**A PROJECT REPORT ON**

**A STUDY OF NPA IN BAJAJ FINANCE LIMITED WITH REFERENCE TO HOME**

**APPLIANCES.**

**Submitted To**

**RASHTRASANT TUKADOJI MAHARAJ NAGPUR UNIVERSITY, NAGPUR**

Submitted in Partial Fulfilment of the Requirement for the Award of the Degree of

**Bachelor of Business Administration**

**SUBMITTED BY**

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**Project Guide**

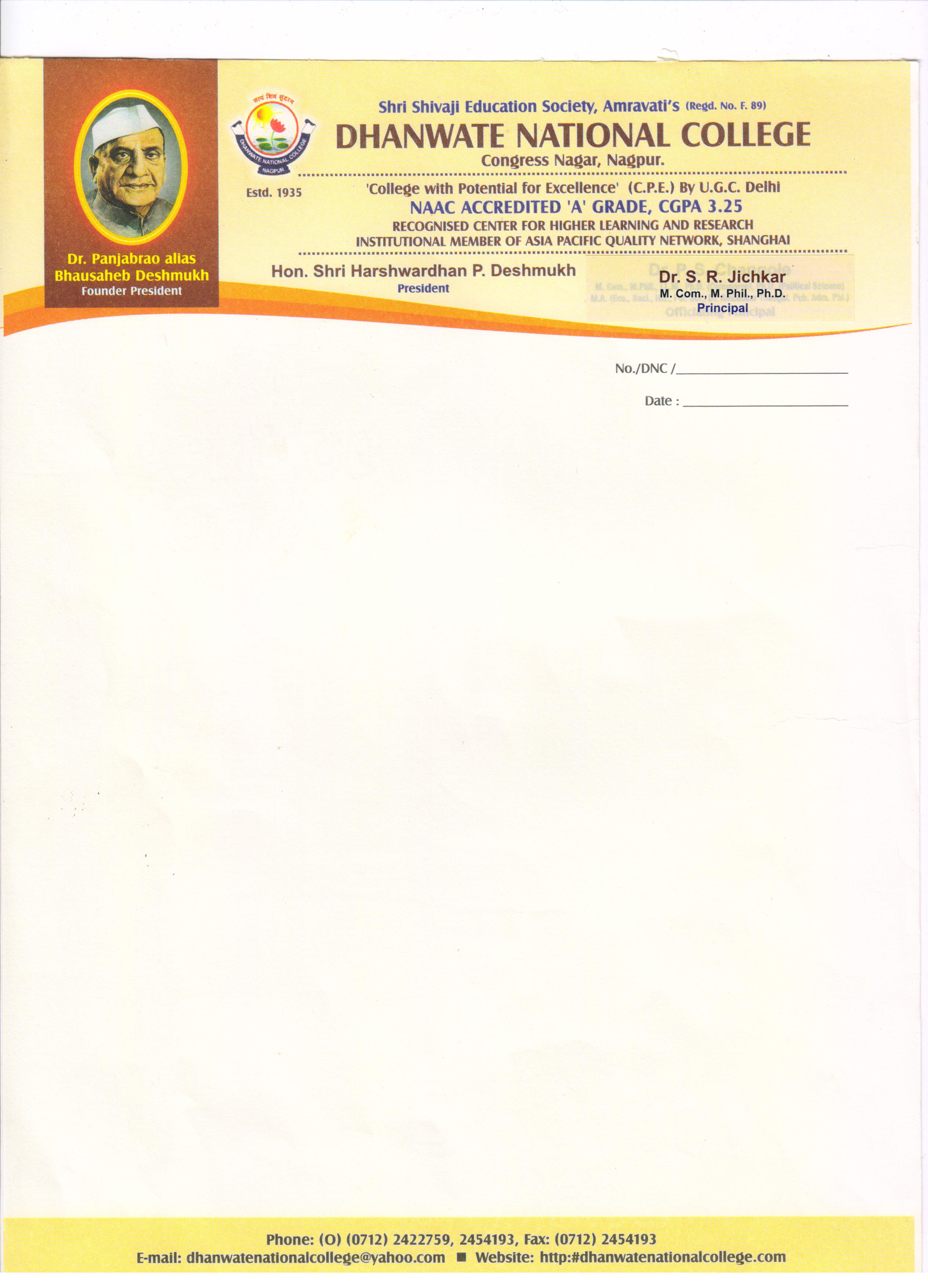
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**CERTIFICTE**

This is to certify that **Abhijeet Dhole** is a bonafied student of Department of Business Administration (UG) of **Dhanwate National College *, Nagpur***. He/she has completed his / her project entitled **“A STUDY OF NPA IN BAJAJ FINANCE LIMITED WITH REFERENCE TO HOME APPLIANCES.”**,submitted in partial fulfilment of BBA program of the RASHTRASANT TUKADOJI MAHARAJ NAGPUR UNIVERSITY, Nagpur, under my guidance and supervision in the academic year 2019-2020.

