



# **The Impact of Consumer Durable Loans on Household Purchasing Behavior and Financial Stability**

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## **1.INTRODUCTION**

### **THEORETICAL BACKGROUND**

#### ***1.1: What is Finance?***

"Finance is the management of money and other valuables, easily convertible into cash." A stock category that comprises companies offering financial services to commercial and retail customers. Banks, investment funds, insurance firms and property fall under this sector. Financial services are best in low-interest-rate environments. Much of this sector earns revenue from mortgages and loans, which appreciate as interest rates decrease. Also, when the business cycle is rising, the financial sector is helped by more investment good economic condition typically result in more capital projects and more individual investing. New projects need to be financed, which typically results in a high number of loans. "Finance" has been defined simply as money management or "funds" management. Contemporary finance, though, is a family of business activity that encompass the origination, promotion, and administration of cash and money substitutes through a range of capital accounts, instruments, and markets established for trading and transaction assets, liabilities, and risks. Finance is theorized, organized, and governed by a sophisticated network of power relationship among political economies within state and international market.

#### ***1.2: Who is consumer?***

A person who purchases goods or services for his or her use and not for resale or manufacture consumer is a person who has the choice to decide whether to buy something at the store, and a person who will be affected by advertisements and marketing. Whenever a person goes to a store and buys a toy, shirt, drink, or anything else, they are doing that as a consumer. Under the consumer protection act 1985 any individual who purchase any goods for consideration, who include an individual who acquire such goods for resale or for any commercial purpose.

#### ***1.3 :Consumer Finance:***

"The consumer lending segment that entails lending money to consumers. It encompasses a wide variety of loans, including credit card loans, home loan loans, and car loans, and can be applied to loans borrowed at the prime rate or the subprime rate."

The consumer finance is a win-win system in which everyone wins. For the consumers it is an opportunity to upgrade standard of living here and now instead of waiting for years of savings accumulate. For manufacturer, consumer finance stimulates demand and brings down inventories. For dealers it is one type of sales booting. For finance company it is profit generation.

Consumerfinance refers to the lending between a consumer and a lender. Sometimes the lender can be a bank or a financial institution. Other times, the lender can be an institution that extends in house credit in return for the business of the consumer. Consumer finance would encompass nearly any form of lending business that can lead to the extension of credit to a consumer.

#### ***1.4: Consumer Durable Finance:***

"Consumer durable finance means to provide the finance on the consumer durable product like, washing machinist, TV etc. it is known as consumer durable finance"

The consumer durable finance offer the 0% interest on durable product to the consumer, This provides customers with one more strong reason to choose 0% interest Consumer Durables Finance for durables purchase. Consumer durables finance schemes are usually offered at the dealer place (point of sale) or the showroom. The recipients are not only customers - lenders, manufacturers, and retailers also gain. Manufacturers benefit from the resultant sales

increase and higher consumer inclination towards high-margin products. Financing schemes allow customers, particularly those income levels, to utilize future income flows to purchase consumer goods in advance and repay installments over time.

The most prevalent finance scheme that is popular in the market today is the 12/4 scheme, where the financier gets the first four months' value as advance down payment from the user and subsequently pays the whole value to the dealer. The financier gets the balance money back in 8 installments from the user. The interest and processing charge is typically funded by the manufacturer to the financier. Consumer durables finance appears healthy, continued support by manufacturers (who are effectively subsidizing the interest cost today) would be necessary to ensure high growth.

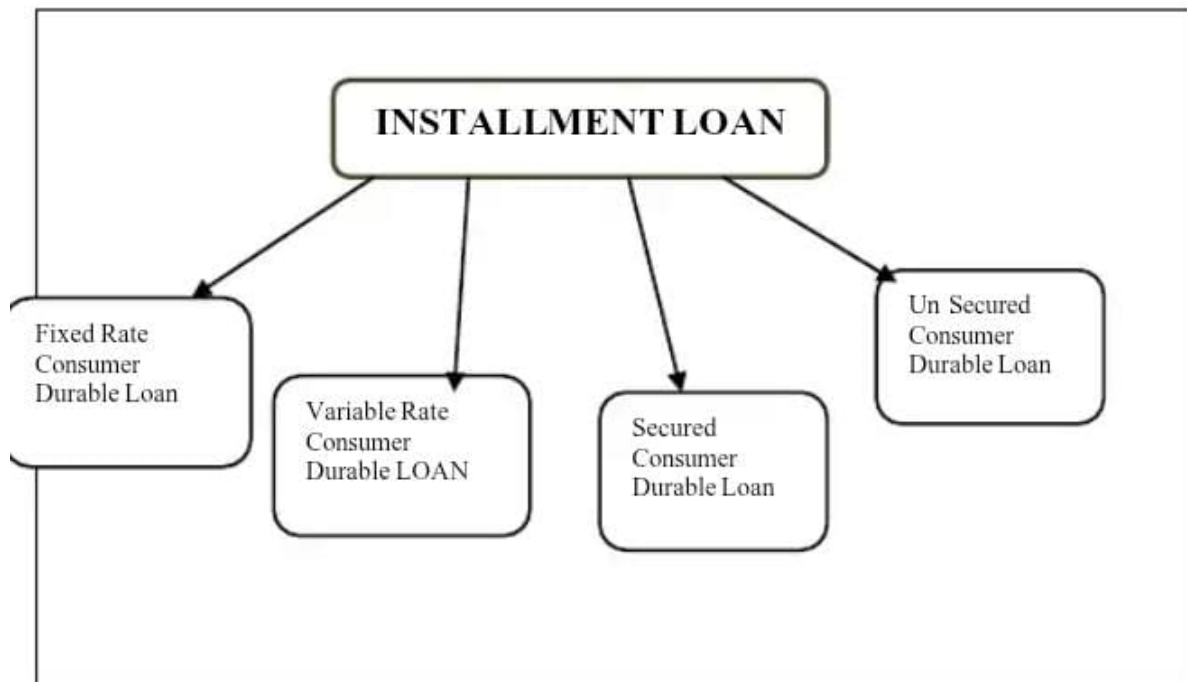
### 1.5 Who is eligible for a Consumer Loan?

