1.826</td>
<td>20.291</td>
<td>49.186</td>
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<tr>
<td>3</td>
<td>1.091</td>
<td>12.126</td>
<td>61.312</td>
</tr>
<tr>
<td>4</td>
<td>.888</td>
<td>9.872</td>
<td>71.184</td>
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<td>5</td>
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<td>6</td>
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<tr>
<td>9</td>
<td>.231</td>
<td>2.565</td>
<td>100.000</td>
</tr>
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</table>

Extraction Method: Principal Component Analysis.
## Component Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>.564</td>
<td>-.554</td>
<td>7.721E-02</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.609</td>
<td>.110</td>
<td>.514</td>
</tr>
<tr>
<td>Technology</td>
<td>.541</td>
<td>-.119</td>
<td>.589</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td>.282</td>
<td>.526</td>
<td>3.433E-02</td>
</tr>
<tr>
<td>Repayment period</td>
<td>.302</td>
<td>.412</td>
<td>-.456</td>
</tr>
<tr>
<td>Processing charges</td>
<td>.334</td>
<td>.742</td>
<td>2.194E-02</td>
</tr>
<tr>
<td>Flexibility</td>
<td>.494</td>
<td>.537</td>
<td>-4.37E-02</td>
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<tr>
<td>Sanctioning procedure</td>
<td>.766</td>
<td>-.325</td>
<td>-.342</td>
</tr>
<tr>
<td>Processing Time</td>
<td>.712</td>
<td>-.319</td>
<td>-.381</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

## Rotated Component Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
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<td>-.248</td>
<td>.405</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.145</td>
<td>.281</td>
<td>.739</td>
</tr>
<tr>
<td>Technology</td>
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<td>3.686E-02</td>
<td>.791</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td>-5.52E-02</td>
<td>.583</td>
<td>.124</td>
</tr>
<tr>
<td>Repayment period</td>
<td>.253</td>
<td>.574</td>
<td>-.275</td>
</tr>
<tr>
<td>Processing charges</td>
<td>-.112</td>
<td>.797</td>
<td>.119</td>
</tr>
<tr>
<td>Flexibility</td>
<td>.134</td>
<td>.700</td>
<td>.164</td>
</tr>
<tr>
<td>Sanctioning procedure</td>
<td>.883</td>
<td>.113</td>
<td>.127</td>
</tr>
<tr>
<td>Processing Time</td>
<td>.860</td>
<td>.101</td>
<td>6.627E-02</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

## Component Transformation Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.737</td>
<td>.446</td>
<td>.509</td>
</tr>
<tr>
<td>2</td>
<td>-.467</td>
<td>.879</td>
<td>-.093</td>
</tr>
<tr>
<td>3</td>
<td>-.489</td>
<td>-.169</td>
<td>.856</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
## Interpretation:

As the positive response level is .60 and above the factors that are given the positive result (i.e. > .60) will be the factors that influence the customers to prefer Citifinancial.

Sanctioning procedure (0.883), Processing time (0.860) and service (0.636) are the factor, which influences customers to prefer Citifinancial.

### 3. FREQUENCIES CHARTS:

1. Annual Income
### Annual Income

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Rs60000-120000</td>
<td>35</td>
<td>35.0</td>
<td>35.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Rs120000-180000</td>
<td>39</td>
<td>39.0</td>
<td>39.0</td>
<td>74.0</td>
</tr>
<tr>
<td>Rs180000-240000</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Rs240000-300000</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>98.0</td>
</tr>
<tr>
<td>Above Rs300000</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

Out of 100 respondents, 39 are having the annual income between Rs 120000-180000, 35 are having Rs 60000-120000, 22 are having Rs 180000-240000, 2 are having annual income between Rs 240000-300000 and another 2 are having more than Rs 300000. So it is clear that lower, middle class & upper middle class people are taking more loan from Citifinancial as it don’t want any securities.

2. Profession
Interpretation:
From the survey it has found that Private company Employee & Self employed prefer to take loan in Citifinancial as it don’t want any pay slip for the income proof any bills (like mobile bills, IT returns, Insurance policy, etc ) are enough for the Income Proof.
3. Purpose of loan applied for?