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***Declaration***

I**, Abhijeet Dhole** by declare that the project entitled **“A STUDY OF NPA IN BAJAJ FINANCE LIMITED WITH REFERENCE TO HOME APPLIANCES.”** has been carried out by me under the guidance of **Dr. Arvind Khadse.**

This project is submitted to RASHTRASANT TUKADOJI MAHARAJ NAGPUR UNIVERSITY, Nagpur in partial fulfilment of the academic requirement for Bachelor of Business Administration during the academic year 2019-2020.

This is the outcome of my own research work based on personal study and has not been submitted previously for award of any degree or diploma to this university or any other university.

Abhijeet Dhole

**Acknowledgement**

Completing a task is never alone journey. It is often the result of a valuable contribution from a number of individuals in every possible way, which ultimately helps in achieving the objective.

Firstly, I would like to thank **Dr. S. R. Jichkar and** **Dr. Arvind Khadse** support and giving me the opportunity to present this project.

I am thankful to everyone, who provided me to all the information that I needed to complete this project. This project would not have been accomplished without their valuable support.

I would like to acknowledge the contribution of my parents and all my friends who have been instrumental in successful completion of the project.

**Place: Name : Abhijeet Dhole**

**Date:**

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**INTRODUCTION**

The Bajaj Finances are commercial organization and the main business of Bajaj Financeing is to collect the deposits from the public and lend it to the individuals, business concerns, institution etc. The lending business is associated with risk. One of the risks in lending is the possibility of account becoming nonperforming assets. Non-performing assets (NPAs) do not earn interest income and repayment of loan to Bajaj Finance does not take place according to repayment schedule affecting income of the Bajaj Finance and their by profitability.

The non- performing assets do not generate interest but at the same time require Bajaj Finances to make provision for such non- performing assets out of their current profit. These norms have brought in quantification and objectivity into the assessment and provisioning for NPAs. Reserve Bajaj Finance of India constantly endeavors to ensure that prescriptions in this regard are close to international norms

**Non-Performing Assets**

The concept of Non-Performing Asset refers to which ceases to generate income. In case of Bajaj Finance, all loans and advances are its assets, which can be classified into performing and Non-Performing Assets. RBI has advised the Bajaj Finances not charge interest on those loan and advances classified as Non-Performing Asset.

**Definition**

“Non-Performing Assets (NPA) – All those assets which don’t generate regular income are known as NPA”.

A Non-Performing Asset has been defined to be a credit facility in respects of which the interest and installment of principal has remained overdue for a specified period of time.



**WHAT IS NPA?**

A Non-Performing Assets (NPA) is defined as a credit facility in respect of which the interest and installment of bond finance principal has remained ‘past due’ for a specified period of time. NPA is used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset. Non-Performing Assets are problematic for financial institutions since they depend on interest payments for income.

With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the ’90 days’ overdue’ norm for identification of NPA, form the year ending march 31,2004. Accordingly, with effect from march 31, 2004, a Non-Performing Assets (NPA) is a loan or an advance where:

* Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
* The account remains ‘out of order’ for a period of more than 90 days, in respect of an Overdraft/Cash credit (OD/CC).
* The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
* Interest and/or installment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes, and
* Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.
* Non submission of stock statements for 3 Continuous Quarters in case of Cash Credit Facility.

No active transactions in the account (Cash Credit/Over Draft/EPC/PCFC) for more than

**BAJAJ FINANCEING CONCEPTS**

1. **Loans and Advances**

Loan and advances is a major service provided by the Bajaj Finances. The major portion of the Bajaj Finance deposits is employed by the way of loans and advances, which is the most profitable employment of its funds.

Loans may be provided for a short-term, long-term and medium term. The loans may be provided against some security, guarantee etc. the borrower may use these funds for starting a new venture, housing purpose, for expansion for personal purpose. Normally these loans are paid in installments.

Therefore the loan can be classified as –

1. Personal loans
2. Housing loans
3. Term loans
4. Short term
5. Medium term
6. Long term
7. Loans against hypothecation
8. Loan against FDR etc.

Before granting a loan to any borrower Bajaj Finance has to scrutinize the project or the various documents. If this is not taken due care of the asset may turn into a bad debts thus resulting into losses for the Bajaj Finance i.e. a default.

**Documents Required for Loan**

Various document required to be submitted to the Bajaj Finance while submitting a loan application as per the size and type of the borrower.