If you are a salary earner aged over 21 with a monthly salary of Rs 18,000 (Rs 15,000 for HDFC Bank Salary Account holders), you can avail of a Consumer Loan. If you are self-employed above the age of 26 with tax returns of income over Rs 1.5 lac, you can avail of a Consumer Loan.

### 1.6 Types of Consumer Durable Loans

A consumer durable loan is a credit facility which may be taken to purchase consumer durable goods such as household appliances, electronics, etc. An installment loan is the most common type of consumer durable loan. An installment loan is a separate category of personal loan from that of an EMI conversion made through a credit card/debit card as no card is used to purchase something and or to plan installment-based payment. Defining an installment loan and its sub types is as follows:

INSTALLMENT LOAN:-



#### **Installment Loans:**

These are the most common form of consumer durable loans and are paid back in weekly, fortnightly, monthly or bi-monthly instalments as per a pre-scheduled schedule. The interest on such instalments could be fixed or time-based. Further, these consumer loans could be secured or unsecured loans. Based on these varied features, installment loans could also be classified as follows:

#### **Fixed rate consumer durable loan:**

Most consumer loans provided to the borrowers are fixed interest rate loans under the same procedure under which other interest rates on personal loans are levied. The consumer loans, as designated, also have a fixed rate of interest throughout the tenure of the loan.

#### **Variable rate consumer durable loan:**

With a variable rate consumer loan, the interest rate applied to outstanding balances fluctuates when market interest rates shift. So, so will your interest charges. Such loans generally include limits on how high or how low the interest rate can float.

#### **Secured consumer durable loans:**

Secured loans are loans backed by assets as security. Secured consumer loans in India are typically followed by hypothecation of the bought product. Banks also provide consumer durable loans against other documents like fixed deposits, RBI Bonds, gold jewellery, LIC policy, etc. Interest rates are thus typically lower for secured consumer durable loans. In the event that you are unable to repay the loan for any reason, your security can be withdrawn by the financier to compensate for their loss.

#### **Unsecured consumer durable loans:**

Most prevalent are consumer durable loans that are not secured. There is no collateral of any form that needs to be furnished by the borrower. Interest on an unsecured loan can be higher than in the secured version. The majority of the banks and financial institutions that provide consumer durable loans provide them at competitive terms like the interest on personal loans. During times like festivals you can even get special offers with nil or zero processing fees and an effective rate of 0%.

#### **1.7 Factors Affecting Consumer Durable Loan Interest Rate**

Although there are a few lenders who advance consumer durable loans at 0% interest rate, there are a few other lenders who also charge interest on consumer durable loans. The interest, charged by a lender, not only varies with the financial institution, but also with the profile of the applicant. Some of the key factors that determine the interest charged to an individual are given below:

**Credit Score:** Credit score is a 3-digit numeric summary of your credit report/credit history and it ranges from 300 to 900. The nearer your score to 900 (such as 750 and above in the case of CIBIL score), the greater your possibility to avail a consumer durable loan because it indicates that you are more credit-worthy. It also makes it easier for you to avail it on better terms such as a lower rate of interest.

**Loan Amount:** Higher loan amounts generally result in the applicant being a higher rate of interest. This is because, higher loan amounts generally lead to higher EMI payouts which increases the risk of default for the lender.

**Loan Tenure:** Longer repayment tenures usually come with higher rates of interest and vice versa.

**Current Outstanding Debt:** A higher rate of interest may be charged on consumer loans in case of applicants with high existing debt as this is perceived to increase the risk of default for the lender.

#### **1.8 Is consumer durable loan secured or unsecured?**

Consumer durable loans are classified as unsecured loans and do not require you to allocate any form of your asset as security against repayment of loans, in contrast to secured loans.

#### **1.9 Features of HDFC Bank Consumer Durable Loan**

**No Extra Cost EMI:** You can pay back HDFC consumer durable loan as per your convenience in a period of 3 months to 36 months.

**Flexible Repayment Tenure:** You can repay the consumer durable loan from HDFC as per your convenience within a tenure starting from 3 months and up to 36 months.

**Loan Amount:** The lowest amount loaned under this scheme is Rs. 10,000 and the highest amount loaned for consumer durables is Rs. 5 lakh. For lifestyle products you can take up to Rs. 15 lakh loans to finance your purchase.

**Instant Approval and Quick Disbursal:** HDFC Consumer Durable Loan is processed and approved instantly. So, you need not delay your purchase.

**Minimal to No Documentation:** HDFC Bank offers this loan with little or no documentation at all making it easy and convenient to apply.

**No Down Payment:** You are not required to make any down payment for purchasing your desired product under this scheme because the bank provides 100% finance that you can repay by way of monthly EMIs.