<table>
<thead>
<tr>
<th>Purpose of loan</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Personal loan</td>
<td>57</td>
<td>57.0</td>
<td>57.0</td>
<td>57.0</td>
</tr>
<tr>
<td>Home loan</td>
<td>18</td>
<td>18.0</td>
<td>18.0</td>
<td>75.0</td>
</tr>
<tr>
<td>Education loan</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Durables &amp; Two-wheeler loan</td>
<td>11</td>
<td>11.0</td>
<td>11.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**
Out of 100 respondents 57 secured loan for personal use, 18 for home loan, 7 secured education loan, 11 secured for purchase of Durables & Two-wheeler & other 7 secured loan of other purposes like Business, marriage, etc.,
The personal expenses are to be met as early as possible, so here we come to know that people prefer Citifinancial to take a loan because the processing time of the loan is shorter.

4. How many times you have secured a loan from Citifinancial?

<table>
<thead>
<tr>
<th>Secured loan from Citifinancial</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid First time</td>
<td>52</td>
<td>52.0</td>
<td>52.0</td>
<td>52.0</td>
</tr>
<tr>
<td>Once</td>
<td>21</td>
<td>21.0</td>
<td>21.0</td>
<td>73.0</td>
</tr>
<tr>
<td>Twice</td>
<td>17</td>
<td>17.0</td>
<td>17.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Thrice</td>
<td>9</td>
<td>9.0</td>
<td>9.0</td>
<td>99.0</td>
</tr>
<tr>
<td>More than Thrice</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Interpretation:

- **First time**: 52.0%
- **Once**: 21.0%
- **Twice**: 17.0%
- **Thrice**: 9.0%
- **More than Thrice**: 1.0%

More than Thrice

- **1.0%**

Thrice

- **9.0%**

Twice

- **17.0%**

Once

- **21.0%**

First time

- **52.0%**
Out of 100 respondents 52 have borrowed loan for first time, 21 have borrowed loan once, 17 have borrowed Twice, 9 have borrowed Thrice and 1 have borrowed money more than three times from Citifinancial.

5. Required loan amount?

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Rs20000-64999</td>
<td>84</td>
<td>84.0</td>
<td>84.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Rs65000-99999</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>94.0</td>
</tr>
<tr>
<td>Rs100000-149999</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Interpretation:
Out of 100 respondents 84 people who have taken the loan in between Rs 20000-64999, 10 people between Rs 65000-99999 and 6 people take loan more than Rs 100000. So here most people apply for a less amount so it is easy to process the amount as soon as possible. It takes less time for the disbursal of loan amount.

6. State the time within which the loan amount is sanctioned?
Interpretation:
Out of 100 respondents 56 loans are disbursed in more than 48hrs, 24 loans are disbursed in 24-36 hrs, 15 loans are disbursed in 36-48hrs and remaining 5 loans are being disbursed in just 12-24hrs from Citifinancial.
7. What is the time promised by Citifinancial to process the loan amount?

**Time Promised by Citifinancial**

<table>
<thead>
<tr>
<th>Time Promised by Citifinancial</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 12-24 hours</td>
<td>8</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>24-36 hours</td>
<td>26</td>
<td>26.0</td>
<td>26.0</td>
<td>34.0</td>
</tr>
<tr>
<td>36-48 hours</td>
<td>26</td>
<td>26.0</td>
<td>26.0</td>
<td>60.0</td>
</tr>
<tr>
<td>More than 48 hours</td>
<td>40</td>
<td>40.0</td>
<td>40.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

Out of 100 respondents Citifinancial told to 40 customer that their loan will be disbursed in more than 48hrs, 26 customers loans will be disbursed in 36-48hrs, and another 26 customers loans will be disbursed in 24-36hrs, and 8 customers will get in 12-24hrs.
8. Is there any deviation in the process?

<table>
<thead>
<tr>
<th>Deviation in the process</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>27</td>
<td>27.0</td>
<td>27.0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>73</td>
<td>73.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Interpretation:
As per the survey 27% of the people say that there is a delay in the process of sanctioning loan.