1. Passport size photograph
2. Residence address proof / election card / ration card / electricity bill.
3. Salary slips of last 3 months.
4. Balance sheet and profit & loss a/c for last 3 years duly certified by a C.A.
5. Last 3 years income tax returns with computation of income tax and its challans.
6. Degree certificate of professionals.
7. Shop act license.
8. BSF, CST registration.
9. Stock list.
10. List of debtors and creditors.
11. Income certificates.
12. Cheques.
13. Registered Government Contracted Letter.
14. SSI registration.
15. Lasted 7/12 extract.
16. Undertaking from the employer for deduction of loans, installment from salary of borrowers.
17. Undertaking of the company of the Government Institutions for payment in favoursof Punjab National Bajaj Finance A/C of………………
18. Agreement with company / appointment letter for distributors, stockiest etc.
19. Purchase order / sales order.
20. Quotation for machinery / vehicle.
21. Development agreement /GPA.
22. Project report.
23. Valuation report.
24. Concern letter.

**PROCEDURE FOR GRANTING LOAN**

In loan account the entire amount sanctioned is debited to the borrower’s account interest is also debited to the a/c. It is the credit repayment made on installment basis. Following procedure is adopted for sanctioning of loans

1. **Pre Sanction Survey And Inspection-**

Loan facility is available on the basis of security offered or on the basis of period of which it is required. Security offered by the customers may be fixed asset, plant and machinery, equipment, house etc.

Depending upon the purpose of loan, the Bajaj Financeer conducts a pre-sanction survey and inspection.

During this survey Bajaj Financeers inspect the security offered by seeing the location of factory, business premises, inspect documents and letter of goods etc. such survey helps the Bajaj Finance to know about the customers.

1. **Preparation of Loan Application-**

The loan application has to be prepared and handed over to Bajaj Financeer by the borrower. In a loan application the following details are to be furnished-

1. Name of the borrower.
2. Occupation.
3. Purpose of loan.
4. Period of loan.
5. How borrower proposes to repay the loan.
6. Projection of cash generations over the loan period.
7. P & L a/c, B/S, for the period of loan in the form of projection.
8. Details of security offered.

**3. Appraisal –**

Loan application have to evaluated and appraised to decide whether they can be sanctioned of rejected. The loan department in the Bajaj Finance does this work. During appraisal the loan department concerned applies various methods of scrutiny to find out the details given in the application are true and the projection hold good. Thus market information, sales forecast etc. would be independently assessed.

**4. Sanctioning –**

The loan department scrutinizes the loan application and decides whether the loan is sanctioned or not Norms for sanctioning the proposal are indicated by RBI

1. **Preparation of sanction letter -**

Sanction letter contains the following points –

1. Name of the borrower.
2. Limits sanctioned.
3. Period of loan.
4. Security offered buy the borrower.
5. Terms of repayment.
6. Margin to be maintained.
7. Rate of interest.
8. Stock statements to be submitted at periodical intervals.

The borrower is informed about these aspects and a copy of the letter is sent to be borrower.

1. **Acceptance of terms and conditions by the borrower –**

Normally the borrower is in continuous touch with the Bajaj Finance though be has banded over the proposal to the Bajaj Finance. They accept terms lay down by the Bajaj Finance. They are not requested to inform the Bajaj Finance in writing of having accepted the terms.

**5. Preparation of loan documents –**

1. **Demand promissory note-**

It is an important document and a common document for the Bajaj Finance. The borrower accepts his liability regarding the funds lend by the Bajaj Financeer through this document.

It contains data of execution, place of execution, name of the payee, the loan amount, rate of interest, address of the borrower etc.

1. **Loan agreement-**

These are standard printed documents running into a No. of pages. They contain all legal aspects regarding the rights of both the parties and liabilities of the borrower.

**6. Disbursement of loan –**

When the loan is sanctioned at the time of disbursement of loan of a/c is opened in the name of the borrower. The loan a/c opened is debited and savings a/c is credited for equivalent sum.

7. **Periodical inspection and supervision –**

After the loan is disbursed borrower utilizes the loan amount to generate the funds and profits so that he can repay the loan. ThereforeBajaj Finance inspects the keep supervision whether the loan amount is been utilized in a productive way or not.

**COMPANY PROFILE**

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Bajaj Finance Limited, a subsidiary of [Bajaj Finserv](https://en.wikipedia.org/wiki/Bajaj_Finserv), is an Indian Non-Banking Financial Company ([NBFC](https://en.wikipedia.org/wiki/NBFC)). The company deals in [Consumer Finance](https://en.wikipedia.org/wiki/Consumer_Finance), SME (Small and Medium-sized Enterprises) and Commercial Lending, and [Wealth Management](https://en.wikipedia.org/wiki/Wealth_Management).

Headquartered in [Pune](https://en.wikipedia.org/wiki/Pune), [Maharashtra](https://en.wikipedia.org/wiki/Maharashtra), the company has 294 consumer branches and 497 rural locations with over 33,000+ distribution points. The company reported a pre-tax profit of Rs.626crores and a post-tax profit of Rs.408croresat a ROA of 0.8% and ROE of 5.1% in Q2 FY17.