#### **1.10 HDFC Bank Consumer Durable Loan Interest Rates**

HDFC Bank Consumer Durable Loan comes with reduced rates of interest between 0% (no cost EMI) and 18% per annum depending on the offer made. The interest is charged on the reducing balance basis, i.e. interest is charged on the outstanding amount only and not on the entire loan amount at the start. As a result, you save considerably on the interest part.

#### **1.11 OBJECTIVE OF STUDY :**

Primary Objective:

- To Understand The Loan Process.
- To Know New And Existing Customers Are Taking Loan.

Secondary Objective:

- To Understand What Is An Emi Card ?
- To Study Advantage Of Emi Card.
- To Study The Features And Benefits Of Emi Card.

### 1.12 SCOPE OF STUDY

How the HDFC will stand in the present market to give new offers to the customer to stand in the market as the competition is so high in the finance market i.e, the number of financial companies are entering into the market.

## 2. PROFILE OF THE ORGANIZATION

### 2.1 PROFILE OF BANK



<b>Type</b>	:- Private sector bank
<b>Industry</b>	:-Financial services
<b>Key people</b>	:-Updeep singh (State Head)
<b>Revenue</b>	:-116,597 crore (2019)
<b>Operating income</b>	:- 23,263 crore (2019)
<b>Net income</b>	:-21,078 crore (2019)
<b>Total assets</b>	:-1,189,432 crore (2019)
<b>Number of employees</b>	:- 104,154 (June 30, 2019)
<b>Website</b>	:- <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
<b>Products and services</b>	:-wholesale banking, retail banking, auto loans, two wheeler loans, personal loans, loans against property, consumer durable loan. lifestyle loan and credit cards.

HDFC Bank Limited is an Indian banking and financial services corporation with headquarters in Mumbai. HDFC Bank is India's largest private sector bank in assets and by market capitalisation as at April 2021. It is the third largest company in terms of market capitalisation of \$122.50 billion on Indian exchanges. It is India's fifteenth largest employer with nearly 120,000 employees.

## 2.2 BRANCH PROFILE

<b>Name of Branch</b>	:-HDFC Bank,Palwal
<b>Branch Manager</b>	:- Updeep Singh
<b>Branch Code</b>	:-2056
<b>IFSC Code</b>	:- HDFC0004762
<b>MIRC Code</b>	:-759240501
<b>REGION</b>	:- Haryana
<b>E-Mail</b>	:- support@hdfcbank.com
<b>Slogan</b>	:- we understand your world

### 2.3.1 Mission

HDFC BANKS mission is to be " A World Class Indian Bank ", benchmarking themselves against international standards and best practice in terms of product offerings, technology service levels, risk management and audit & compliance.

### 2.3.2 Vision

To be customer driven best managed enterprise that enjoys market leadership in providing housing related finance.

## 2.4 History

HDFC Bank Was Incorporated In 1994 As A Subsidiary Of The Housing Development Finance Corporation, With Its Registered Office In Mumbai, Maharashtra, India. Its First Corporate Office And A Full-Service Branch At Sandoz House, WORLI Were Inaugurated By The Then Union Finance Minister, MANMOHAN SINGH.

As Of 30 June 2019. The Bank's Distribution Network Was At 5,500 Branches Across 2,764 Cities. The Bank Also Installed 430,000 Pos Terminals And Issued 23,570,000 Debit Cards And 12 Million Credit Cards In Fy 2017.[15] It Has A Base Of 1,16,971 Permanent Employees As Of 21 March 2020.

## 2.5 Products And Services

HDFC Bank Provides A Number Of Products And Services Including Wholesale Banking, Retail Banking, Treasury, Auto Loans, Two-Wheeler Loans, Personal Loans, Loans Against Property, Consumer Durable Loan, Lifestyle Loan And Credit Cards. Along With This Various Digital Products Are PAYZAPP And SMARTBUY.

## 2.6 Mergers And Acquisitions

HDFC Bank Merged With Times Bank In February 2000. This Was The First Merger Of Two Private Banks In The New Generation Private Sector Banks Category. Times Bank Was Established By Bennett, Coleman And Co. Ltd., Commonly Known As The Times Group, India's Largest Media Conglomerate.

In 2008, Centurion Bank Of Punjab (CBOP) Was Acquired By HDFC Bank. HDFC Bank's Board Approved The Acquisition Of CBOP For 95.1 Billion In One Of The Largest Mergers In The Financial Sector In India.

In 2021, The Bank Acquired A 9.99% Stake In FERBINE, An Entity Promoted By Tata Group, To Operate A Pan-India Umbrella Entity For Retail Payment Systems, Similar To National Payments Corporation Of India.

In September 2021, The Bank Partnered With Paytm To Launch A Range Of Credit Cards Powered By The Global Card Network Visa.

## 2.7 Investments



2.1 fig .A HDFC bank branch in Hyderabad

In March 2020, HDFC (Parent Company Of HDFC Bank) Made An Investment Of ₹1,000 CRORES In Yes Bank. As Per The Scheme Of Reconstruction Of Yes Bank, 75% Of The Total Investment By The Corporation Would Be Locked In For Three Years. On 14 March, Yes Bank Allotted 100 CRORE Shares Of The Face Value Of 2 Each For Consideration Of 10 Per Share (Including 8 Premium) To The Corporation Aggregating To 7.97 Percent Of The Post Issue Equity Share Capital Of Yes Bank.

## 2.8 Listings And Shareholding

The Equity Shares Of HDFC Bank Are Listed On The Bombay Stock Exchange And The National Stock Exchange Of India. Its American Depositary Receipts Are Listed On The NYSE Issued Through JP Morgan Chase Bank.