9. Rate the executive assistance of Citifinancial?

<table>
<thead>
<tr>
<th>Executive assistance</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>14</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Excellent</td>
<td>14</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Good</td>
<td>62</td>
<td>62.0</td>
<td>62.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>21</td>
<td>21.0</td>
<td>21.0</td>
<td>97.0</td>
</tr>
<tr>
<td>Bad</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Executive assistance

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad</td>
<td>3.0%</td>
</tr>
<tr>
<td>Moderate</td>
<td>21.0%</td>
</tr>
<tr>
<td>Good</td>
<td>62.0%</td>
</tr>
<tr>
<td>Excellent</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

Interpretation:
Out of 100 respondents, 62 customers rated the executive assistance as Good, 21 as Moderate, 14 as Excellent, and 3 as Bad.

10. Please rank the Citifinancial on the following rating scale in comparison to other financial institutes?
10. a) Service
Interpretation:
From the survey it has found that 31 people say that the service provided by the Citifinancial is Excellent, 61 says that its Good and remaining 8 says as Moderate. So it is clear that Service is one of the factor which influence the customer to take the loan from Citifinancial.

10.b) Brand Image
Excellent
Good
Moderate
Bad
Total
Valid
Frequency Percent Valid Percent
Cumulative Percent
39
39.0
39.0
39.0
100
100.0
100.0
58
58.0
58.0
97.0
2
2.0
2.0
99.0
1
1.0
1.0
100.0
100
100.0
100.0

Interpretation:
From the survey it has found that 39 people say that the Brand Image of the Citifinancial is Excellent, 58 says that its Good and remaining 2 says as Moderate & 1 as Bad.
10. c ) Technology

<table>
<thead>
<tr>
<th>Technology</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellent</td>
<td>8</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Good</td>
<td>64</td>
<td>64.0</td>
<td>64.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>27</td>
<td>27.0</td>
<td>27.0</td>
<td>99.0</td>
</tr>
<tr>
<td>Bad</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**
From the survey it has found that 8 people say that the Technology of Citifinancial is Excellent, 64 says that its Good and remaining 27 says as Moderate & 1 as Bad. The technology break-down should be taken care because this is the one reason for the delay in the process of sanctioning loan.
10. d) Rate of Interest

<table>
<thead>
<tr>
<th>Rate of Interest</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Good</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>36</td>
<td>36.0</td>
<td>36.0</td>
<td>38.0</td>
</tr>
<tr>
<td>Bad</td>
<td>58</td>
<td>58.0</td>
<td>58.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
<td>4.0</td>
<td>4.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**
Out of 100 people 2 customers of Citifinancial says that the rate of interest is Good, 36 as Moderate, 58 as Bad and 4 as Poor. So here we come to know that customers need a low / competitive rate of interest. If the rate of interest is reduced then it attracts more customers.
10. e) Repayment Period

<table>
<thead>
<tr>
<th>Repayment period</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Excellent</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Good</td>
<td>13</td>
<td>13.0</td>
<td>13.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>78</td>
<td>78.0</td>
<td>78.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Bad</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**
Out of 100 customers 78 customers rate the repayment period of Citifinancial as Moderate, 13 as Good, 2 as Excellent and 7 as Bad. So most of the customer are happy with the repayment period.
10. f) Processing charges

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>50</td>
<td>50.0</td>
<td>50.0</td>
<td>53.0</td>
</tr>
<tr>
<td>Bad</td>
<td>41</td>
<td>41.0</td>
<td>41.0</td>
<td>94.0</td>
</tr>
<tr>
<td>Poor</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Interpretation:**

- **Good**: 3.0%
- **Moderate**: 50.0%
- **Bad**: 41.0%
- **Poor**: 6.0%
Out of 100 people 3 customers say that the processing charges of Citifinancial is Good, 50 as Moderate, 41 as Bad and 6 as Poor. So here we come to know that customers need a low processing charges.