Originally incorporated as [Bajaj Auto Finance Limited](https://en.wikipedia.org/wiki/Bajaj_Auto) on March 25, 1987, the [non-bank](https://en.wikipedia.org/wiki/Non-bank) singularly focused on providing two and three wheeler finance. After 11 years in the auto finance market, Bajaj Auto Finance Ltd launched its initial public issue of equity share and was listed on the [BSE](https://en.wikipedia.org/wiki/Bombay_Stock_Exchange) and [NSE](https://en.wikipedia.org/wiki/National_Stock_Exchange_of_India). At the turn of the 20th century, the company ventured into the durables finance sector. In the subsequent years, Bajaj Auto Finance diversified into business and property loans as well. In the year 2006, the company’s assets under management hit the Rs.1,000crore mark and is currently at Rs.52,332crore. 2010 saw the company’s registered name change from Bajaj Auto Finance Limited to Bajaj Finance Limited.

Bajaj Finance Ltd (Formerly Known as Bajaj Auto Finance Ltd) is one of the leading Non Banking Financial Corporation in India. Headquartered in Pune the company's product offering includes Consumer Durable Loans Lifestyle Finance Digital Product Finance Personal Loans Loan against Property Small Business Loans Home loans Credit Cards Two-wheeler and Three-wheeler Loans Construction Equipment Loans Loan against Securities and Rural Finance which includes Gold Loans and Vehicle Refinancing Loans along with Fixed Deposits and Advisory Services.

The Reserve Bank of India classified the company as an Asset Finance Company.Bajaj Auto Finance Ltd was incorporated on March 25 1987 as a private limited company. On 20 October 1987 it became a deemed public company u/s 43A(1) of the Companies Act 1956. On 24 September 1988 it was registered as a Public Limited Company. On 5 March 1998 Bajaj Auto Finance registered with RBI as a Non-Bank Company. In 1994-95 Bajaj Auto Finance came out an initial public offer and was listed on the BSE and NSE.Initially the company as was promoted by erstwhile Bajaj Auto Ltd and Bajaj Auto Holdings Ltd. As per the scheme of de-merger of erstwhile Bajaj Auto Ltd the shareholding of Bajaj Auto Ltd in the company has been vested with Bajaj Finserv Ltd.

In order to offer various finance schemes the company opened many branches in various locations throughout the country. During the years 1991-95 the company opened their branch offices at Hyderabad New Delhi Chennai Bangalore Mumbai Nagpur Vijaywada Nasik Vishakhapattanam Kolkata Goa Madurai and Pune.During the year 1995-96 the company completed their first Real Estate Project for Nayan Co-operative Housing Society Ltd at Pune. Also they opened their branch offices at Baroda and Trivandurm. During the year 1998-2003 they opened their branch offices at various places which include Chandigarh Cochin Indore Ludhiana Surat Kolhapur Bhopal Bhubaneshwar Calicut Erode JalgaonJullundhar Kanpur Lucknow Raipur Rajkot Salem Solapur Udaipur TirupatiAmaravati Amritsar Bhavnagar Durgapur Jamshedpur Jodhpur KopergaonMehsana Mysore Siliguri and Vellore.During the year 2003-04 the company entered into the financing of Personal Computers.

They opened their branch offices at HissarHubli Patiala Rourkela Agra Ahmednagar Ajmer Akola AlwarAmbalaAnand Bharuch BhilaiChandrapurDindigulEluruGuna Gurgaon HimatnagarJagadhri Jamnagar KaraikudiKarimnagarKarurKottayam Kurnool Navsari Nellore Palghat Rajahmundry SangliTanjoreTirunelveli and Ujjain during the year 2004-05.During the year 2005-06 the company opened Loan Shoppes with a view to enhance their direct marketing activity and their brand awareness.

They opened 22 shoppes and 14 new branch offices during the financial year. During the year 2006-07 the company opened 11 new branch offices in which the total number of branches has gone up to 113. Also they cover 280 towns through their branch network.

The company launched new product lines/extensions during the year 2007-08. They launched IPO financing for high networth customers acquisition of AAA rated securitization transactions personal loan cross sell programme to their existing customers and financing for personal computers to SMEs. On 6 September 2010 the name of the company was changed from Bajaj Auto Finance to Bajaj Finance.In 2013 the company makes Rights issue in the Ratio of 3:19. On 1 November 2014 the company acquired 100% shares of Bajaj Financial Solutions for a consideration of Rs. 17 crore from its holding company Bajaj Finserv to promote the business of housing finance. Bajaj Housing Finance Limited a wholly owned subsidiary of Bajaj Finance received certificate of registration on 2 October 2015 from the National Housing Bank to commence housing finance business.In June 2015 Bajaj Finance raised Rs. 1400 crore through Qualified Institutions Placement (QIP).