Its Global Depositary Receipts (GDRS) Was Listed On The Luxembourg Stock Exchange But Was Terminated By Board Of Directors Following Its Low Trading Volume.

## 2.9 Awards and recognition

2021 - Best bank in INDIA: FINANCEASIA Country Awards

Best bank for SMES: ASIAMONEY best bank awards

Best bank in INDIA:THE EUROMONEY AWARDS FOR EXCELLENCE

Ranks No. 1 in Mass Affluent CATEGORY:EUROMONEY PRIVATE BANKING AND WEALTH MANAGEMENT SURVEY

2020 - Best Bank in India: EUROMONEY Awards

Best bank in INDIA: FINANCEASIA Country Award

Best Bank: New Private Sector - FE Best Bank awards

Winner in Innovation and Inclusiveness in Priority Sector Lending - 11th Inclusive Finance India Award

2019 - Ranked 1st in 2019 BRANDZ Top 75 Most Valuable Indian Brands HDFC Bank was featured for the 6th consecutive year.

Among The Most Honored Company List, Institutional Investor All-Asia (ex-Japan) Executive Team

India's Best Bank, EUROMONEY Awards for Excellence 2019

Bank of the Year and Best Large Bank, Business Today - Money Today Financial Awards 2019 Best Bank in India 2019, by Global magazine FINANCEASIA.

Ranked 60th in 2019 BRANDZ Top 100 Most Valuable Global BRANDS HDFC Bank was featured BRANDZ Top 100 Most Valuable Global Brands 2019 for the 5th consecutive year. The Bank's brand value has gone up from \$20.87 billion in 2018 to \$22.70 billion in 2019.

Best Large Bank & Fastest Growing Large Bank in 2019, by Business World Magna Awards India's leading private sector bank: Dun & Bradstreet BFSI Awards 2018 - Company of the year: The Economic Times Corporate Excellence Awards Best Performing Private Bank in Total Aadhaar Generation & Update: Aadhaar Excellence Awards NCPI - National Payments Excellence Awards.

### 3. RESEARCH DESIGN AND METHODOLOGY

#### 3.1: Introduction:

Research is common parlance refers to a search for knowledge. One can also define research "As scientific and systematic search pertinent information on a specific topic". In fact research is an art of scientific investigation. Another meaning of research as "A careful investigation or inquiry especially through for new facts drawn by an individual in any branch of knowledge." The system of collecting and processing of data for research project is known as research methodology. Some important factors in research methodology include validity of research data, ethics, reliability of measures and logical sequence.

"Research is an organized systematic data based scientific inquiry or investigation into a specific problem undertaken with the purpose of finding answer or solution to it"

Research is basically a human activity engaged in intellectual pursuit of discovering something new. It could be a product, a method, a service, a system etc. It could also be in abstract forms like idea, thinking process, strategy etc.

#### 3.2: Meaning of Research:

- Research is discovery of facts, development of facts and verification of facts.
- Research is an endeavor to discover intellectual and practical solutions to the problems through the applications of scientific methods to the knowledge universe.
- Research is the last resort when individuals, organizations and societies face some problems for which there are no answers or when there is a chance of inconsistency among answers.
- Research is carried out to settle controversies, contradictions, misunderstandings and disputes about the nature of some aspects of the universe.
- Research is the systematic approach concerning generalization and formulation of a theory.

#### 3.3: Definitions:

Advanced Learner's Dictionary of Current English (OXFORD):

"Research defined as a careful investigation or inquiry specially through search for new facts in any branch of knowledge."

##### Clifford Woody:

"Research is defined as the process which includes defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, reaching conclusions and at last careful testing the conclusions to determine whether they fit for the formulating hypothesis"

##### Kerlinger:

"Research is systematic, controlled, commercial and critical investigation of hypothetical propositions about the presumed relations among natural phenomenon"

##### P. V. Young:

"Research may be defined as a method of studying, analyzing and conceptualizing social life in order to extend, modify, correct or verify knowledge whether that knowledge aids in construction of theory or in practice of an art."

##### Black and Champion:

"Scientific research concerns itself with obtaining information through empirical observation that can be used to systematically develop logically related propositions so as to attempt to establish causal relationships among variables"

**3.4: Characteristics of Research:**

1. Predictions of future occurrences.
2. Directions towards to solution.
3. Accuracy in observation and description.
4. Basis of research is experience.
5. Gathering of new data.
6. Research is scientific programme.
7. Generalizations of principles of theories.
8. Oquest for answer.
9. Patient activity.
10. Social relevance.
11. Objective and logical
12. Careful designed procedure.
13. Needs expertise.
14. Task to discover, develop and verify knowledge
15. Careful critical inquiry.

**3.7: Sources of Data:**

The study is exploratory in nature, makes use of mainly secondary data. The data been collected from

The annual reports of the company

- Books
- Articles
- Magazines
- Company website
- Research papers
- MBA projects
- Internet

**3.8: Objective of Project:**

1. To study the different financial schemes of HDFC FINANCE
2. To study the loan procedure for durable product at HDFC FINANCE with the help of case studies
3. To study the surrogate of the HDFC FINANCE.

**3.9: Scope of the Project:**

This project is limited to HDFC FINANCE Lending of Haryana. And the researcher analyses only Consumer finance.