10. g) Flexibility

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Excellent</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Good</td>
<td>36</td>
<td>36.0</td>
<td>36.0</td>
<td>37.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>55</td>
<td>55.0</td>
<td>55.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Bad</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>99.0</td>
</tr>
<tr>
<td>Poor</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
10. h) Sanctioning Procedure

<table>
<thead>
<tr>
<th>Sanctioning procedure</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Excellent</td>
<td>38</td>
<td>38.0</td>
<td>38.0</td>
<td>38.0</td>
</tr>
<tr>
<td>Good</td>
<td>52</td>
<td>52.0</td>
<td>52.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Sanctioning procedure

Interpretation:
Out of 100 respondents 38 of them say that the loan Sanctioning Procedure of Citifinancial is Excellent, 52 of them say that it’s Good and remaining 10 says that it is Moderate.

10. i) Processing Time
Interpretation:

Out of 100 respondents 49 of them say the processing time is Excellent, 36 of them say as Good and remaining 15 people say the Processing time is Moderate.
FINDINGS:

1. On the basis of Questionnaire method: Reasons for the delay in the process

As per the survey it has been found that the deviation in the process due to following reasons:

Reasons are classified as Internal reasons & External reasons:

➢ Internal Reasons:

- **Executive**: It is seen that the executives have to bring one login per day. If there are more than one login on a particular day, then the second login is being produced on the next day. This results in a delay in the process of sanctioning loan for the second login.

- **Delay in the approval process**: If the amount of loan is more than Rs.150000 then the application is being sent to Bangalore office for the verification.

- **Technology break-down**: In the process of loan sanctioning there is a technology break down, some computers were not working properly. So this leads to delay in the process.

- **Documentation**: Executives are lacking in giving detail, transparent information to the customers in the beginning. Executives don’t give the clear information regarding what all documents are to be kept ready in the process of loan sanctioning.

➢ External Reasons:

- **Documentation**: Customer did not produced the documents which are required for the process in time.

- **Cheques pending**: Customer did not submitted all the post dated cheques (PDC) in time.

- Customer did a comparative study of interest rates & other facilities provided by other financial institutions.
• *Time constraint:* Customer could not make-up on time for the interview.
• *Other reasons:*
  o In some cases customer is ignorant about the process of sanctioning loan & he don’t know why there is a delay in the process.
  o Customer was not in a hurry, so he did not pressurized the concerned person to sanction the loan early.

2. On the basis of Questionnaire method: *Areas of improvement for the organization according to customer*

- Interest rates and Processing charges are quite high comparing to other companies. Customers need low and competitive interest rates, Proper customer care, Better/Quick service facility form Citifinancial.
- Clear and transparent information about the loan, informing the customers before presenting Cheques for collection, charging of more/Extra charges on customers.
- Executives are lacking in giving detail, transparent and detail information to the customers in the beginning.
- Transparency about EMI, Interest amount and the balance to be paid by the customers is lacking while updating customers. About their account.
- Citifinancial is not issuing the letter of clearance immediately on the payment of last EMI.
- Cheque bounce charges are more.
- Citifinancial is not Informing its customers before putting Cheques for collection
PART-VI
SUGGESTIONS
Suggestions:

After concluding the research, I would like to recommend few suggestions to Citifinancial depending upon the result of survey.

The following are the recommendations made after analyzing the study:

- With respect to the loans to be sanctioned by the executive, the problem can be solved by keeping only the minimum login per day (i.e., one login per day) and no limit should be there for the maximum. The person who gets more logins per day should be given incentives or other benefits. This will result in no delay and more number of logins.

- If the amount of loan is more than Rs.150000 then the loan application goes to Bangalore office for the further verification, this has to be told to customer.

- If in case there is a technology break-down the Citifinancial should arrange some alternatives for it, so it helps to sanction the loan within the time promised by the Citifinancial.

- Documentation has to be made easier, it can be a major factor to attract customers. Tele caller should tell the customers which all documents are kept to be ready & should call regularly in order to remind the customers about the requirements.

- Executives are to be trained as to provide the customers with detail, transparent and factual information in the beginning itself about their loan account. Give clear information to customers regarding EMI, Principle, Interest and balance amount etc and keep them updating on the same on regular basis to maintain best banking relations.

- Citifinancial should not ask for all 18 or 36 cheques (PDC) at a time, as it will be difficult for the customer to get those many Cheques at a time. If they take care of this then their will be no delay in the process.

- Citifinancial should highlight its various services & facilities provided to customers with compare to other financial institutions, so by this customer will not go for a comparative study. And by this the delay in process can be controlled.
The interview of the customer should be kept when the customer is free.