On 8 August 2017 Bajaj Finance entered into an agreement with One Mobikwik Systems Private Limited (Mobikwik) and invested an amount of Rs. 225 crore in the equity shares and cumulative compulsorily convertible preference shares (CCPS) of Mobikwik a mobile wallet major. Post conversion of CCPS Bajaj Finance would hold approximately 10.83% of equity in MobiKwik on a fully diluted basis.In September 2017 Bajaj Finance raised Rs. 4500 crore through Qualified Institutions Placement (QIP). The QIP was priced at Rs. 1690 per equity share of Rs. 2 face value.On 11 October 2017 Bajaj Finance and LG Electronics India announced the launch of an exclusive OEM co-branded card - LG Bajaj Finserv EMI card that will enable customers to buy all LG products at no cost EMI option across all LG formats.

**RESEARCH METHODOLOGY**

The study of conducting research is Research Methodology. Research: The word research is composed of two syllables “Re” and “Search”. “Re” is the prefix meaning ‘Again or over again or a new’ and “Search” is the latter meaning ‘to examine closely and carefully’ or ‘to test and try’. Together they form, a careful, systematic, patient study and investigation in some field of knowledge undertaken to establish principles / policies. Research can also be defined as-

* Search for knowledge
* Systematic and scientific search for getting relevant answers on any taken up specific topic.
* Scientific enquiry into a subject.
* Research is a movement from the unknown to the known.
* It is the voyage of discovery Acc to Bulmer, Research is primarily committed to establishing systematic, reliable and valid knowledge about the social world.

According to Clifford Woody, Research comprises of

* Defining and redefining problems.
* Formulating hypothesis (basic idea)
* Collecting
* Organizing
* Evaluating data
* Making decisions
* Suggesting solutions
* Reaching conclusions

Marketing is an essential aspect of every business organization, if it is to be successful. Good marketing managers are referred to as those who have fair and are able to take decisions based on their instincts and gut feeling in other word, this are person who are clearly tried to understand to particular industry, there product offering, their competitor, there customer and above all how to use marketing communication to successfully sell as product. But the continuously changing marketing environment involves a great amount of uncertainty, risk and above all substantial marketing expenditure.

Most marketers are for removed from their ultimate customer the torch bear who will be the ultimate decision maker to determine the success or failure of the product. Yet these managers must be knowledgeable and well informed about their market, customer and competitor so as to make good marketing decision. This is where the concept of the marketing research facilities by providing information to aid the decision making process.

At the end of the day, for the marketing decision makers, marketing research is group of method and technique to provide relevant information that can support analysis and decision to do with the creation and management of marketing communication.

Before going into the definition of marketing research let us briefly examine the meaning of terms research and market research simply stated research refers to the process of collecting, documentating and analyzing important critical relevant information pertaining to any problem or question. This mean that the presence of a problem or query or question implies research is to be undertaken.

For year together, the Indian industry has always relied on entry barrier to protect it from competition. During this period, the success of the firm depended upon political patronage rather than operational efficiency and performance. From the customer side there was a forced loyalty and grudging acceptance of high tariff.

However, now the integration of the Indian industry with the global economy the customer are also becoming more aware, demanding and sophisticated, with the advent of e-commerce and the disappearance of trade barriers, marketing firms need to stretch themselves in order to reach out the customer.

Research Approaches-

There are two main approaches to research, namely quantitative approach and qualitative approach. The quantitative approach involves the collection of quantitative data, which are put to rigorous quantitative analysis in a formal and rigid manner. This approach further includes experimental, inferential, and simulation approaches to research. Meanwhile, the qualitative approach uses the method of subjective assessment of opinions, behavior and attitudes. Research in such a situation is a function of the researcher’s impressions and insights. The results generated by this type of research are either in non-quantitative form or in the form which cannot be put to rigorous quantitative analysis. Usually, this approach uses techniques like in-depth interviews, focus group interviews, and projective techniques.

**3.1 OBJECTIVES OF THE STUDY**

* To analyse financial performance of Bajaj Finance at Different level of NPA.
* To evaluate profitability position of Bajaj Finance.
* To know the impact and reasons of NPAs.
* To examine and study the concept of carrying / holding cost of NPAs and its effect on profitability of Bajaj Finance.

**3.2 HYPOTHESIS**

* NPA has significantly affected the lending business in home appliances area.

**3.3 DATA COLLECTION**

Data collection is a standout amongst the most essential stages in carrying on a research. You can have the best research plan in the world, however, in the event that you can’t gather the necessary data you will not have the capacity to complete your venture. Data collection is an extremely challenging work which needs exhaustive planning, diligent work, understanding, determination and more to have the capacity to complete the assignment effectively. Data collection begins with figuring out what sort of data is needed, followed by the collection of a sample from a certain section of the population.