**3.10: Research Methodology:**

The study is exploratory in nature, makes use of mainly secondary data. The data has been collected from the annual reports of the company, Books, Articles, Magazines, Company website, Research papers, MBA projects, Internet etc.



**3.10.1: Time Frame:**

Due to restricted period of time i.e.3 month, I have collected 5 case studies in which 4 are success and 1 is rejected.

**3.10.2: Analysis of Data:**

The researcher analyses the data with the help of Case Studies, Percentage, Tables, and Graphs.

**3.11: Limitation of the project:**

1. The study is restricted to the consumer durable loan only.
2. Sometimes customer gets dissatisfied due to the restricted policies of EMI procedure.

**3.12: Key concepts:**

- **Lending:**A person or organization that makes a loan. That is, a lender gives money to a borrower with the expectation of repayment in a timely manner, almost always with interest.
- **Surrogates:**A surrogate means document requirement criteria for loan approval process.

**Scheme Chart :**

Various types of schemes are given below:

Schemes	Description
<b>12/4</b>	It means the <b>4 months</b> payment will be taken as an advance and remaining payment will be distributed in <b>8 months</b> .
<b>10/2</b>	It means the <b>2 months</b> payment will be taken as an advance and remaining payment will be distributed in <b>8 months</b> .
<b>18/6</b>	It means the <b>6 months</b> payment will be taken as an advance and remaining payment will be distributed in <b>12 months</b> . And it is long term scheme.
<b>24/6</b>	It means the <b>6 months</b> payment will be taken as an advance and remaining payment will be distributed in <b>18 months</b> . And it also long term scheme.
<b>10/0</b>	It means there is no any advance payment will be taken, all payment will be distributed in <b>10 months</b> .

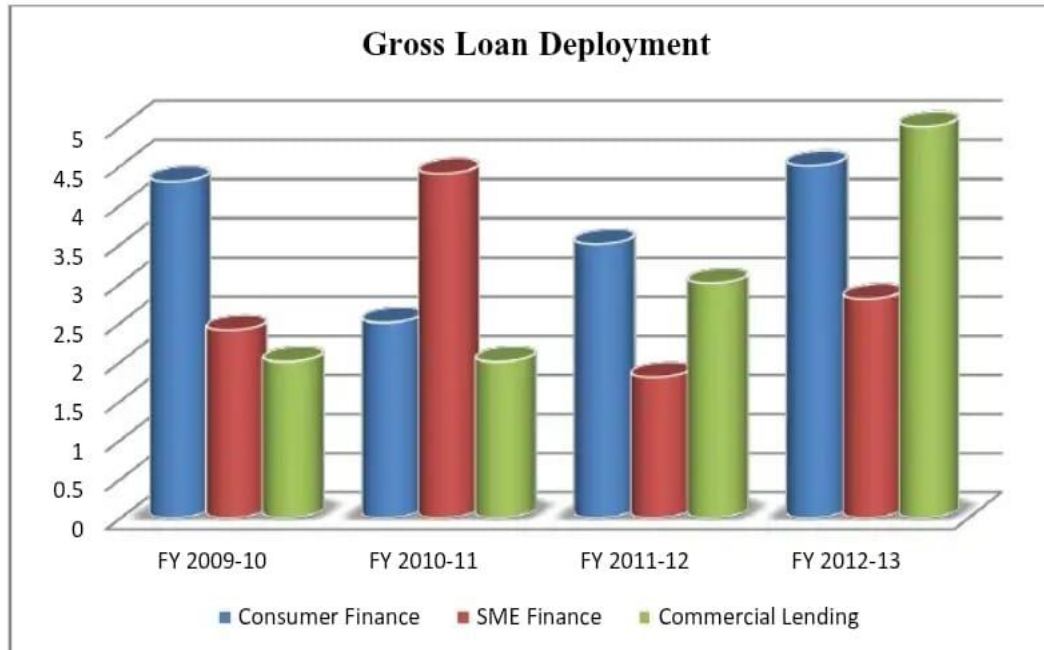
**Table No.3.1: Scheme Chart for loan approval**

#### 4 Analysis and interpretation data

##### Gross Loan Deployment

##### Interpretation:

The below graph shows loan deployment of the year, as per the sectors, the growth of the consumer finance sector is more rapidly as compared to the other SME finance and commercial lending sector.



##### 4.1 CASE STUDY:

###### Case No.1

<b>Name of the Applicant</b>	Mr. Ranjeet Kumar
<b>Age</b>	35 year
<b>Permanent Address</b>	Mahatma Gandhi Road Nehru Nagar, Near Rajouri Garden New Delhi-110021
<b>Residential Address</b>	City Park, ITI Road near ICICI Bank, Palwal, Haryana 121102
<b>Occupation</b>	Service
<b>Company Name</b>	Gunnu knits, PALWAL
<b>Salary</b>	80,000/-PM
<b>Purchase of Products</b>	I. Samsung LED TV II. Samsung Washing Machine
<b>Cost of Products</b>	I. Rs.40.000 II. Rs.35.000
<b>Document Required for Loan</b>	Address Proof:-Bank Statement ID Proof: - Pan Card or Voting Card or DL Income Proof:-SBI Credit Card (Platinum)

**Problem****Address proof**

Mr.Ranjeet Kumar has the address proof but this Address Proof of other city, so as per loan requirement address proof should be of current city.