Educate the customers regarding the process of loan sanctioning.

Interest rates and Processing charges have to be made fixed and competitive, so it also can attract the customers and customer will not think much while taking a loan if the interest rates are fixed and competitive.

Customers need

- Low and competitive interest rates,
- Proper customer care,
- Better/quick service facility,
- Low Cheque bounce charges.

Areas of improvement for the organization according to customers are,

- Clear and transparent information about the loan,
- Informing the customers before presenting Cheques for clearance.

Inform customers before presenting Cheques for clearance, this will notify customers to deposit money into their account and can avoid bouncing of the Cheques.

Citifinancial must issue the letter of clearance immediately on the payment of last EMI, as this helps to gain customer satisfaction.

After the payment of each installment (EMI) Citifinancial should issue the receipt. The receipt helps the customer to know about the balance amount remaining, update the customer regarding their loan account on a regular basis.
PART-VII

CONCLUSION
Conclusion

After the completion of the study I would like to conclude the following points, which were revealed through findings of the study:

- Processing time, Sanctioning procedure and service are the key factors which are influencing customers to prefer CitiFinancial.
- Executives are the frontline employees of the organization so they have to be trained & they should be able to provide every information to the customers.
- Most of the customers are getting loan in time (i.e. with in the time promised by Citifinancial).
- Coming to customer requirements they are expecting:
  - Low and competitive interest rates,
  - Low Cheque bounce charges,
  - Proper customer care,
  - Better/quick service facility,
  - Clear and transparent information about the loan,
  - Information before presenting cheque for clearance,

Overall customers are satisfied with the processing time of the organization and above improvements are essential to attract more customers and to maintain best banking relations.
PART-VIII

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PART-IX
ANNEXURE
QUESTIONNAIRE

Dear Sir/Madam,

1. Personal data
   Name : 
   Age : 
   Gender : 
   Address : 

   Contact no : (R) (M)

2. Tick the appropriate box to which you belong?
   a) Annual income
      Between Rs60000-120000 [ ]
      Between Rs120000-180000 [ ]
      Between Rs180000-240000 [ ]
      Between Rs240000-300000 [ ]
      Above Rs300000 [ ]
   b) Profession
      Govt Employee [ ]
      Private co. Employee [ ]
      Professional [ ]
      Self Employed [ ]
      Other (Specify): ____________________________

3. Purpose of loan applied for?
   Personal loan [ ]
   Home loan [ ]
   Education loan [ ]
   Durables & Vehicle finance [ ]
   Others (Specify): ____________________________
ADVANCES PROCESS MANAGEMENT AT CITI FINANCIAL

4. How many times you have secured loan from Citifinancial?
   - First time [ ]
   - Two times [ ]
   - More than Three times [ ]
   - Once [ ]
   - Three times [ ]

5. What is the Amount of loan applied for (Required loan amount)?
   - Between Rs20000-64999 [ ]
   - Between Rs100000-149999 [ ]
   - Between Rs65000-99999 [ ]
   - Above Rs150000 [ ]

6. State the time within which the loan amount is sanctioned?
   - Less than 12hours [ ]
   - 24-36hours [ ]
   - More than 48hours[ ]
   - 12-24hours [ ]
   - 36-48hours [ ]

7. What is the time promised by the Citifinancial to process the loan amount?
   - Less than 12hours [ ]
   - 24-36hours [ ]
   - More than 48hours[ ]
   - 12-24hours [ ]
   - 36-48hours [ ]

8. Is there any deviation in the process of loan sanctioning?
   - Yes [ ]
   - No [ ]
   - If yes, then what are the reasons for the deviation in the process?
     - •

9. Rate the Executive assistance of Citifinancial?
   - Excellent [ ]
   - Good [ ]
   - Moderate [ ]
   - Bad [ ]
   - Worst [ ]
10. Please rank the Citifinancial on the following rating scale in comparison to other financial institutes?

(Rate 1 as **Excellent** and 5 as **Poor**)

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11. Any Suggestions to improve the process?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
****THANK YOU FOR YOUR VALUABLE RESPONSE****