All marketing research can tap two sources of data for investigation that are:

1) Internal sources

2) External source

Fact and figure are the raw materials with which the research work . Internal sources are the companies own record register, documents, sales record invoices provide valuable information regarding sales by product territories, customers, Research starts with internal data and it is irrespective . Preliminary or the explanative phase of research usually taps the internal source initially. All other sources and information are the external source of data.

The sampling area was Nagpur district .Almost 60 respondents were covered during the research work .it included 2 stockiest, 5 dealers and 3 retailers and 50 customers. Questionnaire method was followed.

**Another way of classifying the source of information is -**

1. **Primary data**
2. **Secondary data**

**Primary Data-**

When someone refers to "primary data" they are referring to data collected by the researcher himself/herself. This is data that has never been gathered before, whether in a particular way, or at a certain period of time.

Researchers tend to gather this type of data when what they want cannot be find from outside sources. You can tailor your data questions and collection to fit the need of your research questions.

This can be an extremely costly task and, if associated with a college or institute, requires permission and authorization to collect such data. Issues of consent and confidentiality are of extreme importance.

Primary data actually follows behind secondary data because you should use current information and data before collecting more so you can be informed about what has already been discovered on a particular research topic.

Primary data is the data collected by the researcher themselves, i.e.

1. interview
2. observation
3. action research
4. case studies
5. life histories
6. questionnaires
7. ethnographic research

**Secondary Data-**

If the time or hassle of collecting your own data is too much, or the data collection has already been done, secondary data may be more appropriate for your research.

This type of data typically comes from other studies done by other institutions or organizations. There is no less validity with secondary data, but you should be well informed about how it was collected.

There are a number of free services online as well as many other made available through your current status as BYU students.

Secondary sources are data that already exists

1. Previous research
2. Official statistics

**3.4 LIMITATION OF THE STUDY**

* The study is limited to Private Sector Bajaj Finances and Public Sector Bajaj Finances.
* The study period is fixed for five years only since 2013 – 2014 to 2017 – 2018.

**REVIEW OF LITERATURE**

**The Report of the Rural Bajaj Financeing Enquiry Committee (Thakurdas Committee) (1949)** Concluded that proper investigate action was very essential. Bajaj Finances have to maintain close contacts with the borrowers, keep track of the end-use of funds lent to the borrowers’ effective recovery of advances as per the repayment schedule.

**RBI's Study Team on Overdues (1974)** Estimated that more than three-fourths of the over dues were due to willful default. Faulty lending policies, failure to link credit with marketing, lack of will on the part of management to take strong action against recalcitrant and willful defaulters, lack of financial discipline and apathetic of some of the State Governments towards creating an environment conducive and congenial to repayment of dues were the causes for over dues. According to the Report of the Agriculture Credit Review Committee (1989), over dues prevented recycling of funds, impaired refinance eligibility and productivity of co-operative Bajaj Finances. Nearly 26 per cent of the resources deployed by the credit agencies for the agriculture sector were locked up in over dues and were not available for recycling. At the institutional level, the clogging of over dues had severely impaired the eligibility of the credit agencies, for refinance from NABARD. As a defaulter, the borrower is cut off from any access to credit from institutions. This affects his productive enterprise.

**The Working Committee (1999)** on NPAs considered write-off, compromise, one time settlement for recovery of NPAs. It recommended compromise model fortherrecovery of NPAs as the most effective mechanism. However both write-off and compromise are steps to be taken with caution and due monitoring.

**RBI study (1999)** Stated that Bajaj Finances were required to closely monitor the operations of the borrowal units. In respect of accounts where the classification of asset worsens, Bajaj Finances were required to take prompt steps to recover the dues and staff accountability was required to be examined. Special emphasis was given on monitoring of large NPA accounts, also on reduction of NPAs, through up-gradation, recovery, and compromise settlements.

**Namasivayam and Ranachandriaiah (2000),** Concluded that the productive loan as a proportion of total loan was higher for marginal farmers among non-defaulter and control groups who were utilizing loans predominantly for digging and deepening wells. The crop loan tended to be more often misused than term loans. This may be partly due to untimely issue of loans.

**S.SambasivaRao (2002),** Suggested declaring default of Bajaj Finance loans as criminal offence and punishment be awarded along with financial recovery, authorizing seizure agencies and giving them a legal status to recover loans.

**According to Samal (2002),**NPA overhang was due to defects in legal processes like prolonged / delayed legal system, absence of proper legal framework for non-payment of Bajaj Finance's dues

**Reddy, B. Rama Chandra and Reddy, S Vijayulu (2003),** View that the new challenges faced by the Bajaj Finances are forcing to attempt all new things with the same old rigid structure and system. What required is more managerial and administrative freedom to the management with commensurate and result oriented accountabilities. They stressed that the Bajaj Finances should move towards professional Bajaj Financeing with requisite freedom to operate freely in the market within the regulatory and prudential framework prescribed by the Reserve Bajaj Finance of India.