PARTICULAR	ELIGIBILITY CRITERIA	APPLICABLE OR NOT
Occupation	Service	✓
Company Name	Sunguard	✓
Salary	Rs.9,60,000 PA	✓
House	Rented	✓
Place	PALWAL	✓
<b>Documents req.</b>		
Address proof	Bank statement	✓
ID proof	PAN card,Voting card	✓
Credit card	SBI credit card(Platinum)	✓
<b>Products</b>		
Samsung 40''LED TV	Rs.40,000	✓
SAMSUNG W/Machine	Rs.35,000	✓

Solution:-

a. EMI and down payment calculations:

(Ref. Table No.3.1) Scheme: 12/4

Product Cost: Rs. 75,000

Rs. 25,000 as a down payment (Rs. 75,000/12\*4)

EMI: 6250 rupees \* 8 months = 50,000 rupees

b. The Loan Approval Process:

I. The minimum salary required to obtain a loan is Rs. 8,000 and above. Since Mr. Ranjeet Kumar makes Rs. 80,000 per month, he is eligible for a loan.

II. Mr. Ranjeet Kumar must provide a credit card statement or rent agreement that shows his current city address as evidence of address for a loan.

III. He must present his passport, PAN card, or voting card as identification.

**Case No.2**

<b>Name of the Applicant</b>	Ms.SmitaBadiyani
<b>Age</b>	26 year
<b>Residential Address</b>	Jatola Village, Behind Sharma Dhaba, , Gadpuri, Palwal -121102
<b>Occupation</b>	Service
<b>Company Name</b>	Escorts,Delhi-NCR
<b>Salary</b>	50.000/-PM
<b>Purchase of Products</b>	I. LG Refrigerator
<b>Cost of Products</b>	I. Rs.36.000
<b>Document Required for Loan</b>	Address Proof:-Rent Agreements ID Proof: - Pan Card or Voting Card or Driving License. Andmarriage Certificate. Income Proof:-3 Month Bank Statement.

**Problem****ID Proof**

As per the documents require for the approval of loan, Ms.SmitaBadiyani should submit the ID Proof of she's current name.

Name of the Applicant- Ms. Smita Badiyani

PARTICULAR	ELIGIBILITY CRITERIA	APPLICABLE OR NOT
OCCUPATION	SERVICE	✓
COMPANY NAME	ESCORTS	✓
SALARY	Rs.6,00,000 PA	✓
HOUSE	RENTED	✓
PLACE	PALWAL	✓
<b>DOCUMENTS REQ.</b>		
ADDRESS PROOF	RENT AGGREMENT	✓
ID PROOF	MARRIGE CERTIFICATE	✓
BANK STATEMENT	3 MONTHS BANK STATEMENT	✓
<b>PRODUCT</b>		
LG Refrigerator	Rs. 36,000	✓

Solution:

a. EMI and down payment calculations: Scheme: 12/4 (Table No. 3.1 in Reference)

b.The product costs Rs. 36,000.

Down payment:- Rs.12, 000 (Rs.36, 000/12\*4)

EMI:  $3000 * 8 \text{ months} = 24,000$

c. How the loan is approved:

I. She is eligible for the loan because her salary is 50,000 PM, even though the minimal salary should be 8000 PM.

II. If the lender decides to leave on the rent basis, they must produce the rent agreement, which should be on stamp paper worth Rs. 1000, in accordance with the loan approval document requirements. The requirements for this paper were met by Ms. Smita Badivani.

III. The PAN card, voting card, and driver's license are needed for the ID proof.

The issue with Ms. Badiyani's PAN card is that it does not reflect her present name, which was changed following her marriage. We have taken a copy of the PAN card and the marriage certificate in order to solve this issue.

IV. She must provide a credit card, an existing customer, a bank loan, and three months' worth of bank statements in order to prove her income. She has three months' worth of bank statements from February to May, along with her CIBIL score of 780.

**Case No.3**

**Name of the Applicant**

Mr.AnuragKasat

**Age**

45year

**Residential Address**

Shree Niwas, ITI Road.  
near Croma Showroom.sec-56A  
Faridabad-121004

**Occupation**

Service

**Company Name**

Mahindra

<b>Salary</b>	50.000/-PM
<b>Purchase of Products</b>	I. Sony LED TV
<b>Cost of Products</b>	Rs.52.000
<b>Document Required for Loan</b>	System Error
	I. Address Proof:-Electricity Bill, Telephone Bill, Passport
	II. ID Proof: - Pan Card or riving License or PasVoting Card or Dsport
	III. Income Proof:-HDFC Credit
	Problem

**Problem** The HDFC Dedupe Error that the system displays indicates that there is an issue with the loan database of the HDFC FINANCE lending application.

Name of the Applicant:- Mr. Anurag Kasat(Existing Customer)

Particular	ELIGIBILITY CRITERIA	APPLICABLE OR NOT
OCCUPATION	SERVICE	✓
COMPANY NAME	MAHINDRA	✓
SALARY	Rs. 6,00,000LPA	✓
HOUSE	OWN	✓
PLACE	Faridabad	✓
<b>DOCUMENT REQ.</b>		
ADDRESS PROOF	PASSPORT	✓
ID PROOF	PASSPORT	✓
CREDIT CARD	HDFC BANK	✓
<b>PRODUCT</b>		
SONY LED	Rs. 52,000	✓

Solution:-

- EMI and down payment calculations: Plan: 10/0 Product cost: Rs. 52,000 250 rupees is the down payment (processing fee). EMI: Rs. 52, 000 (Rs. 5200 \* 10 Months). How the loan will be approved:
- Mr. Anurag Kasat has an existing customer with HDFC FINANCE Lending who can pay the down payment using a credit or debit card in addition to cash. Thus, Mr. Kasat uses cash to cover the down payment.
- When Mr. Kasat presented a copy of the NOC to HDFC FINANCE Lending, the loan was denied due to a technical error. The company then resolves his issue by revising Mr. Kasat's prior loan history.
- The system needed a month to implement the database modifications, so once the changes were reflected, his loan was approve.