**SachinAgrawal and KavitaAgrawal,(2006)** Held that the proper policies adopted by the Bajaj Finances regarding disbursement of the loan, good chain of recovery, continuous and systematic way of working has also made the NPAs to diminishing rates”

**Fulbag Singh and Balwinder Singh (2006)** examined the funds management in the Central Co-operative Bajaj Finances in Punjab. They observed that higher proportion of own funds in the working funds of the Bajaj Finance and the concerned shown by the Bajaj Finance in the timely recovery of loans resulted in an increased monetary boundary of the central co-operative Bajaj Finances in Punjab. They concluded that less dependence on the new outside resources helped these Bajaj Finances in increasing their financial margin.

**AvinashV.Raikar (2006),** Analyzed the issues, problems and prospects of co-operative credit institutions (CCIs) in India. He has found that the major problems of the CCIs are dual control, high overdues and low resource base. He concludes that the future survival of these institutions would be determined by its ability to technologically modernize themselves, innovation of new products and its reach among the agrarian society.

**Mayilsamy,R (2007),**Non-Performing Assets (NPAs) in short term co-operative credit structure. He observed that the Bajaj Finances have to evolve recovery strategies and plan for recovery management. He concluded that if they fail to improve the recovery, the huge burden of NPAs is really breaking the backbone of the short term co-operative credit structure in India.

**Lakshmanan, C and Dharmendran, A(2007)** Studied the impact of Non Performing Assets (NPAs) on performance variables in Chennai Central Co-operative Bajaj Finance. They examined performance variables namely, net profit, investment, legal expenses and spread. They observed that the results of NPAs on all the above performance variables were negative and insignificant at 5 percent level in all the equation. They concluded that the effective management of NPAs is essential to strengthen the financial position of the Bajaj Finance.

**MandiraSarma and Rajiv Kumar (2008),** Carried out primary studies on the rural short-term co-operative credit structure. They observed that the Non-Performing Assets (NPAs) level in the Rural Short-term Co-operative Credit Structure (RSTCCS) was very high compared to that in the commercial Bajaj Financeing system in India.

They concluded that in spite of significant development in India’s financial sector over the last decade, a large number of poor, particularly large and marginal communities remained “financially excluded” even today.

**KulwantPathania and Sabina Batra (2009),** the NPA management in co-operative Bajaj Finances. It was observed that the main factor responsible for NPAs was willful default i.e. able, but not willing to pay followed by inadequacy of loans, ineffective management and supervision, utilization of loans for unproductive purposes, political support, redemption of post debts, inadequate infrastructure facilities and field staff for recoveries and poor socio economic conditions. They have concluded that the poor recovery position of the Bajaj Finances concerned has adversely affected the image of the Bajaj Finance among other Bajaj Finances and also in the public.

**Jayalakshmi.G and Sumathy.M (2009),** In their study on NPAs Management in Co-operative Bajaj Finances in India opined that a good management of NPAs requires pro-active actions to be taken by Bajaj Finances at the time of taking decisions for granting advances by making proper assessment of risk involved and strict adherence to the prudential norms. They concluded that following prudential norms for NPAs management is compulsory for survival of co-operative Bajaj Finances along with the confidence of the customer.

**Mayilsamy,R and RevathiBala,M (2009)** in their work entitled “Management of Non Performing Assets (NPAs) in District Central Co-operative Bajaj Finances (DCCBs) in India”, felt that the Narasimhamn Committee Report-1998, rightly pointed out that ‘NPAs constitute a real economic cause to the nation in that they reflected the application of lacking capital and credit finance to inefficient uses.

They have concluded that high NPAs in the Bajaj Finances have devastating efforts not only on the Bajaj Finances but also on the economy as a whole. They have suggested that the formation of the good policy will be no use unless it is implemented in true spirit.

**PachaMalyadri, S. Sirisha (2011),** observed that the Bajaj Financeing sector in India has responded very positively in the field of enhancing the role of market forces regarding measures of prudential regulations of accounting, income recognition, provisioning and exposure, introduction of CAMELS supervisory rating system and reduction of NPA’s and up gradation of technology. It is suggested that government should formulate Bajaj Finance specific policies and should implement these policies through Reserve Bajaj Finance of India for upliftment of Public Sector Bajaj Finances. Public sector Bajaj Finances should try to upgrade technology and should formulate customer friendly policies to face competition at national and international level.