#### Case No.4

<b>Name of the Applicant</b>	MR.AKSHAYKADAM
<b>Age</b>	27 year
<b>Residential Address</b>	OMAXE society, Ajmera Near.Alapur, Palwal -121102
<b>Occupation</b>	Service

<b>Company Name</b>	DEE Development Engineers pvt.ltd.
<b>Salary</b>	30.000/-PM
<b>Purchase of Products</b>	I. Sony LED TV II. Samsung Washing Machine
<b>Cost of Products</b>	I. Rs.42,000 II.Rs.30,000
<b>Document Required for Loan</b>	I. Address Proof:-Electricity Bill, Telephone Bill, Passport II. ID Proof: - Pan Card or Voting Card or Driving License or Passport III. Income Proof:-ICICI Bank Credit Card
<b>Problem</b>	ID Proof Name Name of Mr.Akshaykadam on the credit card and Pan Card is mismatch i.e.AkshayKadam on credit card and AAKaashKKadam on PAN Card.

Name of applicant:-Mr. Akshay Kadam

PARTICULAR	ELIGIBILITY CRITERIA	APPLICABLE OR NOT
Occupation	Service	✓
Company Name	DEE Development Engineers	✓
Salary	Rs.3,60,000 PA	✓
House	Owned	✓
Place	Palwal	✓
<b>Documents req.</b>		
Address proof	Elictricity Bill	✓
ID proof	PAN card	✓
Credit card	ICICI Bnak	✓
<b>Products</b>		
Sony LED	Rs.42,000	✓
SAMSUNG W/Machine	Rs.30,000	✓

How to approve the Loan:

I.Mr. Akshay Kamdam possesses all the necessary documents, including proof of address, proof of identification, and proof of income; the only issue he is experiencing is with the ID proof.

II. We have obtained the Government Gadget Letter from him in order to solve the ID Proof issue.

#### Case No.5

<b>Name of the Applicant</b>	Mr. AvinashThite
<b>Age</b>	50 years
<b>Permanent Address</b>	Vill. Kheda, near JCB chowk, Sec-56A Ballabgarh-121102
<b>Occupation</b>	Own Business
<b>Company Name</b>	Omkar Trading
<b>Purchase of Products</b>	I.Sony LED TV

## II. Sony Home Theater

### Cost of Products

I. Rs.52,000

II. Rs.35,000

### Document Required for Loan

I. Address Proof:-Electricity Bill, Index-II, Telephone Bill.

II.ID Proof: - Pan Card, Voting Card, Driving License. and Passport.

III. Income Proof: - Credit Card. Any Bank Loan.

### Problem

Case rejected due to less CIBIL Score

### CIBIL Scores Required Criteria:-

The minimum CIBIL score needed to approve a loan is 750 or higher; Mr. Avinash Thite's score is 710, which is below the requirements, so the loan has been denied.

### 4.2: PROCESS ADOPTED:

#### Documentation:

1. Proof of residence
2. Identity Verification
3. Rejected Check
4. The credit card
5. Salary Slip Latest (for salaried and government employees)
6. Salary bank statement for the last three months
7. The most recent, authentic, and courier-delivered phone bill (instant)

#### 4.2.1: Application process for loan approval:

- The first step is to make a pitch to the consumer. The second step is to go throughout the entire loan process with 0% interest. After the consumer agrees, request the necessary paperwork to approve the loan, such as identification proof, proof of address (such as a driver's license, voter ID, Aadhar card, and cancelled check). Selecting the customer's surrogate comes next when the documentation submission process is finished.
- The customer should complete the application form, after which the executives enter the customer's information into the sales force program.
- The Temp.Loan ID or unique case ID will be generated after the loan process is complete. The company's approval department then has complete control.
- The next step is to create the loan and product amount invoice when the loan has been approved and the customer has signed the agreement document, which contains the terms and conditions.
- A memo of disbursement is generated based on the invoice.
- The disbursement memo will be sent to the HDFC FINANCE branch office in Pune along with the loan procedure paperwork. The operational section of HDFC FINANCE then examines each of the documents that are connected.
- These documents are sealed with an approval stamp once the company's lending procedure is completed.

#### Surrogates Required for Loan Approval:

There are three types policy are as below:

A.WOW Policy

B.WOW Lite Policy

C.WOW Extension Policy

**A.WOW Policy:**

The WOW Policy is mostly used for customers who have credit cards and are listed businesses. The maximum Loan to Value (LTV) is 83% to 90%, depending on the customer's documentation.

Following are the Surrogates included in that Policy:

- 2.1 Credit Card (Max LTV 83% up to 125000)
- 2.2 Listed Companies (Max LTV 90% up to 100000)
- 2.3 RC of Vehicle (Max LTV 83%)
- 2.5 Existing Customer (Max LTV 90% up to 50000)
- 2.6 CIBIL Score (Max LTV 90% up to 125000)
- 2.7 Salaried (Max LTV 90% up to 125000)
- 2.11 Instant

**B.WOW Lite Policy:**

Customers with net exposures up to \$25,000 to \$35,000 are covered by the WOW Lite Policy and the maximum Loan to Value (LTV) for all surrogates is 83% in accordance with corporate regulations.