**Dr. A Ramachandran, D.SivaShanmugam (2012),** Analyzed that the urban cooperative Bajaj Finances exhibited a greater emphasis on product diversification, customer orientation thrust towards retail Bajaj Financeing, adoption of IT for improved service, better MIS and management and strategic mergers and acquisition across Bajaj Finance groups. The researcherconcluded that the future of urban cooperative Bajaj Finances is challenging because of the competition from public sector Bajaj Finances and private sector Bajaj Finances. Public sector Bajaj Finances and private sector Bajaj Finances are concentrating on their major expansion activities both vertically and horizontally. The growth of urban cooperative Bajaj Finances depends on transparency in control and operation, governance, customer-centric policies, technology-up gradation and efficiency.

**VighneswaraSwamy (2013),** Study has established that private Bajaj Finances and foreign Bajaj Finances have advantages in terms of their efficiencies in better credit management in containing the NPAs, which indicates that Bajaj Finance privatization can lead to better management of default risk. These findings infer that better credit risk management practices need to be taken up for Bajaj Finance lending.

Adequate attention should be paid to those Bajaj Finances with low operating efficiency and low capitalisation as also to macroeconomic cycles that appear to be playing some role in NPA management. The state ownedBajaj Finances need to be toned up with adequate measures to sharpen their NPA management practices. These findings assume crucial importance in view of the significance. It is summarised that Private Bajaj Finances (both Old and New) and Foreign Bajaj Finances appear to manage their NPAs efficiently.

**DATA ANALYSIS& INTERPRETATION**

For the purpose of analysis and comparison between private sector and public sector Bajaj Finances, we take five-five Bajaj Finances in both sector to compare the non performing assets of Bajaj Finances. For understanding we further bifurcate the non performing assets in priority sector and non priority sector, gross NPA and net NPA in percentage as well as in rupees, deposit – investment – advances.

Deposit – Investment – Advances is the first in the analysis because due to these we can understand the where the Bajaj Finance stands in the competitive market. As at end of march 2008, in private sector ICICI Bajaj Finance is the highest deposit-investment-advances figures in rupees crore, second is HDFCBajaj Finance and KOTAK Bajaj Finance has least figures.

In public sector Bajaj Finances Punjab National Bajaj Finance has highest deposit-investment-advances but when we look at graph first three means Bajaj Finance of Baroda and Bajaj Finance of India are almost the similar in numbers and Dena Bajaj Finance is stands for last in public sector Bajaj Finance. When we compare the private sector Bajaj Finances with public sector Bajaj Finances among these Bajaj Finances, we can understand the more number of people prefer to choose public sector Bajaj Finances for deposit-investment.

But when we compare the private sector Bajaj Finance ICICI Bajaj Finance with the public sector Bajaj Finances ICICI Bajaj Finance is more deposit-investment figures and first in the all Bajaj Finances.

**DEPOSIT-INVESTMENT-ADVANCES (RS.CRORE) of both sector Bajaj Finances and comparison among them, year 2017-18.**

|  |  |  |
| --- | --- | --- |
| **DEPOSIT** | **INVESTMENT** | **ADVANCES** |
| **87626** | **33705** | **59661** |
| **100769** | **49394** | **63427** |
| **244431** | **111454** | **225616** |

|  |  |  |
| --- | --- | --- |
| **DEPOSIT** | **INVESTMENT** | **ADVANCES** |
| **152034** | **43870** | **106701** |
| **150012** | **41803** | **113476** |
| **33943** | **10282** | **23024** |

**YEAR 2016-17**

|  |  |
| --- | --- |
| **GROSS NPA** | **NET NPA** |
| **1.24** | **0.16** |
| **1.34** | **0.45** |
| **2.25** | **1.25** |

YEAR 2017-18

|  |  |
| --- | --- |
| **GROSS NPA** | **NET NPA** |
| **1.46** | **0.35** |
| **1.48** | **0.45** |
| **2.37** | **1.16** |

2018-19

|  |  |
| --- | --- |
| **GROSS NPA** | **NET NPA** |
| **1.10** | **0.27** |
| **1.08** | **0.33** |
| **1.48** | **0.56** |

**CONCLUSION**

* Study of Assessment of Non Performing Assets and its recovery process is very interesting and is very important subject in the Bajaj Financing industry.’
* The health and strength of the Bajaj Finance very much depends on the recovery of NPA of the Bajaj Finances.
* The Results illustrate that Bajaj Finance has effective monitoring and control system for the recovery of NPAs.
* It is observed that NPAs are more in doubtful assets category, which needs more attention from the angle of recovery**.**

**RECOMMENDATIONS**

* Proposal requiring sanction from controlling authority is unduly delayed. Sanction of loan should be faster and timely.
* Lack of professionalism in Bajaj Financing system.
* Frequent training to the staff should be imparted to update the knowledge, transaction.
* Nationalized Bajaj Finances are working in very traditional manner. So they should take some steps towards professionalism.
* Bajaj Finance should convey in writing the main reason for rejection of loan application within to other Bajaj Finances.

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