Correspondings are the Surrogates included in that Policy:

- 3.1 Credit Card (Max LTV 83% up to 35000)
- 3.2 Listed Companies (Max LTV 83% min salary 7500)
- 3.3 RC of Vehicle (Max LTV 83% up to 25000)
- 3.5 Existing Customer (Max LTV 83%)
- 3.6 CIBIL Score (Max LTV 83%)
- 3.7 Salaried (Max LTV 90% Min net salary 7500)

**SURROGATES REQUIREMENTS FOR LOAN APPROVAL:**

<b>a. WOW</b>
<b>2.1 Credit Card</b>
Silver – 25k
Gold – 50k
Platinum, Titanium, Visa Signature, Diner, American Express – 100k-125k
<b>2.2 Listed Company (Government employee and listed company)</b>
Junior level – 25k
Middle level – 50k
Senior level – 100k
<b>2.3 RC Surrogate (4 Wheeler Private use)</b>
Lower – 30k
Middle – 50k
Upper – 100k
<b>2.5 Existing Customer – 50k</b>
<b>2.6 CIBIL Score</b>
< 700 – Rejected
>700 but < 800 – 50k
> 800 – 100k
<b>2.7 Salaried</b>
15,000 to 24,999 – 25k
25,000 to 49,999 – 50k
Above 50,000 – 50k
<b>2.11 Instant – 35k</b>
<b>2.21 Debit Card</b>
Normal – 15k
Salaried – 35k
<b>2.22 EMI Card – Upto 1 lakhs</b>
<b>b. B. WOW Lite</b>
<b>3.1 – 35k</b>
<b>3.2 – 35k</b>
<b>3.3 – 35k</b>
<b>3.5 – 35k</b>
<b>3.6 – 35k</b>
<b>3.7 – 35k</b>



## 5 LEARNINGS & CONTRIBUTION TO THE ORGANISATION

Learning of the Trainee :-

- Trainees at banks discover and experience the true applicability of management functions and principles.
- Coordination between the branch manager and employees.
- Organizing all bank-related tasks since, when performing any work in the bank, any
- The branch manager highlighted the particular abilities that the employee needed.
- In a bank or organization, working as a team.
- Making plans for upcoming daily tasks.
- In charge of the current work system.
- Employee direction is providing staff with rules and suggestions for daily work and its procedures to ensure seamless operation.

### Contribution to the Organisation

Description of files	NO.
Loan file Passed	10
Fraud Caught	1

- I was responsible for informing clients about loan options at HDFC Bank. I learned something new from this exercise, which made it quite intriguing.
- I did my job honestly from the first to the last day, saving HDFC Bank time on loan approval by providing daily routing work.

## 6. SUGGESTIONS

- Customers are not aware of the 0% financing plan. Thus, HDFC FINANCE ought to inform its clients about the 0% financing options.
- Customers believe that if they take out a durable loan at 0% from HDFC FINANCE, they will be charged some hidden fees or taxes. Thus, HDFC FINANCE eliminates the customer's incorrect thinking and provides a thorough explanation of the loan process.
- Initially, HDFC FINANCE had an EMI card swiping mechanism, but they discontinued it owing to various issues. I believe HDFC should address this as it may save more time for both customers and sales executives, as well as serve more non-EMI card users and quickly convert them to EMI card holders.

## 7 FINDINGS

The area of the financial services sector that lends money to private customers is known as consumer finance. Alternative lenders include financing companies, pay-day loan services, and businesses that specialize in lending to consumers with bad credit, even though banks and credit unions are among the lenders in the consumer finance sector.

### Rates of Interest

An essential component of consumer finance is interest rates. Customers can benefit greatly from knowing how the interest rate affects the total amount of their loan.

### Rating of Credit

A consumer's ability to secure acceptable consumer finance is influenced by their credit rating. In general, a consumer's personal credit score can be used to determine the likelihood that they will default on their loan.

## 8. CONCLUSION

Consumer credit services are offered by numerous organizations worldwide and are beneficial for financial stability. Financial stability is crucial for both individuals and enterprises, as well as for consumers. In terms of financial problems, both consumers and businesses require stability because, in the long term, no one can be very inventive without it.

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## 9. QUESTIONNAIRES& ANNEXURE

### QUESTIONNAIRES

1. Information about personnel?

a) Name. b) Profession.

b) Gender. d) Age.

2. How much do you make each year?

a) Under one lac. b) One to one and a half lacs.

d) 1.25–1.50 lacs. d) 1.50L to over 1.50L.

3. Have you previously taken out a loan?

a) Sure. b) No.

4. Which bank, if any, is it?

Government (a) and private (b).

5. How much was borrowed?

a) Under fifty thousand. b) 50,000–100,000.

c) 100,000–200,000. d) 200000 and above.

6. Describe interest rates.

a)9%,b) 9.5%,

c) 10%, and if otherwise.

7. Security types?

a)Home,b) land,

c)gold, &d) everything else

### ANNEXURE:

#### ➤ Process of Granting Loan:

1. Documents needed:

When applying for a consumer loan, you will require very little paperwork.

These consist of:

- Proof of income;

- Proof of identity and signature;

- Proof of address;

- Recent photos

- Professionals and independent contractors could have distinct documentation requirements. When you apply, please check with your bank.

2. Different requirements: As stated in surrogates, there are different slabs based on which clients can receive loans.

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